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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Redco Healthy Living Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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### Redco Healthy Living Company Limited

力高健康生活有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2370)**

## CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



RAINBOW CAPITAL (HK) LIMITED  
流博資本有限公司

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

A letter from the Board is set out on pages 4 to 22 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 48 of this circular.

A notice convening the EGM of the Company to be held at 9/F, The Center, 99 Queen’s Road, Central, Hong Kong on Friday, 30 December 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.redcohealthy.com](http://www.redcohealthy.com)).

Shareholders who intend to appoint proxy(ies) to attend the EGM shall complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong 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 before the time appointed for the holding of the EGM (i.e. not later than 10:00 a.m. on 28 December 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.

#### PRECAUTIONARY MEASURES FOR THE EGM

In light of the continuing risks posed by novel coronavirus (“COVID-19”), for the safety of Shareholders, staff and stakeholders, the Company encourages Shareholders, instead of attending the EGM in person, to appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, by completing and returning the form of proxy in accordance with the instructions printed thereon. Shareholders and other persons attending the EGM should note that the Company will implement precautionary measures to reduce the risk of contacting and spreading of COVID-19 at the EGM, including: (a) mandatory body temperature screening; (b) mandatory health declaration; (c) mandatory wearing of surgical face masks; and (d) no refreshments, no food and beverage service, no handing out of corporate gifts or gift coupons, and no eating or drinking is allowed in the EGM venue. For the safety of the attendees at the EGM, the Company reserves the right to deny entry into or require any person to leave the EGM venue if such person: (i) refuses to comply with any of the above precautionary measures; (ii) is having a body temperature of over 37.4 degree Celsius; (iii) is subject to any Hong Kong Government prescribed quarantine or has close contact with any person under quarantine; or (iv) has any flu-like symptoms. The Company seeks the understanding and cooperation of all Shareholders to minimize the risk of spreading COVID-19.

14 December 2022

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## DEFINITIONS

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

“associate”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of the Company
“Carpark Sales Agency Services Framework Agreement”	the framework agreement in connection with the provision of carpark sale agency services by the Group entered into by the Company and Redco Properties on 14 March 2022
“Company”	Redco Healthy Living Company Limited (力高健康生活有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2370)
“connected person”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Company having obtained the approval of its independent shareholders at the EGM with respect to the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held at 9/F, The Center, 99 Queen’s Road, Central, Hong Kong on Friday, 30 December 2022 at 10:00 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Lau Yu Leung, Mr. Sze Irons BBS, JP, and Mr. Chow Ming Sang, to advise the Independent Shareholders in respect of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolutions with respect to the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	13 December 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	31 March 2022, being the date on which the Shares were first listed on the Main Board of the Stock Exchange
“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
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 22 March 2022
“Redco Group”	Redco Properties and its subsidiaries, excluding the Group

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## DEFINITIONS

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“Redco Properties”	Redco Properties Group Limited (力高地產集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1622)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of HK\$0.1 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the same meaning as ascribed to it under the Listing Rules
“substantial shareholder”	shall have the same meaning as ascribed to it under the Listing Rules
“Supplemental Carpark Sales Agency Services Framework Agreement”	the supplemental carpark sales agency services framework agreement entered into by the Company and Redco Properties on 25 November 2022, which supplemented the Carpark Sales Agency Services Framework Agreement

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LETTER FROM THE BOARD

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**Redco Healthy Living Company Limited**  
**力高健康生活有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2370)**

*Non-executive Director:*

Mr. Huang Ruoqing (*Chairman*)

*Executive Directors:*

Mr. Tang Chengyong (*President*)

Ms. Wong Yin Man

Ms. Huang Yanqi

*Independent Non-executive Directors:*

Mr. Lau Yu Leung

Mr. Sze Irons *B.B.S., J.P.*

Mr. Chow Ming Sang

*Registered Office in the Cayman Islands:*

Cricket Square, Hutchins Drive

P.O. Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

*Headquarters and Principal Place of Business  
in the PRC:*

2nd Floor, Redco Building

Tower 5, Qiaochengfang, Phase I

No. 4080 Qiaoxiang Road

Nanshan District

Shenzhen

PRC

*Principal Place of Business in Hong Kong:*

Room 2001-2

Enterprise Square 3

39 Wang Chiu Road

Kowloon Bay

Kowloon

Hong Kong

14 December 2022

*To the Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the announcement of the Company dated 25 November 2022 in relation to the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The purposes of this circular are to provide the Shareholders with, among others, (i) further information on the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); and (iv) a notice of the EGM to consider and, if thought fit, to approve the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

### **SUPPLEMENTAL CARPARK SALES AGENCY SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Prospectus in relation to, among others, the Carpark Sales Agency Services Framework Agreement, which sets out the principal terms for the provision of carpark sales agency services by the Group to the Redco Group, including but not limited to acting as sales and leasing agent for carparks of the Redco Group (the “**Carpark Sales Agency Services**”), for a term commencing from the Listing Date and up to 31 December 2023.

On 25 November 2022, the Company and Redco Properties entered into the Supplemental Carpark Sales Agency Services Framework Agreement, pursuant to which (i) the Group shall act as an exclusive sales/ leasing agent for the Redco Group and pay to the Redco Group the Refundable Deposits (as defined below) regarding the grant of the Exclusive Rights (as defined below); (ii) the existing annual cap for the year ending 31 December 2023 under the Carpark Sales Agency Services Framework Agreement shall be revised; and (iii) the term of the Carpark Sales Agency Services Framework Agreement shall be extended for one year and ending on 31 December 2024.

The principal terms of the Supplemental Carpark Sales Agency Services Framework Agreement are set out as follows:

#### ***Parties***

- (a) the Company; and
- (b) Redco Properties

#### ***Term***

Under the Carpark Sales Agency Services Framework Agreement, the term shall commence from the Listing Date and end on 31 December 2023.

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## LETTER FROM THE BOARD

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Subject to compliance with the Listing Rules, with effect from the Effective Date, the term of the Carpark Sales Agency Services Framework Agreement (as supplemented under the Supplemental Carpark Sales Agency Services Framework Agreement) shall be extended and shall end on 31 December 2024. Such term may, subject to the mutual agreement between the parties and in compliance with relevant laws and regulations and the Listing Rules, be extended or renewed.

### *Subject matter*

The Redco Group shall engage the Group to provide Carpark Sales Agency Services on an exclusive basis (the “**Exclusive Rights**”) in respect of certain carpark owned by the Redco Group (the “**Exclusive Carparks**”). During the term of the Carpark Sales Agency Services Framework Agreement (as supplemented under the Supplemental Carpark Sales Agency Services Framework Agreement), the Group shall be the exclusive service provider of the Carpark Sales Agency Services and the Redco Group shall not engage other third parties for such services in respect of the Exclusive Carparks. The Redco Group shall not sell, transfer or dispose of in any other manner any of the Exclusive Carparks to third parties, and shall not engage other third parties for such services unless agreed by both parties. Under such arrangement, the Group will be entitled to charge the difference between the actual sales price of the Exclusive Carparks and the Base Values (as defined below) of the carparks as service fees for the Carpark Sales Agency Services, which will enable the Group to generate additional return.

The Group and the Redco Group will agree on the minimum prices for the sales or leasing of the Exclusive Carparks (the “**Agreed Prices**”), and the Group shall not sell or lease the Exclusive Carparks at prices which are less than the Agreed Prices. Based on the Agreed Prices, the Group and the Redco Group will further agree on the base values of the Exclusive Carparks (the “**Base Values**”), which shall not exceed 60% of the Agreed Prices, with reference to the industry practice in relation to base values and existing profit margin for providing carpark sales/ leasing agency services by the Group to the Redco Group as detailed below. In consideration of the granting of the Exclusive Rights, the Group shall pay deposits to the relevant member of the Redco Group from time to time which may be refunded as described below (the “**Refundable Deposits**”), and the Refundable Deposits shall not exceed 60% of the Base Values. The Group is not entitled to receive any interest income from the payment of the Refundable Deposits.

The first limb of 60% of the Agreed Prices to which the Base Values are subject (i.e. an expected profit margin of not less than 40% as the Group will be entitled to collect the difference between the Agreed Prices and the Base Values) was determined primarily with reference to the existing profit margin for providing carpark sales/ leasing agency services (i.e. around 35% of the sales proceeds being charged for the service fees for carpark sales agency services, as disclosed in the Prospectus).

The second limb of 60% of the Base Values to which the Refundable Deposits are subject was determined primarily with reference to the deposit rate of Comparable Companies (as defined below) under the Comparable Arrangements (as defined below), which ranged from 15% to 100%.

For details of the Comparable Arrangements, please refer to the section headed “REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CARPARK SALES AGENCY SERVICES FRAMEWORK AGREEMENT” of this circular.



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## LETTER FROM THE BOARD

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The Group and the Redco Group shall enter into further individual contracts which shall set out the specific projects and the number of Exclusive Carparks subject to the above arrangements. The individual contracts shall set out the necessary terms and conditions for the relevant transactions contemplated after arm's length negotiations on normal commercial terms and shall be consistent with the principal terms of the Carpark Sales Agency Services Framework Agreement (as supplemented) in all material aspects. As at the Latest Practicable Date, the duration of each individual contract under the Carpark Sales Agency Services Framework Agreement on non-exclusive basis were in general not more than two years. It is currently contemplated that the contract period for individual contracts to be entered into pursuant to the Carpark Sales Agency Services Framework Agreement (as supplemented) will also fall within similar duration, and in any event, will not survive beyond the expiry of date of the Carpark Sales Agency Services Framework Agreement (as supplemented).

### *Pricing policy*

The Agreed Prices and Base Values of the Exclusive Carparks will be determined based on, among other things, (i) the number of Exclusive Carparks involved and the location thereof; (ii) the business atmosphere and the supply and demand of car parking spaces in the vicinity of the projects; (iii) the historical average transaction prices of comparable carparks and the average transaction price of comparable projects available from third parties in the surrounding markets of the Exclusive Carparks; (iv) the relevant project's occupancy rate, number of available car parking spaces, sales stage, carparks quality and the expected difficulty of selling or leasing the relevant carparks; (v) the marketing costs to be incurred for the sales or leasing of the Exclusive Carparks; and (vi) the industry practice in relation to the base values and agreed prices for similar grant of exclusive right of carparks in accordance with the measures set out in the section headed "INTERNAL CONTROL MEASURES" of this circular.

### *Payment terms*

The Company shall, within ten (10) business days of the execution of the relevant individual sales agency services agreement in respect of the Exclusive Carparks, pay the relevant member of the Redco Group the Refundable Deposits in full as an upfront payment, the amount of which shall be agreed by the Group and the Redco Group and shall not exceed 60% of the Base Values. The payment of the Refundable Deposits was determined with reference to the prevailing market rate and was comparable to the rate of earnest money/deposit payable for obtaining exclusive sales agency rights, where earnest money/deposit could be up to 100% of the base values of the carparking lots, as observed in the sales agency transactions of other companies listed on the Stock Exchange based on publicly available information.

As all the Exclusive Carparks to be delivered by Redco Group to the Group would be at saleable conditions having obtained all relevant sales permit, the Group could commence sale/leasing of the Exclusive Carparks forthwith after paying the Refundable Deposits pursuant to the Carpark Sales Agency Services Framework Agreement (as supplemented). Taking into account the development direction as indicated at the recent 20th National Congress of the Communist Party of China of improving people's quality of life, coupled with measures to ensure steady and orderly growth of real estate financing and increase financial support for housing leasing, which are believed to be conducive to the recovery of confidence in the real estate industry, and combined with the Company's new sales strategies such as rational price reduction promotion and provision of quality management

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## LETTER FROM THE BOARD

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services, the Company expects that the sales and leasing of car parking spaces in 2023 and 2024 will gradually pick up and a higher and faster sales/ leasing rate will be achieved. Therefore, the Company considers that the payment term of the Refundable Deposits in full ties to the sales schedule of the carparks of the Redco Group.

The Company will use the cash generated from internal resources to settle the Refundable Deposits and it will not use its proceeds from the initial public offering (the “**IPO Proceeds**”) for such payment. The unutilised portion of the IPO Proceeds will be applied in the manners as disclosed in the Prospectus. As at the Latest Practicable Date, the Company’s balance of the cash on hand other than the unutilised portion of the IPO Proceeds amounted to approximately RMB99.5 million.

The Group will have sufficient working capital for the next 12 months after the payment of the Refundable Deposits. The Group will continue to monitor its working capital level and will estimate in advance the working capital required for the next quarter period through a rolling budget. If the working capital estimated for the next quarter is expected to be insufficient, the Group will consider negotiating with the Redco Group to terminate certain individual agreements in respect of the Exclusive Carparks in order to obtain a refund of the Relevant Deposits paid, or utilize the credit facilities from external financial institutions in replenishing working capitals. Therefore, the Board considers that the payment of the Refundable Deposits will not have a material impact to the Company’s working capital.

The Refundable Deposits shall be refunded to the Group under the following arrangements (the “**Refund Arrangements**”):

- (a) for the carparks sold by or rented out by the Group and the total sales price of which are received by the Group from the buyer or lessee, the Group shall be entitled to directly set off the amount of the corresponding Refundable Deposits paid in respect of such carparks from the total sales price received;
- (b) for the carparks sold by or rented out by the Group and the total sales price for which are received by the Redco Group from the buyer or lessee, the amount of the corresponding Refundable Deposits paid in respect of such carparks shall be refunded by the Redco Group on a monthly basis; and
- (c) for the carparks which remain unsold by or not rented out by the Group upon the expiry of the relevant individual contract(s), the Refundable Deposits shall be refunded to the Group in full within 10 business days.

Under normal circumstances where the relevant member of the Redco Group is a wholly-owned subsidiary of Redco Properties, the Group will request the term of the individual contract containing an express clause enabling the Group to receive the sales proceeds of the carparks being sold or leased by the Group directly from the buyer or lessee. For other cases, the Group will strive for similar arrangement unless such is disagreed by the minority shareholder(s) of such non-wholly owned subsidiary of Redco Properties.

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## LETTER FROM THE BOARD

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### *Proposed annual caps under the Supplemental Carpark Sales Agency Services Framework Agreement*

#### *(i) Refundable Deposits*

It is proposed that the annual caps for the Refundable Deposits (i.e. the maximum outstanding amount at all times during the year) for the period from the Effective Date to 31 December 2022 and the two years ending 31 December 2024 shall be as follows:

	<b>For the period from the Effective Date to 31 December 2022 (RMB '000)</b>	<b>For the year ending 31 December 2023 (RMB '000)</b>	<b>For the year ending 31 December 2024 (RMB '000)</b>
<b>Refundable Deposits</b>	73,000	74,000	74,000

As at the Latest Practicable Date, the Group was not an exclusive carpark sales or leasing agent for the Redco Group, and thus there is no previous payment of Refundable Deposits made by the Group to the Redco Group. In arriving at the abovementioned proposed annual cap for the Refundable Deposits, the Directors have taken into account, among others, (i) the existing project pipeline of seven projects of the Redco Group for which the Group is expected to be engaged as the exclusive sales or leasing agent to provide the Carpark Sales Agency Services for the Exclusive Carparks, as well as the estimated sell-through rate of each of such project; (ii) the recent transaction prices and sales of comparable carparks within the locality of the relevant projects; (iii) the resources that the Group may allocate to the sales agency services business, and the ability to meet the service demand; and (iv) the determination of the Refundable Deposits based on 60% of the Based Values, which is 60% of the Agreed Prices.

#### *(ii) Carpark Sales Agency Services fees*

The existing annual caps for the service fees in respect of the Carpark Sales Agency Services to be provided by the Group under the Carpark Sales Agency Services Framework Agreement is RMB12.4 million for each of the two years ending 31 December 2023. In view that the Group is expected to be able to sell or rent out more carparks as a result of the Exclusive Rights and also capture the difference between the actual sales price and the Base Values as service fees in respect of the Exclusive Carparks, the annual cap for the service fees in respect of the Carpark Sales Agency Services for the year ending 31 December 2023 is proposed to be revised to RMB32 million, under the Supplemental Carpark Sales Agency Services Framework Agreement.

In addition, the proposed annual cap for the service fees in respect of the Carpark Sales Agency Services for the year ending 31 December 2024 is RMB46 million.

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## LETTER FROM THE BOARD

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In arriving at the abovementioned proposed annual cap for the two years ending 31 December 2024, the Directors have taken into account, among others, (i) the historical transaction amount of approximately RMB8.4 million for the ten months ended 31 October 2022 under the Carparks Sales Agency Services Framework Agreement; (ii) the expected number of car parking spaces to be sold or leased of approximately 3,967 with reference to the existing signed contracts and potential new contracts with the Redco Group for the Carpark Sales Agency Services and the estimation of the delivery schedule of the Redco Group; (iii) the additional number of Exclusive Carparks expected to be sold or leased by the Group pursuant to the Supplemental Carpark Sales Agency Services Framework Agreement; (iv) the estimated sales price or rental fee of car parking spaces developed by the Redco Group; and (v) the estimated agency fee to be charged for each car parking space sold or leased with reference to the historical agency fee charged by the Group.

The proposed annual caps under the Supplemental Carpark Sales Agency Services Framework Agreement are substantially higher than the historical annual caps under the Carparks Sales Agency Services Framework Agreement because the Group is expected to be able to sell or lease more carparks as a result of the Exclusive Rights and also capture the difference between the actual sales price and the Base Values as service fees in respect of the Exclusive Carparks. Accordingly, the Directors (including the independent non-executive Directors who are the members of the Independent Board Committee) consider the proposed annual caps under the Supplemental Carpark Sales Agency Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CARPARK SALES AGENCY SERVICES FRAMEWORK AGREEMENT**

Since the listing of the Company in March 2022, there had been changes in the market conditions regarding the property management industry as a whole, which have driven property management companies to explore new business strategies to broaden their income base. In particular, the Company has noticed that after the first exclusive carparks sales agency arrangement being introduced by a property management company listed in Hong Kong in late 2020, during 2021 and 2022, more and more property management companies listed in Hong Kong have engaged in exclusive carparks sales/ leasing agency services in the PRC. As such, paying deposits to developers for securing the carparking spaces on an exclusive agency basis has become a commonly- accepted market practice for carparks sales/leasing agents in the PRC. Taking into account the recent policies of the PRC government (as detailed under the section headed “SUPPLEMENTAL CARPARK SALES AGENCY SERVICES FRAMEWORK AGREEMENT — Payment terms” of this circular) which are expected to be conducive to the gradual recovery of the real estate industry, the Company considers it an appropriate timing to enter into such exclusive agency arrangement now so as to remain competitive with its peers in the market and broaden its revenue basis.

The Company noted that by entering into the Supplemental Carpark Sales Agency Services Framework Agreement, the Group would be able to earn a higher service income level, being at least the difference between the Agreed Prices and the Base Values as service fees in respect of the Exclusive Carparks with no competition with other agents. In the event where the Group sells or leases the Exclusive Carparks at a level higher than the Agreed Price, such service income will be more. For illustration purpose, as disclosed in the Prospectus, during 2018, 2019, 2020 and the nine months ended 30 September 2021, the Group typically charged service fees for carpark sales agency

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## LETTER FROM THE BOARD

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services at around 35% of the sales proceeds from the relevant carpark. Based on the historical transactions for the eleven months ended 30 November 2022 under the Carpark Sales Agency Services Framework Agreement, the average service fee rates charged by the Group were approximately 37.9%. However, by paying the Refundable Deposits under the Supplemental Carpark Sales Agency Services Framework Agreement, the Group will be able to sell the Exclusive Carparks with no competition at all from other sales agents, and earn not less than 40% of the Agreed Prices as the service income. Based on the current market conditions and historical selling prices of parking spaces located in the vicinity of the potential projects of the Exclusive Carparks, the Company anticipates that it will be able to obtain service fees, being the differences between the actual selling prices and the Base Values, at a rate higher than 45% of the sales proceeds of the Exclusive Carparks and it will adopt discount rates ranging from 40% to 55% when agreeing at the Base Values after determining the Agreed Prices. In this respect, the Group believes it will have a stable income stream and enhance profitability as a whole.

The Company considers that obtaining the Exclusive Rights under the Supplemental Sales Agency Services Framework Agreement is in line with the Group's business strategy of improving customer experience of property owners and residents at the properties under its management through further diversifying and enhancing the community value-added services it provides. Leveraging on the Group's long-term relationship with the Redco Group, it is believed that the entering into of the Supplemental Carparks Sales Agency Services Framework Agreement can promote steady growth of the Group's community value-added services business, thereby broadening the Group's revenue base, enhancing the profitability and bringing valuable returns to the Shareholders.

When assessing the terms of the Supplemental Carpark Sales Agency Services Framework Agreement, the Directors have considered similar arrangements of other comparable property management companies in the PRC. The Directors searched on the website of the Stock Exchange and reviewed the announcements and circulars (if available) issued by five comparable companies which are listed on the Main Board of the Stock Exchange and principally engaged in property management services (the "**Comparable Companies**") in relation to the provision of exclusive carpark sales agency services similar to those contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement (the "**Comparable Arrangements**") during 1 June 2022 to the 25 November 2022, being the date of the Supplemental Carpark Sales Agency Services Framework Agreement. The Directors consider the Comparable Companies represent fair and representative samples as the Comparable Arrangements are identified on the website of the Stock Exchange on an exhaustive basis and the Comparable Companies are long-established and leading property management companies in the PRC.

The Directors consider that the transactions contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement are comparable to the five Comparable Arrangements in terms of (i) the nature of services provided; (ii) the requirement of security deposits; (iii) the pricing terms and mechanism; and (iv) the range of commission fees charged.

## LETTER FROM THE BOARD

Details of the Comparable Arrangements are set out below:

Company name (Stock code)			Interest rate of the deposits
Announcement/ circular date	Deposit rate	Service fees rate	
Ronshine Service Holding Company Limited ("Ronshine") (2207.HK)	15% of the market value of the car parking spaces.	The sum of (1) the multiple of the base price (the minimum selling price) and an agreed rate of 3% to 5% and (2) the multiple of the difference between the sales price and the base price (if any) and another agreed rate of 3% to 5%.	Interest-free
23 November 2022			
Poly Property Services Company Limited ("Poly Property") (6049.HK)	Not exceed 50% of the base prices being the minimum prices for the sale or leasing of car parking spaces	Difference between the base prices and the sales prices.  Given the base prices shall not exceed 80% of the sales prices, the service fees are expected to be at least 20% of the sales prices	Not available
16 November 2022	(i.e., the deposit should not exceed 50% of the minimum prices)		
Sino-Ocean Service Holding Limited ("Sino-Ocean") (6677.HK)	Not exceed 50% of the base price being the minimum price for the sale of car parking spaces	Difference between the base prices and actual sales prices.  Given the base prices shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets, the service fees are expected to be at least 20% of the sales prices, when the car parking spaces are sold at market price	Interest-free
14 October 2022	(i.e., the deposit should not exceed 50% of the minimum prices)		
Dexin Services Group Limited ("Dexin") (2215.HK)	Not exceed 50% of the base prices being the minimum prices for the sale or leasing of car parking spaces	At least 20% of the sales prices	Interest-free
16 September 2022	(i.e., the deposit should not exceed 50% of the minimum prices)		
Kangqiao Service Group Limited ("Kangqiao") (2205.HK)	100% of the sales reserve price	Difference between the contract prices and the sales reserve prices	Interest-free
16 June 2022	(i.e., the deposit is equal to 100% of the minimum prices)	Based on historical data, the commission and agency fees were approximately 25% to 52% of the contract prices	
The Company	Not exceed 60% of the Base Values which shall not exceed 60% of the Agreed Prices being the minimum prices for the sales or leasing of the Exclusive Carparks	Difference between the actual sales price of the Exclusive Carparks and the Base Values.  Given (1) the Agreed Prices are the minimum prices; and (2) the Base Values shall not exceed 60% of the Agreed Prices, the difference between the actual sales prices and the Base Values, being the service fees, should be at least 40% of the actual sales prices	Interest-free
25 November 2022	(i.e., the deposit should not exceed 36% of the minimum price)		

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## LETTER FROM THE BOARD

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Under the Supplemental Carpark Sales Agency Services Framework Agreement, the amount of the Refundable Deposits shall not exceed 60% of the Base Values and the Base Values also shall not exceed 60% of the Agreed Prices, i.e. the Refundable Deposits would not exceed 36% of the Agreed Prices (being the minimum prices for the sales or leasing of the Exclusive Carparks). As noted from the Comparable Arrangements above, deposits ranged from 15% to 100% had been paid by the Comparable Companies to secure the exclusive carparks agency rights, with a majority of them paying not exceeding 50% of the minimum prices of the relevant carparks. In view of the above, the Directors (including the independent non-executive Directors who are the members of the Independent Board Committee) consider the 60% cap in relation to the amount of the Refundable Deposits is in line with the market rate and therefore the transactions contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders.

The Company understands that it is a market practice of paying the interest-free refundable deposits for securing the exclusive rights similar to that under the Supplemental Carpark Sales Agency Services Framework Agreement. This is evidenced from the above table that, based on the information available, no interests were charged on the refundable deposits paid by the Comparable Companies. As such, the Directors (including the independent non-executive Directors who are the members of the Independent Board Committee) consider that the interest-free basis on which the Group pays the Refundable Deposits to the Redco Group is in line with the industry practice, fair and reasonable and on normal commercial terms.

Given the Refundable Deposits will be paid on an interest-free basis and will be refunded only when the Exclusive Carparks are sold/leased or the relevant individual contracts expire, the Company noted that under such arrangement, it will be giving up the opportunity to invest the money in other means such as investment in financial products to earn fixed return or deposit into banks to earn interest income.

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## LETTER FROM THE BOARD

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To this end, for illustration purpose only, a hypothetical quantitative cost-benefit analysis is set out below in respect of the payment of the Refundable Deposits on an interest-free basis by comparing (i) the service fees receivable under the Supplemental Carpark Sales Agency Services Framework Agreement in respect of the Exclusive Carparks; (ii) the interests receivable at a risk-free rate if invested in 10-year U.S. government bond; and (iii) the interests receivable at a risk-free rate if invested in 1-year U.S. treasury bill, under different hypothetical scenarios:

- (i) *Hypothetical service fees receivable under the Supplemental Carpark Sales Agency Services Framework Agreement*

<b>Highest annual cap in respect of Refundable Deposits (RMB'000) ("A")</b>	74,000	74,000	74,000	74,000	74,000
<b>Highest level of Agreed Prices (RMB'000) ("B", where A= B*36%)</b>	205,555	205,555	205,555	205,555	205,555
<b>Hypothetical sale and leasing rate ("C")</b>	100%	50%	30%	10%	0%
<b>Expected average profit margin ("D")</b>	40%	40%	40%	40%	40%
<b>Service fees receivable (RMB'000) (B*C*D)</b>	82,222	41,111	24,666	8,222	—

- (ii) *Hypothetical interests receivable if the Refundable Deposits were invested in 10-year U.S. government bond*

<b>Highest annual cap in respect of Refundable Deposits (RMB'000) ("A")</b>	74,000
<b>Annual interest rate of 10-year U.S. government bond<sup>(Note)</sup> ("B")</b>	3.89%
<b>Annual interests receivable (RMB'000) (A*B)</b>	2,879

- (iii) *Hypothetical interests receivable if the Refundable Deposits were invested in 1-year U.S. treasury bill*

<b>Highest annual cap in respect of Refundable Deposits (RMB'000) ("A")</b>	74,000
<b>Annual interest rate of 1-year U.S. treasury bill<sup>(Note)</sup> ("B")</b>	4.75%
<b>Annual interests receivable (RMB'000) (A*B)</b>	3,515

*Note: As publicly disclosed on the website of YCharts Inc. (<https://ycharts.com/>) as at the Latest Practicable Date.*



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## LETTER FROM THE BOARD

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As illustrated above, the expected service fees receivable under the exclusive sales agency arrangement pursuant to the Supplemental Carparks Sales Agency Services Framework Agreement are significantly higher than the expected interests receivable if the Refundable Deposits were invested in either 1-year U.S. treasury bill or 10-year U.S. government bond. Therefore, the Directors consider that the payment of Refundable Deposits by the Group to the Redco Group to secure the Exclusive Rights and generate higher return is in the interest of the Company and the Shareholders as a whole.

The Company also noted that if Redco Group is exposed to liquidity risk, in the scenarios described in (b) and (c) of the Refund Arrangements, the Group may be exposed to possible risk of not being refunded with the Refundable Deposits in accordance with the terms of the Supplemental Carparks Sales Agency Services Framework Agreement. Therefore, in order to protect the Group's interests under the Supplemental Carparks Sales Agency Services Framework Agreement, the Company has performed credit risk assessment on the Redco Group and will continue to perform such assessment on an on-going basis in relation to the payment of the Refundable Deposits, which are summarised as follows:

- (i) the Group has performed the credit assessment procedures including but not limited to evaluating occupants' feedback of the sold/leased car parking spaces of the Redco Group, conducting market research on the business reputation of relevant members of the Redco Group and reviewing the financial statements of the Redco Group. In particular, the Group noted from the 2022 interim report of Redco Properties that the consolidated cash and cash equivalent almost reached RMB3 billion and the consolidated net current assets almost reached RMB22 billion, with equity attributable to equity holders of approximately RMB7.4 billion. Whereas based on the 2022 interim report of the Company, the consolidated cash and cash equivalent was approximately RMB0.23 billion, and the consolidated net current was approximately RMB0.24 billion, with equity attributable to equity holders of approximately RMB0.30 billion. Based on the review by the Company, the Directors consider that the Redco Group has been financially sound and healthy during the period under review and they are satisfied with the result of the credit assessment;
- (ii) notwithstanding that Redco Properties, as with other market participants of the real estate sector, may experience deteriorated market conditions and liquidity tightening, the Group considered that provided that the business operations of Redco Properties remain normal and the liquidity issue (if any) faced by Redco Properties mainly relates to its *offshore* indebtedness, the Group may continue to enter into carpark sales agency arrangements with the Redco Group, subject to the measures set out in this section and the terms of the Carpark Sales Agency Services Framework Agreement (as supplemented by the Supplemental Carparks Sales Agency Services Framework Agreement);
- (iii) the Group will also request Redco Properties to provide the following documents to the Group on a quarterly basis for ongoing credit assessment: (i) quarterly reports of the balance of Refundable Deposits paid by the Group to the Redco Group; (ii) the latest consolidated cash and deposit balance of the Redco Group; (iii) the latest consolidated financial statements of the Redco Group; and (iv) the latest credit reports on the Redco Group issued by credit rating companies (if available). After collecting the above

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## LETTER FROM THE BOARD

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information, the finance department of the Group will, together with details of the actual transactions conducted under the Carparks Sales Agency Services Framework Agreement (as supplemented), compile quarterly reports for the independent non-executive Directors' consideration; and

- (iv) the Group will monitor on a monthly basis the refund status of the Refundable Deposits regarding carparks sold or leased out by the Group of which the sales proceeds are collected by the Redco Group, so that the Group will be able to closely monitor the credit risk relating to the Refundable Deposits.

The Company also acknowledged that if the market demand for carparks does not meet the Group's expectation, the Group will not be able to generate the service fees as anticipated and for such unsold or unrented carparks, the Refundable Deposits will only be refunded in full upon the expiry of the relevant individual contracts. Therefore, before entering into the Supplemental Carparks Sales Agency Services Framework Agreement, the Company has conducted market research on the proposed list of the Exclusive Carparks provided by the Redco Group as at the date of the Supplemental Carpark Sales Agency Services Framework Agreement, which are summarised as follows:

- (i) the sales department of the Group has performed market research to evaluate the supply and demand of car parking spaces in the vicinity of the potential projects for which the Group intends to obtain the Exclusive Rights pursuant to the Supplemental Carparks Sales Agency Services Framework Agreement. Firstly, a market research team has been set up, led by the general manager of the sales department of the Group. The market research team had conducted investigation on each proposed project and evaluate its feasibility based on factors including the project's planning indicators, the number of residential units and carparking spaces involved, the location thereof and legal titles thereto. Thereafter, the market research team had conducted research on other comparable projects in the vicinity, including historical sales price, availability and occupancy rate of the carparking spaces, the target customers and their positioning, etc. The conclusion of the market research had been reported to the management for final decision making; and
- (ii) when selecting the potential projects, the Group would consider factors including (a) whether the Agreed Prices and Base Values could guarantee the Company's gross profit margin target; (b) whether the expected sales and leasing rate could ensure the continuity and stability of the Company's cash flow; and (c) whether the number of potential customers and their consumption capacity could support the sales target.

The aforementioned market research will be performed by the Group on an ongoing basis.

Currently, all the carparking spaces identified by the Redco Group are situated in property projects that are under the management of the Group. The Group can utilize its existing resources and network to promote the sales of the car parking spaces to the potential buyers who are tenants or owners of the properties in a cost-efficient manner, thereby contributing to the gradual recovery of the Refundable Deposits throughout the term of the Carpark Sales Agency Services Framework Agreement (as supplemented). In addition, to ensure the Group has sufficient resources to meet the service demand for the expanded sales agency services business, the Group has established a professional sales agency team, all members of which have carparks sales agency experiences of at

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## LETTER FROM THE BOARD

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least five years. It has also implemented an all-staff marketing (全員銷售) strategy, pursuant to which all staff members of the Group could participate in carparks sales business and obtain certain level of commission in return, which is believed to be conducive to boosting the sales of the Exclusive Carparks.

In view of the above and after performing the aforementioned credit risk assessment procedures, reviewing the financial information of the Redco Group and the marketability of the intended list of the Exclusive Carparks provided by the Redco Group with satisfactory results and considering the internal resources of the Group available to be allocated to the sales agency services business, and taking into account the long-term cooperation between the Group and the Redco Group, the Directors (including the independent non-executive Directors who are the members of the Independent Board Committee) consider that the terms of the Supplemental Carparks Sales Agency Services Framework Agreement (including the payment of the Refundable Deposits) and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### INTERNAL CONTROL MEASURES

To ensure individual sales agency services agreements will be entered into on normal commercial terms and in accordance with the terms of the Carpark Sales Agency Services Framework Agreement (as supplemented by the Supplemental Carparks Sales Agency Services Framework Agreement) and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures:

- (i) the determination of services fees should make reference to factors including (a) prevailing market rates for comparable transactions; (b) the anticipated operational costs including but not limited to labour costs and administrative costs for providing such services; and (c) the expected difficulty of selling/ leasing the relevant carparks. For this purpose, at least 3 comparable transactions shall be obtained in the determination of the service fees. The general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the aforesaid pricing policy;
- (ii) the general manager of the business department of the Group will conduct regular reviews, obtain at least 3 comparable transactions (if available) and perform valuation (if applicable) to ensure that the determination of the Agreed Prices and the Base Values will be on an arm's length basis in accordance with the pricing policy as set out in the Supplemental Carpark Sales Agency Services Framework Agreement;
- (iii) the sales department of the Group will perform regular market research and feasibility studies to evaluate the supply and demand of similar car parking spaces in the vicinity of the projects on a monthly basis by comparing the total sales transactions of the Exclusive Carparks with the carpark sales transactions conducted by the Group under other non-exclusive sales agency arrangement in the proximity; and the Group may also engage

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## LETTER FROM THE BOARD

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industry researchers to conduct comprehensive market research on the demand of car parking spaces in a particular region (if necessary) in order to ensure the payment of the Refundable Deposits in consideration for the Exclusive Rights is fair and reasonable and in the interests of the Company and the Shareholders as a whole;

- (iv) the execution of the individual agreements (including the Agreed Prices and the Base Values determined and the services fee) shall be subject to the appropriate approval of the general managers of the business department and finance department of the Group to ensure that the agreements are in line with the pricing policy and principal terms of the Carpark Sales Agency Services Framework Agreement (as supplemented by the Supplemental Carparks Sales Agency Services Framework Agreement);
- (v) upon expiry of the relevant individual contract, the sales department of the Group will review the historical average transaction prices and re-evaluate the market condition of car parking spaces in the vicinity of the projects to ensure the Agreed Prices and the Base Values are fair and reasonable and no less favourable than those available from Independent Third Parties before the renewal of an individual contract;
- (vi) the general manager of the finance department of the Group will review the latest financial position and assess the repayment ability of the Redco Group before deciding whether to implement an individual contract;
- (vii) the general managers of the business operation department and the finance department of the Group will review the settlement of service fees and the refund status of the Refundable Deposits on a monthly basis to ensure that the settlement of the service fees and the recovery of the Refundable Deposits are carried out in accordance with the Carpark Sales Agency Services Framework Agreement (as supplemented by the Supplemental Carparks Sales Agency Services Framework Agreement). In the event of a delay in the refund of the Refundable Deposits or payment of service fees to the Group, the relevant member of the Group will closely follow up with the general managers of the business department and finance department of the Redco Group in a timely manner. Depending on the circumstances of the delay, the Company will take appropriate actions in order to protect its interest under the Carparks Sales Agency Services Framework Agreement and the Supplemental Carparks Sales Agency Services Framework Agreement, such as issuing collection letter(s), filing law suit(s) or taking other legal measures to ensure that the Refundable Deposits be refunded to the Group in accordance with the Company's policy on collection of outstanding payments as and when required, which are consistent with the case of Independent Third Party customers;
- (viii) the finance department of the Group will monitor the transactions contemplated under the Carpark Sales Agency Services Framework Agreement (as supplemented by Supplemental Carparks Sales Agency Services Framework Agreement) and submit quarterly reports to the Board overseeing finance-related matters to ensure that the annual caps for the transactions contemplated thereunder will not be exceeded;

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## LETTER FROM THE BOARD

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- (ix) the audit committee of the Company and the independent non-executive Directors will review all the continuing connected transactions of the Company (including the transactions contemplated under the Carpark Sales Agency Services Framework Agreement (as supplemented by the Supplemental Carparks Sales Agency Services Framework Agreement) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of the relevant framework agreements, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (x) the external auditor of the Company will conduct annual review on the continuing connected transactions of the Company to ensure they are in compliance with the Listing Rules.

### INFORMATION ON THE PARTIES TO THE AGREEMENT

The Company is an investment holding company. The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services, development and maintenance services to the information technology systems, healthcare management services and property agency services in the PRC.

The Redco Group is principally engaged in property development, property management services, property investment, project management services and healthcare services in the PRC. Redco Properties is an investment holding company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1622).

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Redco Properties was a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual cap under the Supplemental Carpark Sales Agency Services Framework Agreement exceed 5%, the transactions contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### BOARD APPROVAL

As Mr. Huang Ruoqing (a non-executive Director and a controlling shareholder of the Company) and Mr. Tang Chengyong (an executive Director) are also directors of Redco Properties, they are considered as having a material interest in the transactions contemplated under the Supplemental Carpark Sales Agency Services Framework Agreement. Furthermore, Ms. Wong Yin Man and Ms. Huang Yanqi (both being executive Directors) have family relationships with Mr. Huang Ruoqing

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## LETTER FROM THE BOARD

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(being his niece and daughter, respectively). Accordingly, each of Mr. Huang Ruoqing, Mr. Tang Chengyong, Ms. Wong Yin Man and Ms. Huang Yanqi has abstained from voting on the Board resolution for approving the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors was required to abstain from voting on the relevant Board resolution.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### NOTICE OF EGM

Set out on pages EGM-1 to EGM-2 of this circular is the notice of the EGM at which, ordinary resolution will be proposed to the Independent Shareholders to consider and approve the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

### FORM OF PROXY

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.redcohealthy.com](http://www.redcohealthy.com)). Shareholders who intend to appoint proxy(ies) to attend the EGM shall complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM (i.e. not later than 10 a.m. on 28 December 2022) or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM if they so wish and in such event the form of proxy shall be deemed to be revoked.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 66(1) of the articles of association of the Company, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands. Accordingly, each of the resolution(s) set out in the EGM notice will be taken by way of poll. The results of the poll will be published on the websites of Company ([www.redcohealthy.com](http://www.redcohealthy.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) pursuant to Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Board, and having made all reasonable enquiries, as at the Latest Practicable Date, Mr. Huang Ruoqin and Mr. Wong Yeuk Hung are acting in a consensual manner and they, together with their investment companies, i.e. Top Glory International Holdings Limited (“**TGI**”), Redco Properties Holdings Limited (“**Redco Holdings**”), Redco Properties, Times Properties Holdings Limited (“**Times Properties**”), Times International Development Company Limited (“**Times International**”), Honour Family Holdings Limited (“**Honour Family**”), UBS Trustees (B.V.I.) Limited (“**UBS Trustees**”), Global Universe International Holdings Limited (“**Global Universe**”) and Global Investment International Company Limited (“**Global Investment**”) constitute a group of controlling shareholders of the Company, which in aggregate holds 150,000,000 Shares, representing approximately 75% interest in the Company.

Accordingly, each of Mr. Huang Ruoqing, Mr. Wong Yeuk Hung, TGI, Redco Holdings, Redco Properties, Times Properties, Times International, Honour Family, UBS Trustees, Global Universe, Global Investment and their respective associates shall abstain from voting on the proposed resolutions approving the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder.

Save as disclosed the above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the other Shareholders is required to abstain from voting on the resolution in respect of the Supplemental Carpark Sales Agency Services Framework Agreement to be proposed at the EGM.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the EGM (or at any adjournment thereof), the register of members of the Company will be closed from Wednesday, 28 December 2022 to Friday, 30 December 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 23 December 2022.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 23 to 24 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolution to approve the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); and (ii) the letter from the Independent Financial Adviser as set out on pages 25 to 48 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the terms of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in respect of the approval of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms and will be conducted 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 therefore recommends you to vote in favour of the ordinary resolutions to be proposed at the EGM.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendix headed “General Information” to this circular.

Yours faithfully  
By order of the Board  
**Redco Healthy Living Company Limited**  
**Huang Ruoqing**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps).*



### **Redco Healthy Living Company Limited**

**力高健康生活有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2370)**

14 December 2022

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS — SUPPLEMENTAL CARPARK SALES AGENCY SERVICES FRAMEWORK AGREEMENT**

We refer to the circular dated 14 December 2022 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Rainbow Capital has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with each of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 25 to 48 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 22 of the Circular and the general information set out in the appendix of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the information as set out in the letter from the Board, the terms and conditions of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that the terms of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps, the basis of determining the Agreed Prices, Base Values and the Refundable Deposits, as well as the payment of the Refundable Deposits on an interest-free basis) are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the payment of the Refundable Deposits will not have a material impact to the Company's working capital based on the information set out in the letter from the Board. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the approval of Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully  
For and on behalf of the  
the Independent Board Committee  
**Redco Healthy Living Company Limited**

**Mr. Lau Yu Leung**  
*Independent*  
*Non-executive Director*

**Mr. Sze Irons**  
*Independent*  
*Non-executive Director*

**Mr. Chow Ming Sang**  
*Independent*  
*Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Carpark Sales Agency Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps), which has been prepared for the purpose of inclusion in this circular.*

### **Rainbow Capital (HK) Limited**

14 December 2022

*To the Independent Board Committee and the Independent Shareholders*

Redco Healthy Living Company Limited  
2nd Floor, Redco Building  
Tower 5, Qiaochengfang, Phase I  
No. 4080 Qiaoxiang Road  
Nanshan District, Shenzhen  
PRC

Dear Sir or Madam,

## **CONTINUING CONNECTED TRANSACTIONS**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Supplemental Carpark Sales Agency Services Framework Agreement (the “**Supplemental Agreement**”), the proposed annual caps for the three years ending 31 December 2022, 2023 and 2024 (the “**Annual Caps**”) and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 14 December 2022 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 25 November 2022, the Company and Redco Properties entered into the Supplemental Agreement, pursuant to which (i) the Group shall act as an exclusive sales/leasing agent for the Redco Group and pay to the Redco Group the Refundable Deposits (as defined below) regarding the grant of the Exclusive Rights (as defined below); (ii) the existing annual cap for the year ending 31 December 2023 under the Carpark Sales Agency Services Framework Agreement (the “**Original Agreement**”) shall be revised; and (iii) the term of the Original Agreement shall be extended for one year and ending on 31 December 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the Supplemental Agreement, the Redco Group shall engage the Group to provide carpark sales agency services on an exclusive basis (the “**Exclusive Rights**”) in respect of certain carparks owned by the Redco Group (the “**Exclusive Carparks**”). In consideration of the granting of the Exclusive Rights, the Group shall pay deposits to the relevant member of the Redco Group from time to time which may be refunded (the “**Refundable Deposits**”).

As at the Latest Practicable Date, Redco Properties was a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual cap under the Supplemental Agreement exceed 5%, the transactions contemplated under the Supplemental Agreement will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Chow Ming Sang, Mr. Sze Irons and Mr. Lau Yu Leung, has been formed to advise the Independent Shareholders on the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps). Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, the Redco Group and any other party to the Supplemental Agreement that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Supplemental Agreement. Accordingly, we are independent from the Group, the Redco Group and any other party to the Supplemental Agreement, and therefore are qualified to give independent advice in respect of the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps).

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, the Redco Group or any of its respective substantial shareholders, subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps), we have taken into account the principal factors and reasons set out below:

#### 1. Information on the parties

##### (i) Background of the Group

On 31 March 2022, the Company was successfully listed on the Main Board of the Stock Exchange (stock code: 2370) (the “**Listing**”). As disclosed in the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”), the Group is principally engaged in the provision of (a) property management services; (b) value-added services to non-property owners; and (c) community value-added services.

Revenue generated from community value-added services were approximately RMB24.4 million for the year ended 31 December 2020, approximately RMB59.0 million for the year ended 31 December 2021 and approximately RMB35.7 million for the six months ended 30 June 2022, accounting for approximately 11.0%, 16.7% and 17.2% of the total revenue recorded during the relevant periods. Such upward trend indicates that the provision of community value-added services has become an increasingly important source of revenue.

The community value-added services consist of, among others, carpark sales agency services (the “**Carpark Sales Agency Services**”). As disclosed in the 2022 Interim Report, revenue generated from community value-added services increased by approximately 28.8% from approximately RMB27.7 million for the six months ended 30 June 2021 to approximately RMB35.7 million for the six months ended 30 June 2022, which is primarily due to the increase in revenue from the Carpark Sales Agency Services and sales of groceries to property owners as a result of the increase in number of properties being managed by the Group.

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB227.7 million, and net assets attributable to Shareholders of approximately RMB304.4 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (ii) Background of Redco Properties

The shares of Redco Properties are listed on the Main Board of the Stock Exchange (stock code: 1622). The Redco Group is principally engaged in property development, property management services, property investment, project management services and healthcare services in the PRC.

As at 30 June 2022, the Redco Group's property portfolio comprised 126 property development and investment projects with an aggregate gross floor area (the "GFA") of 19,942,986.9 square meters under various stages of development remaining unsold in various cities in the PRC.

As at 30 June 2022, the Redco Group had cash and cash equivalents of approximately RMB2.9 billion; net current assets of approximately RMB21.7 billion and net assets attributable to shareholders of approximately RMB7.5 billion. The unutilized banking facilities as at 30 June 2022 amounted to approximately RMB3,045.1 million.

### 2. Reasons for and benefits of entering into the Supplemental Agreement

The Group is a property management service provider with a leading position in Jiangxi Province with a service network strategically covering core regions such as the Yangtze River Delta Region, the Greater Bay Area, the Bohai Rim Region and the Central China Region.

As stated in the section headed "1. Information on the parties — (i) Background of the Group" above, the provision of community value-added services which includes the Carpark Sales Agency Services has become an increasingly important source of revenue. Under this situation, the Company considers that exclusive rights for the Carpark Sales Agency Services to be provided to the Redco Group (i.e., the Exclusive Rights) would be conducive for the Group to ensure a stable income stream and enhance profitability as a whole. As such, the Group agreed to enter into the Supplemental Agreement and to pay the Refundable Deposits to the Redco Group from time to time with an aim to obtain the Exclusive Rights to provide the Carpark Sales Agency Services in respect of the Exclusive Carparks.

As disclosed in the Letter from the Board, pursuant to the Supplemental Agreement, the Group could charge the difference between the actual sales price and the Base Values (as defined below) as service fees in respect of the Exclusive Carparks (as opposed to charging a percentage of the sales price of the carparks as service fees under other non-exclusive carpark sales agency arrangements pursuant to the Original Agreement). Based on the relevant mechanism under the Supplemental Agreement, the Base Values (as defined below) should not exceed 60% of the actual sales price and therefore the Group is able to guarantee service fees of at least 40% of the actual sales price. Such service fees rate is in line with the market rate. As disclosed in the prospectus of the Company dated 22 March 2022, the market rate of carpark sales agency services is around 40% of the sales proceeds. For details of the mechanism of the Supplemental Agreement, please refer to section headed "3. Principal term of the Supplemental Agreement — (i) Principal terms — Subject matter" below.

Although the Group will obtain the Exclusive Rights in respect of the Exclusive Carparks, there is no restriction under the Supplemental Agreement on the Group to act as sales agent of carparks of other property developers or owners.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account (i) the provision of community value-added services which includes the Carpark Sales Agency Services has become an increasingly important source of revenue; (ii) the Exclusive Right shall provide the Group with a steady source of income in the ordinary and usual course of business of the Group; (iii) the mechanism under the Supplemental Agreement allows the Group to guarantee service fees rate of at least 40% of the actual sales prices which is line with the market rate; (iv) the established business relationship with the Redco Group; (v) the background of the Redco Group; and (vi) the Supplemental Agreement does not restrict the Group to provide the Carpark Sales Agency Services to the Redco Group only and hence the Group has an option to further expand the related business by providing similar services to other third parties, we concur with the Directors that the transactions contemplated under the Supplemental Agreement, which are conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

### **3. Principal terms of the Supplemental Agreement**

#### **(i) Principal terms**

For details of the principal terms of the Supplemental Agreement, please refer to the section headed “Supplemental Carpark Sales Agency Services Framework Agreement” in the Letter from the Board. Set out below are the proposed principal terms of the Supplemental Agreement:

##### *Term*

Under the Original Agreement, the term shall commence from the Listing Date and end on 31 December 2023.

Subject to compliance with the Listing Rules, with effect from the Effective Date, the term of the Original Agreement (as supplemented by the Supplemental Agreement) shall be extended and end on 31 December 2024. Such term may, subject to the mutual agreement between the parties and in compliance with relevant laws and regulations and the Listing Rules, be extended or renewed.

##### *Subject matter*

The Redco Group shall engage the Group to provide Carpark Sales Agency Services on an exclusive basis (i.e., the Exclusive Rights) in respect of certain carparks owned by the Redco Group (i.e., the Exclusive Carparks). During the term of the Original Agreement (as supplemented by the Supplemental Agreement), the Group shall be the exclusive service provider of the Carpark Sales Agency Services and the Redco Group shall not engage other third parties for such services in respect of the Exclusive Carparks. The Redco Group shall not sell, transfer or dispose of in any other manner any of the Exclusive Carparks to third parties, and shall not engage other third parties for such services unless agreed by both parties. Under such arrangement, the Group will be entitled to charge the difference between the actual sales price of the Exclusive Carparks and the Base Values (defined below) of the carparks as service fees for the Carpark Sales Agency Services, which will enable the Group to generate additional return.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group and the Redco Group will agree on the minimum prices for the sales or leasing of the Exclusive Carparks (the “**Agreed Prices**”), and the Group shall not sell or lease the Exclusive Carparks at prices which are less than the Agreed Prices. Based on the Agreed Prices, the Group and the Redco Group will further agree on the base values of the Exclusive Carparks (the “**Base Values**”), which shall not exceed 60% of the Agreed Prices, with reference to the industry practice in relation to base values and existing profit margin for providing carparks sales/ leasing agency services by the Group to the Redco Group. In consideration of the granting of the Exclusive Rights, the Group shall pay deposits to the relevant member of the Redco Group from time to time which may be refunded as described below (i.e., the Refundable Deposits), and the Refundable Deposits shall not exceed 60% of the Base Values. The Group is not entitled to receive any interest income from the payment of the Refundable Deposits.

As stated in the Letter from the Board, the first limb of 60% of the Agreed Prices to which the Base Values are subject (i.e. an expected profit margin of not less than 40% as the Group will be entitled to collect the difference between the Agreed Prices and the Base Values) was determined primarily with reference to the existing profit margin for providing carparks sales/ leasing agency services (i.e. around 35% of the sales proceeds being charged for the service fees for carpark sales agency services, as disclosed in the Prospectus). The second limb of 60% of the Base Values to which the Refundable Deposits are subject was determined primarily with reference to the deposit rate of Comparable Companies (as defined below), which ranged from 15% to 100%.

The Group and the Redco Group shall enter into further individual contracts which shall set out the specific projects and the number of Exclusive Carparks subject to the above arrangements. The individual contracts shall set out the necessary terms and conditions for the relevant transactions contemplated after arm’s length negotiations on normal commercial terms and shall be consistent with the principal terms of the Original Agreement (as supplemented by the Supplemental Agreement) in all material aspects. As at the Latest Practicable Date, the duration of each individual contract under the Original Agreement on non-exclusive basis were in general not more than two years. It is currently contemplated that the contract period for individual contracts to be entered into pursuant to the Original Agreement (as supplemented by the Supplemental Agreement) will also fall within similar duration, and in any event, will not survive beyond the expiry of date of the Original Agreement (as supplemented by the Supplemental Agreement).

### *Pricing policy*

The Agreed Prices and Base Values of the Exclusive Carparks will be determined based on, among other things, (i) the number of Exclusive Carparks involved and the location thereof; (ii) the business atmosphere and the supply and demand of car parking spaces in the vicinity of the projects; (iii) the historical average transaction prices of comparable carparks and the average transaction price of comparable projects available from third parties in the surrounding markets of the Exclusive Carparks; (iv) the relevant project’s occupancy rate, number of available car parking spaces, sales stage, carparks quality and the expected difficulty of selling or leasing the



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relevant carparks; (v) the marketing costs to be incurred for the sales or leasing of the Exclusive Carparks; and (vi) the industry practice in relation to the base values and agreed sales prices of carparks for similar grant of exclusive right of carparks in accordance with the measures set out the section headed “Internal Control Measures” in the Letter from the Board.

The Agreed Prices are the minimum prices for the sales or leasing of the Exclusive Carparks and would be determined in the individual contracts. As stated in the section headed “4. Internal control measures” below, the general manager of the business department of the Group will conduct regular reviews, obtain at least 3 comparable transactions (if available) and perform valuation (if applicable) to ensure that the determination of the Agreed Prices and the Base Values will be on an arm’s length basis in accordance with the pricing policy as set out in the Supplemental Agreement.

In determining the Annual Caps, the Group has prepared the Parking Space Schedule (defined as below), in which the Group has estimated the Agreed Prices of the Exclusive Carparks. For the assessment on the estimated Agreed Prices, please refer to the section headed “5. The Annual Caps and basis of determination” below.

### *Payment terms*

The Company shall, within ten (10) business days of the execution of the relevant individual sales agency services agreement in respect of the Exclusive Carparks, pay the relevant member of the Redco Group the Refundable Deposits in full as an upfront payment, the amount of which shall be agreed by the Group and the Redco Group and shall not exceed 60% of the Base Values. The payment of the Refundable Deposits was determined with reference to the prevailing market rate and was comparable to the rate of earnest money/deposit payable for obtaining exclusive sales agency right, which earnest money/deposit could be up to 100% of the base values of the carparking lots, as observed in the sales agency transactions of other companies listed on the Stock Exchange based on publicly available information.

As all the Exclusive Carparks to be delivered by Redco Group to the Group would be at saleable conditions having obtained all relevant sales permit, the Group could commence sale/leasing of the Exclusive Carparks forthwith after paying the Refundable Deposits pursuant to the Original Agreement (as supplemented by the Supplemental Agreement). Taking into account the development direction as indicated at the recent 20th National Congress of the Communist Party of China of improving people’s quality of life, coupled with measures to ensure steady and orderly growth of real estate financing and increase financial support for housing leasing, which are believed to be conducive to the recovery of confidence in the real estate industry, and combined with the Company’s new sales strategies such as rational price reduction promotion and provision of quality management services, the Company expects that the sales car parking spaces in 2023 and 2024 will gradually pick up and a higher and faster sales/ leasing rate will be achieved. Therefore, the Company considers that the payment term of the Refundable Deposits in full ties to the sales schedule of the carparks of Redco Group.

The Company will use the cash generated from internal resources to settle the Refundable Deposits and it will not use its proceeds from the initial public offering for such payment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Refundable Deposits shall be refunded to the Group as follows:

- (a) for the carpark sold by the Group and the total sales price of which are received by the Group from the buyer, the Group shall be entitled to directly set off the amount of the corresponding Refundable Deposits paid in respect of such carpark from the total sales price received;
- (b) for the carpark sold by the Group and the total sales price for which are received by the Redco Group from the buyer, the amount of the corresponding Refundable Deposits paid in respect of such carpark shall be refunded by the Redco Group on a monthly basis; and
- (c) for the carpark which remain unsold by the Group upon the expiry of the relevant individual contract(s), the Refundable Deposits shall be refunded to the Group in full within 10 business days.

Under normal circumstances where the relevant member of the Redco Group is a wholly-owned subsidiary of Redco Properties, the Group will request the term of the individual contract containing an express clause enabling the Group to receive the sales proceeds of the carpark being sold or leased by the Group directly from the buyer or lessee. For other cases, the Group will strive for similar arrangement unless such is disagreed by the minority shareholder(s) of such non-wholly owned subsidiary of Redco Properties.

### (ii) Due diligence

- (a) Regarding the terms of the Supplemental Agreement

As stated in the Letter from the Board, when assessing the terms of the Supplemental Agreement, the Directors have considered similar arrangements of other comparable property management companies in the PRC. The Directors searched on the website of the Stock Exchange and reviewed the announcements and circulars (if available) issued by five comparable companies which are listed on the Main Board of the Stock Exchange and principally engaged in property management services (the “**Comparable Companies**”) in relation to the provision of exclusive carpark sales agency services similar to those contemplated under the Supplemental Agreement (the “**Comparable Arrangements**”) during 1 June 2022 to the 25 November 2022 (the “**Review Period**”), being the date of the Supplemental Agreement. As the Comparable Arrangements are identified on the website of the Stock Exchange on an exhaustive basis, we concur with the Directors that the Comparable Companies represent fair and representative samples.

In addition, we consider such Review Period to be fair and reasonable given (i) such Review Period could reflect the prevailing market practice in relation to the provision of exclusive carpark sales agency services; and (ii) such Review Period allows us to identify sufficient precedents for comparison purpose. We have independently reviewed and cross-checked the Comparable Arrangements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The table below sets out the summary of the principal terms of the Comparable Companies' related transactions (the “**Comparable Table**”):

Company name (Stock code) Announcement/ circular date	Deposit rate	Service fees rate	Interest rate of the deposits	Refund mechanism of the deposits
<p>Ronshine Service Holding Company Limited (“<b>Ronshine</b>”) (2207.HK)</p> <p>23 November 2022</p>	<p>15% of the market value of the car parking spaces.</p>	<p>the sum of (1) the multiple of the base price (the minimum selling price) and an agreed rate of 3% to 5% and (2) the multiple of the difference between the sales price and the base price (if any) and another agreed rate of 3% to 5%.</p>	<p>Interest-free</p>	<p>The deposit shall be adjusted on a monthly basis with reference to the total estimated value of the unsold exclusive car parking spaces as at the last day of each calendar month.</p> <p>If the deposit amount after adjustment is higher than the deposit already paid, the group shall supplement the corresponding deficit portion of the deposit within five business days of the adjustment.</p> <p>If the deposit amount after adjustment is lower than the deposit already paid, the excess portion of the deposit should be refunded without interest within five business days of the adjustment.</p> <p>The remaining balance of the deposit (if any) shall be repayable to the group without interest within 30 business days after the expiration of the carpark sales agency service framework agreement or all duties as stipulated under the carpark sales agency service framework agreement and the specific agreements are completed.</p>
<p>Poly Property Services Company Limited (“<b>Poly Property</b>”) (6049.HK)</p> <p>16 November 2022</p>	<p>Not exceed 50% of the base prices being the minimum prices for the sale or leasing of car parking spaces (i.e., the deposit should not exceed 50% of the minimum prices)</p>	<p>Difference between the base prices and the sales prices.</p> <p>Given the base prices shall not exceed 80% of the sales prices, the service fees are expected to be at least 20% of the sales prices</p>	<p>Not specified</p>	<p>(1) Corresponding deposits shall be refunded after the completion of the leasing and sales or the expiry of the specific contracts; and</p> <p>(2) Before 30 June and 31 December of each year, existing deposits shall be returned.</p>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Company name**
**(Stock code)**
**Announcement/  
circular date**
**Deposit rate**
**Service fees rate**
**Interest rate  
of the deposits**
**Refund mechanism  
of the deposits**

Sino-Ocean Service Holding Limited (“Sino-Ocean”) (6677.HK)  14 October 2022	Not exceed 50% of the base price being the minimum price for the sale of car parking spaces  (i.e., the deposit should not exceed 50% of the minimum prices)	Difference between the base prices and actual sales prices.  Given the base prices shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets, the service fees are expected to be at least 20% of the sales prices, when the car parking spaces are sold at market price	Interest-free	(1) Refund the corresponding deposits within 15 business days after the relevant car parking spaces are sold on a monthly basis; and  (2) Refund the deposits paid for any unsold car parking spaces within 15 business days from date of the termination or expiry of the framework agreement
Dexin Services Group Limited (“Dexin”) (2215.HK)  16 September 2022	Not exceed 50% of the base prices being the minimum prices for the sale or leasing of car parking spaces  (i.e., the deposit should not exceed 50% of the minimum prices)	At least 20% of the sales prices	Interest-free	(1) Settlement will be made quarterly during each cooperation cycle to calculate the corresponding deposits of the car parking spaces that have been leased or sold during the quarter and such amount of corresponding deposits will be refunded to the group within 30 days after the end of each quarter;  (2) After the end of each cooperation cycle, both parties shall settle the amount of deposits for the car parking spaces that the group has leased or sold during the period from the last quarter to the end of the cooperation cycle and such amount of deposits will be refunded to the group within 30 days after the end of each cooperation cycle;  (3) During each cooperation cycle, if the group attains an early completion of the leasing and sales of all the car parking spaces, the corresponding deposits shall be refunded within 30 days after the completion of the leasing and sales; and  (4) Within 30 days after the cancellation or termination of the framework agreement, all the deposits shall be refunded.

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**Company name**

**(Stock code)**

**Announcement/  
circular date**

**Deposit rate**

**Service fees rate**

**Interest rate  
of the deposits**

**Refund mechanism  
of the deposits**

Kangqiao Service Group Limited (“Kangqiao”) (2205.HK)  16 June 2022	100% of the sales reserve price  (i.e., the deposit is equal to 100% of the minimum prices)	Difference between the contract prices and the sales reserve prices  Based on historical data, the commission and agency fees were approximately 25% to 52% of the contract prices	Interest-free	(1) For the parking spaces sold by the group, the amount of the refundable deposits shall be set-off by the total sales reserve price for such parking spaces received by the group; and  (2) For the parking spaces failed to be sold by the group, the refundable deposits shall be refunded in full upon the expiration of the sales agency services framework agreement on 31 December 2023, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier).
The Company  25 November 2022	Not exceed 60% of the Base Values which shall not exceed 60% of the Agreed Prices being the minimum prices for the sales or leasing of the Exclusive Carparks  (i.e., the deposit should not exceed 36% of the minimum price)	Difference between the actual sales price of the Exclusive Carparks and the Base Values.  Given (1) the Agreed Prices are the minimum prices; and (2) the Base Values shall not exceed 60% of the Agreed Prices, the difference between the actual sales prices and the Base Values, being the service fees, should be at least 40% of the actual sales prices	Interest-free	(1) For the carparks sold by the Group and the total sales price of which are received by the Group from the buyer, the Group shall be entitled to directly set off the amount of the corresponding Refundable Deposits paid in respect of such carparks from the total sales price received;  (2) For the carparks sold by the Group and the total sales price for which are received by the Redco Group from the buyer, the amount of the corresponding Refundable Deposits paid in respect of such carparks shall be refunded by the Redco Group on a monthly basis; and  (3) For the carparks which remain unsold by the Group upon the expiry of the relevant individual contract(s), the Refundable Deposits shall be refunded to the Group in full within 10 business days.

*Deposit rate*

As stated in the Letter from the Board, in consideration of the granting of the Exclusive Rights, the Group shall pay the Refundable Deposits to the relevant member of the Redco Group from time to time, and such Refundable Deposits shall not exceed 60% of the Base Values.

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Given that the amount of the Refundable Deposits shall not exceed 60% of the Base Values and the Base Values also shall not exceed 60% of the Agreed Prices (being the minimum prices for the sales or leasing of the Exclusive Carparks), the Refundable Deposits would not exceed 36% of the Agreed Prices which are the minimum prices for the sales or leasing of the Exclusive Carparks.

In order to assess whether the deposit rate under the Supplemental Agreement is fair and reasonable, we have reviewed the deposit rate of the Comparable Companies. As stated in the Comparable Table, (1) three out of the five Comparable Companies, namely Poly Property, Sino-Ocean and Dexin need to pay a deposit of not exceeding 50% of the minimum prices. Such deposit rate is higher than that of 36% under the Supplemental Agreement; and (2) Kangqiao need to put a deposit of 100% of the sales reserve price. Such deposit rate is also higher than that of 36% under the Supplemental Agreement. Given four out of five Comparable Companies have higher deposit rate than the Company in terms of the percentage of the minimum sales prices, we consider that the deposit rate under the Supplemental Agreement is fair and reasonable.

Having considered that (1) the payment of the Refundable Deposits will enable the Group to obtain the Exclusive Rights in respect of the Exclusive Carparks; (2) the Refundable Deposits are fully refundable with limited default risk as discussed in the sub-section headed “(b) Assessment of the repayment ability and credibility of the Redco Group” below; (3) the payment of deposits is in line with the market practice for the parking space sales agency services; and (4) the deposit rate under the Supplemental Agreement is fair and reasonable as stated above, we concur with the Directors that the payment of deposits under the Supplemental Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

### *Service fees rate*

As stated in the Letter from the Board, under the arrangement of the Supplemental Agreement, the Group will be entitled to charge the difference between the actual sales price of the Exclusive Carparks and the Base Values of the carparks as service fees for the Carpark Sales Agency Services, which will enable the Group to generate additional return.

In order to assess whether the service fees rate under the Supplemental Agreement is fair and reasonable, we have reviewed the service fees rate of the Comparable Companies. As stated in the Comparable Table, (1) three out of the five Comparable Companies, namely Poly Property, Sino-Ocean and Dexin are expected to generate service fees of at least 20% of the sales prices. Such service fee rate is lower than that of at least 40% under the Supplemental Agreement; and (2) Kangqiao recorded service fees ranging from approximately 25% to 52% of the contract prices, based on historical data. The service fees of at least 40% of the sales prices under the Supplemental Agreement is within the range of the Kangqiao.

In addition, as disclosed in the prospectus of the Company dated 22 March 2022, the market rate of carpark sales agency services is around 40% of the sales proceeds. The service fees of at least 40% of the sales prices under the Supplemental Agreement is also in line with the market rate. Given (1) three out of five Comparable Companies have service fee rate of at least 20% of the sales prices which

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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is lower than that of at least 40% of the sales prices under the Supplemental Agreement; and (2) the service fees rate of at least 40% of the sales prices under the Supplemental Agreement is within the range of the Kangqiao and also in line with the market rate, we consider that the service fees rate under the Supplemental Agreement is fair and reasonable.

Having considered the above, we are of the view that the pricing policy of the agency service fees stipulated under the Supplemental Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

### *Interest rate and refund mechanism*

The provision of the Refundable Deposits by the Group to the Redco Group under the Supplemental Agreement is on an interest-free basis. As stated in the Comparable Table, other than Poly Property, the remaining four Comparable Companies' deposits are on interest-free basis. As such, we consider such arrangement is in line with the market practice and therefore is fair and reasonable.

As stated in the Letter from the Board, given the Refundable Deposits will be paid on an interest-free basis and will be refunded only when the Exclusive Carparks are sold/leased or the relevant individual contracts expire, the Company noted that under such arrangement, it will be giving up the opportunity to invest the money in other means such as investment in financial products to earn fixed return or deposit into banks to earn interest income. For illustration purpose only, the Company conducted a hypothetical quantitative cost-benefit analysis and found that the expected service fees receivable under the exclusive sales agency arrangement pursuant to the Supplemental Agreement are significantly higher than the expected interests receivable if the Refundable Deposits were invested in either 1-year U.S. treasury bill or 10-year U.S. government bond. As such, we concur with the Directors that the payment of Refundable Deposits by the Group to the Redco Group to secure the Exclusive Rights and generate higher return is in the interest of the Company and the Shareholders as a whole. For details of the hypothetical quantitative cost-benefit analysis, please refer to the section headed "Reasons for and benefits of entering into the Supplemental Carpark Sales Agency Services Framework Agreement" in the Letter from the Board.

As stated in the Letter from the Board, for the carparks sold by the Group and the total sales price for which are received by the Redco Group from the buyer, the amount of the corresponding Refundable Deposits paid in respect of such carparks shall be refunded by the Redco Group on a monthly basis. In reviewing the refund mechanism of the Comparable Companies, we noted that (1) Ronshine and Sino-Ocean would also refund or adjust the deposit amount on a monthly basis; and (2) Dexin would settle the deposits on a quarterly basis. As such, we consider that the monthly refund mechanism under the Supplemental Agreement is in line with the market practice.

To sum up, after taking into account the above factors, we consider that the terms of the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) Assessment of the repayment ability and credibility of the Redco Group

As stated in the Letter from the Board, the Company noted that if the Redco Group is exposed to liquidity risk, in the scenarios described in (b) and (c) of the Refund Arrangements as stated in the letter from the Board, the Group may be exposed to possible risk of not being refunded with the Refundable Deposits in accordance with the terms of the Supplemental Agreement. Therefore, in order to protect the Group's interests under the Supplemental Agreement, the Company has performed credit risk assessment on the Redco Group and will continue to perform such assessment on an on-going basis in relation to the payment of the Refundable Deposits.

In order to assess the repayment ability and credibility of the Redco Group, we also performed independent review on the financial position of the Redco Group.

As stated in the section headed "1. Information on the parties — (ii) Background of Redco Properties", the Redco Group is principally engaged in property development, property management services, property investment, project management services and healthcare services in the PRC. As at 30 June 2022, the Redco Group had (1) cash and cash equivalents of approximately RMB2.9 billion; (2) net current assets amounted of approximately RMB21.7 billion; and (3) net assets attributable to shareholders amounted of approximately RMB7.5 billion. Meanwhile, the unutilized banking facilities as at 30 June 2022 amounted to approximately RMB3,045.1 million.

As at 30 June 2022, the Group had (1) cash and cash equivalents of approximately RMB0.2 billion; (2) net current assets of approximately RMB0.2 billion; and (3) net assets attributable to Shareholders of approximately RMB0.3 billion. Although the assets of the Company are consolidated into the financial statement of the Redco Properties, it would not have a material impact on our assessment, as the assets of the Company do not account for a material portion of the assets of the Redco Properties, in terms of the following three financial indicators.

	<b>Cash and cash equivalents</b>	<b>Net current assets</b>	<b>Net assets attributable to shareholders</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
The Company (A)	227,653	242,107	304,389
The Redco Properties (B)	2,923,046	21,700,454	7,450,131
Percentage (A/B)	7.8%	1.1%	4.1%

We noted that all these three financial indicators of the Redco Properties are far above the maximum annual cap under the Supplemental Agreement (i.e., RMB74 million for the Refundable Deposits and RMB46 million for the service fees). In addition, given that the amounts of the Refundable Deposits shall not exceed 36% of the minimum sales prices of the Exclusive Carparks, the Refundable Deposits could be repaid by the proceeds from sales of the Exclusive Carparks.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For ongoing credit assessment, the Group will also request the Redco Properties to provide the following documents to the Group on a quarterly basis: (1) quarterly reports of the balance of Refundable Deposits paid by the Group to the Redco Group; (2) the latest consolidated cash and deposit balance of the Redco Group; (3) the latest consolidated financial statements of the Redco Group; and (4) the latest credit reports on the Redco Group issued by credit rating companies (if available). After collecting the above information, the finance department of the Group will, together with details of the actual transactions conducted under the Original Agreement (as supplemented by the Supplemental Agreement), compile quarterly reports for the independent non-executive Directors' consideration. In addition, as part of the IC Measures (as defined below), the Group will monitor on a monthly basis the refund status of the Refundable Deposits regarding carparks sold or leased out by the Group of which the sales proceeds are collected by Redco Group, so that the Group will be able to closely monitor the credit risk relating to the Refundable Deposits.

Given (1) the Group will request latest consolidated cash and deposit balance and the latest credit reports issued by credit rating companies (if available) of the Redco Group on a quarterly basis; and (2) the Group will monitor on a monthly basis the refund status of the Refundable Deposits, we consider that above ongoing credit assessment and internal control are sufficient and effective in monitoring the default risk and credit risk relating to the Refundable Deposits.

After taking into account (1) the maximum annual cap for the Refundable Deposits under the Supplemental Agreement (i.e., RMB74 million) accounts for approximately 2.5% of the cash and cash equivalents of the Redco Group as at 30 June 2022, approximately 0.3% of the net current assets of the Redco Group as at 30 June 2022, and approximately 1.0% of the net assets attributable to shareholders of the Redco Group as at 30 June 2022; (2) the maximum annual cap for the service fees under the Supplemental Agreement (i.e., RMB46 million) accounts for approximately 1.6% of the cash and cash equivalents of the Redco Group as at 30 June 2022, approximately 0.2% of the net current assets of the Redco Group as at 30 June 2022, and approximately 0.6% of the net assets attributable to shareholders of the Redco Group as at 30 June 2022; (3) the Refundable Deposits and service fees payable under the Supplemental Agreement only account for a small portion of the cash held by the Redco Group as at 30 June 2022 (i.e., 2.5% and 1.6%); (4) given the amounts of the Refundable Deposits shall not exceed 36% of the minimum sales prices of the Exclusive Carparks, the Refundable Deposits could be repaid by the proceeds from sales of the Exclusive Carparks; and (5) the Company will conduct ongoing credit assessment, we concur with the Directors that the Redco Group has been financially sound and healthy during the period under review and the default risk is limited.

#### 4. Internal control measures

As disclosed in the Letter from the Board, to ensure individual sales agency services agreements will be entered into on normal commercial terms and in accordance with the terms of the Original Agreement (as supplemented by the Supplemental Agreement) and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures (“**IC Measures**”):

- (i) the determination of services fees should make reference to factors including (a) prevailing market rates for comparable transactions; (b) the anticipated operational costs including but not limited to labour costs and administrative costs for providing such services; and (c) the expected difficulty of selling/leasing the relevant carparks. For this purpose, at least 3

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comparable transactions shall be obtained in the determination of the service fees. The general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the aforesaid pricing policy;

- (ii) the general manager of the business department of the Group will conduct regular reviews, obtain at least 3 comparable transactions (if available) and perform valuation (if applicable) to ensure that the determination of the Agreed Prices and the Base Values will be on an arm's length basis in accordance with the pricing policy as set out in the Supplemental Agreement;
- (iii) the sales department of the Group will perform regular market research and feasibility studies to evaluate the supply and demand of similar car parking spaces in the vicinity of the projects on a monthly basis by comparing the total sales transactions of the Exclusive Carparks with the carpark sales transactions conducted by the Group under other non-exclusive sales agency arrangement in the proximity; and the Group may also engage industry researchers to conduct comprehensive market research on the demand of car parking spaces in a particular region (if necessary) in order to ensure the payment of the Refundable Deposits in consideration for the Exclusive Rights is fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (iv) the execution of the individual agreements (including the Agreed Prices and the Base Values determined and the services fee) shall be subject to the appropriate approval of the general managers of the business department and finance department of the Group to ensure that the agreements are in line with the pricing policy and principal terms of the Original Agreement (as supplemented by the Supplemental Agreement);
- (v) upon expiry of the relevant individual contract, the sales department of the Group will review the historical average transaction prices and re-evaluate the market condition of car parking spaces in the vicinity of the projects to ensure the Agreed Prices and the Base Values are fair and reasonable and no less favourable than those available from Independent Third Parties before the renewal of an individual contract;
- (vi) the general manager of the finance department of the Group will review the latest financial position and assess the repayment ability of the Redco Group before deciding whether to implement an individual contract;
- (vii) the general managers of the business operation department and the finance department of the Group will review the settlement of service fees and the refund status of the Refundable Deposits on a monthly basis to ensure that the settlement of the service fees and the recovery of the Refundable Deposits are carried out in accordance with the Original Agreement (as supplemented by the Supplemental Agreement). In the event of a delay in the refund of the Refundable Deposits or payment of service fees to the Group, the relevant member of the Group will closely follow up with the general managers of the business department and finance department of the Redco Group in a timely manner. Depending on the circumstances of the delay, the Company will take appropriate actions in order to

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protect its interest under the Original Agreement and the Supplemental Agreement, such as issuing collection letter(s), filing law suit(s) or taking other legal measures to ensure that the Refundable Deposits be refunded to the Group in accordance with the Company's policy on collection of outstanding payments as and when required, which are consistent with the case of Independent Third Party customers;

- (viii) the finance department of the Group will monitor the transactions contemplated under the Original Agreement (as supplemented by the Supplemental Agreement) and submit quarterly reports to the Board overseeing finance-related matters to ensure that the annual caps for the transactions contemplated thereunder will not be exceeded;
- (ix) the audit committee of the Company and the independent non-executive Directors will review all the continuing connected transactions of the Company (including the transactions contemplated under the Original Agreement (as supplemented by the Supplemental Agreement) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of the relevant framework agreements, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (x) the external auditor of the Company will conduct annual review on the continuing connected transactions of the Company to ensure they are in compliance with the Listing Rules.

### *Services fees*

In respect of the services fees, as part of the IC Measures, at least 3 comparable transactions shall be obtained in the determination of the service fees. In addition, the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the service fees charged for a specific transaction is fair and reasonable and is in accordance with the aforesaid pricing policy.

In order to assess whether the above internal control is effective, we have obtained and reviewed the breakdown of service fees charged by the Group under the Original Agreement and we noted that the overall service fees rate was approximately 38% for the eleven months ended 30 November 2022. As disclosed in the prospectus of the Company dated 22 March 2022, the market rate of carpark sales agency services is around 40% of the sales proceeds, which is generally consistent with the Company's historical service fee rate for the eleven months ended 30 November 2022. As such, the services fees rate under the Original Agreement is in line with the market practice and therefore we consider that the IC Measures adopted by the Group are effective to ensure that the related service fees are determined based on normal commercial terms and on a fair and reasonable basis.

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### *The Agreed Prices, the Base Values and the Refundable Deposits*

In respect of the Agreed Prices, the Base Values and the Refundable Deposits, the IC Measures include that (i) the general manager of the business department of the Group will conduct regular reviews, obtain at least 3 comparable transactions (if available) and perform valuation (if applicable) to ensure that the determination of the Agreed Prices and the Base Values will be on an arm's length basis in accordance with the pricing policy as set out in the Supplemental Agreement; (ii) upon expiry of the relevant individual contract, the sales department of the Group will review the historical average transaction prices and re-evaluate the market condition of car parking spaces in the vicinity of the projects to ensure the Agreed Prices and the Base Values are fair and reasonable and no less favourable than those available from Independent Third Parties before the renewal of an individual contract; (iii) the general manager of the finance department of the Group will review the latest financial position and assess the repayment ability of the Redco Group before deciding whether to implement an individual contract; (iv) the general managers of the business operation department and the finance department of the Group will review the settlement of service fees and the refund status of the Refundable Deposits on a monthly basis to ensure that the settlement of the service fees and the recovery of the Refundable Deposits are carried out in accordance with the Original Agreement (as supplemented by the Supplemental Agreement); and (v) in the event of a delay in the refund of the Refundable Deposits or payment of service fees to the Group, the relevant member of the Group will closely follow up with the general managers of the business department and finance department of the Redco Group in a timely manner. Depending on the circumstances of the delay, the Company will take appropriate actions in order to protect its interest under the Original Agreement and the Supplemental Agreement, such as issuing collection letter(s), filing law suit(s) or taking other legal measures.

We have discussed the above IC Measures with the management of the Group and we understood that when determining the Agreed Prices and the Base Values under the individual contracts, the general manager of the business department of the Group will obtain at least 3 comparable transactions (if available) and perform valuation (if applicable) so as to make sure the Agreed Prices (i.e., the minimum selling prices) are consistent with the market prices, which would increase the Company's chance of making successful sales and earn the service fees. As such, we consider that the IC Measures adopted by the Group are effective to ensure that the Agreed Prices, and the corresponding Base Values and Refundable Deposits are determined based on normal commercial terms and on a fair and reasonable basis.

### *The Annual Caps*

Regarding the monitoring of the Annual Caps, the finance department of the Group will monitor the transactions contemplated under the Original Agreement (as supplemented by the Supplemental Agreement) and submit quarterly reports to the Board overseeing finance-related matters to ensure that the annual caps for the transactions contemplated thereunder will not be exceeded. As the Group will monitor the utilisation of the Annual Caps on a quarterly basis, we are of the view that such internal control is effective to ensure that the Annual Caps would not be exceeded.

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For other reporting requirements pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, please refer to section headed “6. Reporting requirements and conditions of the continuing connected transactions” below.

Having considered the IC Measures as stated above, we are of the view that there are appropriate measures in place to govern the transactions contemplated under the Original Agreement (as supplemented by Supplemental Agreement) and hence the interest of the Independent Shareholders would be safeguarded.

### 5. The Annual Caps and basis of determination

It is proposed that the Annual Caps for the Refundable Deposits and the service fees shall be as follows:

	<b>For the period from the Effective Date to 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
<b>The Refundable Deposits</b>	73,000	74,000	74,000
	<b>For the year ending 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>
<b>The service fees</b>	12,400	32,000	46,000

#### *The Refundable Deposits*

The Annual Caps for the Refundable Deposits is the maximum outstanding amount of the Refundable Deposits at all times during the relevant periods.

As stated in the Letter from the Board, in arriving at the abovementioned proposed annual cap for the Refundable Deposits, the Directors have taken into account, among others, (i) the existing project pipeline of Redco Group for which the Group is expected to be engaged as the exclusive sales or leasing agent to provide the Carpark Sales Agency Services for the Exclusive Carparks, as well as the estimated sell-through rate of each of such project; (ii) the recent transaction prices and sales of comparable carparks within the locality of the relevant projects; (iii) resources that the Group may allocate to the sales agency services business, and the ability to meet the service demand; and (iv) the determination of the Refundable Deposits based on 60% of the Based Values, which is 60% of the Agreed Prices.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the fairness and reasonableness of the proposed annual caps for the Refundable Deposits, we have obtained and reviewed a schedule listing out the Exclusive Carparks of the Redco Group available for the Group to sell or lease as an agent (the “**Parking Space Schedule**”). The Parking Space Schedule sets out information including (i) location and number of the Exclusive Carparks which are currently available for sale; (ii) the estimated Agreed Prices of the Exclusive Carparks (the “**Estimated Agreed Prices(s)**”); (iii) the estimated Base Values of the Exclusive Carparks (the “**Estimated Base Value(s)**”); and (iv) the estimated sell-through rate of the Exclusive Carparks (the “**Estimated Sell-through Rate(s)**”).

In reviewing the Parking Space Schedule, we noted that:

- (i) There are approximately 3,880 carparks which are currently available for sale in 2022 (the “**Available Carparks**”) and there are over 10,000 carparks which are under construction;
- (ii) the Estimated Agreed Prices are derived from and represent discounts to the average historical selling price of five parking spaces located in the same or different phases of the same property projects of the Exclusive Carparks. Given the Refundable Deposits would not exceed 36% of the Agreed Prices, having discounts to the average historical selling prices would be a prudent method to estimate the Agreed Prices (i.e. the minimum sales prices) and therefore would not overestimate the Annual Caps for the Refundable Deposits. As such, we consider the Estimated Agreed Prices are prudent and therefore are fair and reasonable;
- (iii) the Estimated Base Values do not exceed 60% of the Estimated Agreed Prices, which is consistent with the arrangement under the Original Agreement (as supplemented by Supplemental Agreement) that the Base Values shall not exceed 60% of the Agreed Prices being the minimum sales prices. As such, we consider the Estimated Base Values are fair and reasonable;
- (iv) the Estimated Sell-through Rates for the Available Carparks amount to 2% by the end of 2022, 30% by the end of 2023 and 70% by the end of 2024, based on which, approximately 78, 1,086 and 1,552 Available Carparks would be sold for the period from the Effective Date to 31 December 2022 and the two years ending 31 December 2024, respectively. According to the management of the Group, the Estimated Sell-through Rates are determined with reference to the historical sales amount and future selling plan. In order to assess whether the Estimated Sell-through Rates are fair and reasonable, we have discussed with the management of the Group and understood that the Group sold around 950 carparks for the Redco Group for the eleven months ended 30 November 2022, translating into a monthly sales amount of approximately 86 and annual sales amount of approximately 1,036. In addition, with the aim to increase the annual sales amount, the Group has established a professional sales agency team, all members of which have carparks sales agency experiences of at least five years. The Group also makes a selling plan which includes (a) conducting promotion by means of appropriate price reduction and gifts; (b) reducing temporary parking spaces to increase the demand on the Exclusive Carparks; (c) installing charging facilities to further attract owners of electric vehicles; and (d) implementing an all-staff marketing strategy, pursuant to which all staff members of the Group could participate in carparks sales business and obtain certain level of commission

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in return, which is believed to be conducive to boosting the sales of the Exclusive Carparks. After considering (a) the Company could realize a sales amount of approximately 950 carparks for the eleven months ended 30 November 2022; (b) the Company has made a selling plan to increase the demand on the Exclusive Carparks; and (c) there will be no competition from other agents given the Company could obtain the Exclusive Rights, we consider the Estimated Sell-through Rates are fair and reasonable;

- (v) there are approximately 3,880 carparks which are currently available for sale in 2022 (i.e., the Available Carparks), and the Company would pay the Refundable Deposits of all the Available Carparks with an aim to obtain the Exclusive Rights. As discussed with the management of the Group, although there is not much time left in 2022, having the Exclusive Rights of all the Available Carparks allows the Company to better implement its selling plan immediately without the competition from other agents. As such, (a) the proposed annual cap of the Refundable Deposits for the period from the Effective Date to 31 December 2022 of RMB73 million is determined based on 60% of the Estimated Base Values of all the Available Carparks; and (b) we consider such annual cap is fair and reasonable;
- (vi) if only considering the Available Carparks and the Estimated Sell-through Rates stated above, the maximum outstanding amount of the Refundable Deposits would amount to approximately RMB72 million and RMB51 million for the year ending 31 December 2023 and 2024, respectively. This decrease is mainly due to the repayment of the Refundable Deposits after sales of the Available Carparks. In relation to the difference between the maximum outstanding of approximately RMB51 million for the year ending 31 December 2024 and the proposed annual cap of RMB74 million for the year ending 31 December 2024, we have discussed with the management of the Group and understood that the proposed annual caps of the Refundable Deposits for the two years ending 31 December 2023 and 2024 are set at RMB74 million, mainly because there are over 10,000 carparks which are under construction and the Group plans to choose some of these additional carparks as the Exclusive Carparks in the future, in particular, in 2024. After considering that (a) the proposed annual caps are based on the Available Carparks of approximately 3,880 and additional carparks chosen from over 10,000 carparks which are under construction; and (b) keeping the annual caps at RMB74 million allows the Group to have flexibility in conducting and expanding its sales agency services, in particular in view of that the service fees could increase the revenue and therefore improve the financial performance of the Group, we consider the annual caps for the two years ending 31 December 2024 are fair and reasonable.

As disclosed in the Letter from the Board, the Company will use the cash generated from internal resources to settle the Refundable Deposits and it will not use its proceeds from the initial public offering for such payment. After considering (i) as at the Latest Practicable Date, the Company's balance of the cash on hand other than the unutilised portion of the IPO proceeds amounted to approximately RMB99.5 million; (ii) the Group's net current assets amounted to approximately RMB242.1 million as at 30 June 2022; and (iii) the cash on hand and net current assets would decrease

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after the payment of the maximum amount of Refundable Deposits of RMB74 million, but the Company still have idle cash and could still maintain the net current assets position after taking into account the financial position in (i) and (ii), we concur with the Directors that the payment of the Refundable Deposits will not have a material impact to the Company's working capital.

Having taken into consideration of the above, we are of the view that the proposed annual caps for the Refundable Deposits were determined based on reasonable estimation and after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned.

### *The service fees*

As stated in the Letter from the Board, the existing annual caps for the service fees in respect of the Carpark Sales Agency Services to be provided by the Group under the Original Agreement is RMB12.4 million for each of the two years ending 31 December 2023. In view that the Group will be able to sell more carpark as a result of the Exclusive Rights and also capture the difference between the actual sales price and the Base Values as service fees in respect of the Exclusive Carparks, the annual cap for the service fees in respect of the Carpark Sales Agency Services for the year ending 31 December 2023 is proposed to be revised to RMB32 million, and the proposed annual cap for the service fees in respect of the Carpark Sales Agency Services for the year ending 31 December 2024 is RMB46 million, pursuant to the Supplemental Agreement.

In arriving at the abovementioned proposed annual cap for the two years ending 31 December 2024, the Directors have taken into account, among others, (i) the historical transaction amount of approximately RMB8.4 million for the ten months ended 31 October 2022 under the Original Agreement; (ii) the expected number of car parking spaces to be sold or leased of approximately 3,967 with reference to the existing signed contracts and potential new contracts with Redco Group for the Carpark Sales Agency Services and the estimation of the delivery schedule of Redco Group; (iii) the additional number of Exclusive Carparks expected to be sold or leased by the Group pursuant to the Supplemental Agreement; (iv) the estimated sales price or rental fee of car parking spaces developed by the Redco Group; and (v) the estimated agency fee to be charged for each car parking space sold or leased with reference to the historical agency fee charged by the Group.

In reviewing the Parking Space Schedule, we noted that the proposed annual caps for the service fees are based on the (i) the differences between the Estimated Agreed Prices and the Estimated Base Values of the Exclusive Carparks which are expected to be sold for the two years ending 31 December 2024. Given the Estimated Agreed Prices and the Estimated Base Values are determined with reference to the average historical selling price of five parking spaces located in the same or different phases of the same property projects of the Exclusive Carparks, we consider the Estimated Agreed Prices and the corresponding Estimated Base Values are fair and reasonable; and (ii) the Estimated Sell-through Rates which are based on the future selling plan. For details of and our analysis on the future selling plan, please refer to the sub-section headed "The Refundable Deposits" above. Such calculation is in line with the arrangement under the Original Agreement (as supplemented by Supplemental Agreement). As such, we are of the view that the proposed annual caps for the service fees for the two years ending 31 December 2024 are fair and reasonable so far as the Independent Shareholders are concerned.



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### 6. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Supplemental Agreement (the “**Transactions**”) are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) on normal commercial terms or better; and
  - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company’s auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company’s annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
  - (d) have exceeded the Annual Caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company’s auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the transactions contemplated under the Supplemental Agreement are conducted in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Danny Leung**  
*Managing Director*

*Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company 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 required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive are taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) 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	Capacity/ Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the Company <sup>(1)</sup>	Long position/ short position/ lending pool
Mr. Huang Ruoqing	Interest in controlled corporation	150,000,000	75%	Long position

#### *Notes:*

- (1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 200,000,000 Shares) as at the Latest Practicable Date.
- (2) TGI is wholly-owned by Redco Holdings, which in turn is wholly-owned by Redco Properties. Redco Properties is owned as to:
  - (i) approximately 3.16% by Times Properties, which in turn are directly wholly-owned by Mr. Huang Ruoqing;

- (ii) approximately 26.66% by the Times International, which in turn is wholly-owned by Honour Family . Honour Family is wholly-owned by UBS Trustees as trustee of the Honour Family Trust. Mr. Huang is the settlor of Honour Family Trust, which is a discretionary trust for the benefit of Mr. Huang and his family members;
- (iii) approximately 39.76% by Global Universe and 0.33% by Global Investment, which in turn are directly wholly-owned by Mr. Wong Yeuk Hung. Mr. Wong Yeuk Hung is the brother of Mr. Huang Ruoqing and both Mr. Wong Yeuk Hung and Mr. Huang Ruoqing have agreed to act in concert with each other.

By virtue of the SFO, each of Times International, Honour Family, UBS Trustees, Redco Holdings, Redco Properties, Times Properties and Mr. Huang Ruoqing is deemed to be interested in the Shares in which TGI is interested.

*Interest in associated corporation of the Company*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Number of shares interested</b>	<b>Approximate percentage of shareholding in associated corporation</b>
Mr. Huang Ruoqing <sup>(1)</sup>	Redco Properties	Interest in controlled corporation	1,059,086,000	29.82%

*Notes:*

- (1) 947,018,000 Shares are registered in the name of Times International while 112,068,000 Shares are registered in the name of Times Properties. Mr. Huang is the beneficial owner of the entire issued share capital of Times International and Times Properties. By virtue of the SFO, Mr. Huang is deemed to be interested in the shares of Redco Properties in which Times International and Times Properties are interested in.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had 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 they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

<b>Name of Shareholder</b>	<b>Capacity/ nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding in the Company<sup>(1)</sup></b>	<b>Long position/ short position/ lending pool</b>
TGI	Beneficial owner	150,000,000	75%	Long position
Redco Holdings <sup>(2)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Redco Properties <sup>(2)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Global Universe <sup>(2)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Global Investment <sup>(2)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Mr. Wong Yeuk Hung <sup>(2)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Times International <sup>(3)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Honour Family <sup>(3)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
UBS Trustees <sup>(3)</sup>	Interest in controlled corporation	150,000,000	75%	Long position

Name of Shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding in the Company <sup>(1)</sup>	Long position/short position/lending pool
Times Properties <sup>(3)</sup>	Interest in controlled corporation	150,000,000	75%	Long position
Ms. Sze Kai Fei <sup>(4)</sup>	Interest of spouse	150,000,000	75%	Long position
Ms. Fan Huili <sup>(5)</sup>	Interest of spouse	150,000,000	75%	Long position

*Notes:*

- (1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 200,000,000 Shares) as at the Latest Practicable Date.
- (2) TGI is wholly-owned by Redco Holdings, which in turn is wholly-owned by Redco Properties. Redco Properties is owned as to approximately 39.76% by Global Universe and 0.33% by Global Investment, which in turn are directly wholly-owned by Mr. Wong Yeuk Hung. By virtue of the SFO, each of Redco Holdings, Redco Properties, Global Universe, Global Investment and Mr. Wong Yeuk Hung is deemed to be interested in the Shares in which TGI is interested.
- (3) Times International is wholly-owned by Honour Family. Honour Family is wholly-owned by UBS Trustees as trustee of the Honour Family Trust. Mr. Huang Ruoqing is the settlor of Honour Family Trust, which is a discretionary trust for the benefit of Mr. Huang Ruoqing and his family members. Times Properties is wholly-owned by Mr. Huang Ruoqing. Mr. Wong Yeuk Hung is the brother of Mr. Huang Ruoqing and both Mr. Wong Yeuk Hung and Mr. Huang Ruoqing have agreed to act in concert with each other. By virtue of the SFO, each of Times International, Honour Family, UBS Trustees, Times Properties and Mr. Huang Ruoqing is deemed to be interested in the Shares in which TGI is interested.
- (4) Ms. Sze Kai Fei is the spouse of Mr. Wong Yeuk Hung. By virtue of the SFO, Ms. Sze Kai Fei is deemed to be interested in the Shares in which Mr. Wong Yeuk Hung is interested.
- (5) Ms. Fan Huili is the spouse of Mr. Huang Ruoqing. By virtue of the SFO, Ms. Fan Huili is deemed to be interested in the Shares held by Mr. Huang Ruoqing.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, Mr. Huang Ruoqing, a non-executive Director, is also a director of TGI, Redco Holdings, Redco Properties, Times International, Honour Family and Times Properties; while Mr. Tang Chengyong, an executive Director, holds directorship in Redco Properties. Save as disclosed above, there is no other Director who is also a director or employee of a company which has an interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTOR'S INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

### **4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **5. DIRECTORS' 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 expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### **6. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS**

Save for the (i) property management services framework agreement dated 14 March 2022 entered into between the Company and Redco Properties, under which the Group agreed to provide various property management and related services to the Redco Group and the annual caps for the two years ending 31 December 2023 are RMB92.2 million and RMB101.7 million, respectively; (ii) the Carpark Sales Agency Services Framework Agreement dated 14 March 2022 (as supplemented by the Supplemental Carpark Sales Agency Services Framework Agreement dated 25 November 2022), under which the Group agreed to provide the Carpark Sales Agency Services and the proposed annual caps for the three years ending 31 December 2024 are RMB12.4 million, RMB32 million and RMB46 million, respectively; (iii) the healthcare services framework agreement dated 14 March 2022 entered into between the Company and Redco Properties, under which the Group agreed to provide healthcare services to owners, occupants or residents of certain residential properties developed by the Redco Group and the annual caps for the two years ending 31 December 2023 are RMB22.8 million and RMB27.4 million, respectively; and (iv) the information technology framework agreement dated 14 March 2022 entered into between the Company and Redco Properties, under which the Group agreed to provide information technology services to the Redco Group and the annual caps for the two years ending 31 December 2023 are RMB16 million and RMB19.3 million, respectively, and in which each

of Mr. Huang Ruoqing (a non-executive Director), Mr. Tang Chengyong, Ms. Wong Yin Man and Ms. Huang Yanqi (all being executive Directors) is considered as having a material interest, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

#### 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made.

#### 8. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Rainbow Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Rainbow Capital:

- (a) 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;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.



**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Company (www.redcohealthy.com) and the Stock Exchange (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM (being not less than 14 days):

- (a) the Carpark Sales Agency Services Framework Agreement;
- (b) the Supplemental Carpark Sales Agency Services Framework Agreement; and
- (c) the written consent of Rainbow Capital as referred to in the section headed “Expert and Consent” in this appendix.

**10. MISCELLANEOUS**

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Redco Healthy Living Company Limited 力高健康生活有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2370)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Redco Healthy Living Company Limited (the “**Company**”) will be convened and held at 9/F, The Center, 99 Queen’s Road, Central, Hong Kong on Friday, 30 December 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution of the Company:

### ORDINARY RESOLUTION

“**THAT** the supplemental carpark sales agency services framework agreement dated 25 November 2022 entered into between the Company and Redco Properties Group Limited (the “**Supplemental Carpark Sales Agency Services Framework Agreement**”) and the transactions contemplated thereunder (including the proposed annual caps) be and are hereby confirmed and approved and the directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Carpark Sales Agency Services Framework Agreement”) and the transactions contemplated thereunder.”

By order of the board

**Redco Healthy Living Company Limited**

**Huang Ruoqing**

*Chairman*

Hong Kong, 14 December 2022

*Registered Office in the Cayman Islands:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal Place of Business in Hong Kong:*

Room 2001-2

Enterprise Square 3

39 Wang Chiu Road

Kowloon Bay

Kowloon

Hong Kong

*Headquarters and Principal Place of Business in*

*the PRC:*

2nd Floor, Redco Building

Tower 5, Qiaochengfang, Phase I

No. 4080 Qiaoxiang Road

Nanshan District

Shenzhen

PRC

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a shareholder of the Company..
- (ii) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) 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 relevant joint holding.
- (iii) In order to be valid, the completed form of proxy, must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting (i.e. not later than 10:00 a.m. on 28 December 2022) or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) The register of members of the Company will be closed from 28 December 2022 to 30 December 2022, both days inclusive, in order to determine the eligibility of shareholders to attend the above meeting, during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 December 2022.
- (v) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.
- (vi) The Chinese version of this notice is for reference only. Should there be any discrepancies, the English version shall prevail.