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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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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Ronshine Service Holding Co., Ltd
融信服務集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2207)

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

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



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

A notice convening the EGM of the Company to be held at 5th Floor, Building No. 6, Lane 226 Panyang Road, Minhang District, Shanghai, the People's Republic of China on Monday, 13 February 2023 at 2:00 p.m. is set out on pages 41 to 43 of this circular. A form of proxy for use at the EGM is also enclosed in this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. before 2:00 p.m. on Saturday, 11 February 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

20 January 2023

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PRECAUTIONARY MEASURES FOR THE EGM

In light of the coronavirus disease (COVID-19) pandemic, to safeguard the health and safety of all the attendees who will attend the EGM in person, the Company will implement the following precautionary measures at the EGM:

- (i) no refreshments or drinks will be served either during or after the EGM;
- (ii) all attendees will be subject to compulsory body temperature check at the entrance of the meeting venue. Any person with a body temperature above 37.4 degree Celsius, exhibiting respiratory infection symptoms, or is apparently unwell, will be denied entry into the meeting venue;
- (iii) all attendees are required to wear face masks appropriately and observe good personal hygiene at all times during the EGM. Please note that no masks will be provided at the meeting venue and attendees should bring their own masks;
- (iv) proper distance will be maintained between seats at the meeting venue;
- (v) the number of attendees in one single venue will be restricted and where necessary, multiple meeting rooms with telecommunication facilities and/or computer devices will be put in use; and
- (vi) any other additional precautionary measures in accordance with the latest requirements or guidelines issued by the PRC Government and/or other regulatory authorities.

To the extent permitted under law, the Company reserves the right to deny any person entry into the meeting venue or require any person to leave the meeting venue so as to ensure the health and safety of the attendees at the EGM. In the interests of the health and safety of Shareholders, the Company strongly encourages Shareholders to exercise their right to vote by appointing the chairman of the EGM as their proxy instead of attending the EGM in person.

Physical attendance by a Shareholder is not necessary for the purpose of exercising voting right. 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 and in such event, the instrument appointing a proxy shall be deemed to be revoked.

If any Shareholder has any question relating to the EGM arrangements, please contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990
Website: www.computershare.com/hk/contact

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change its arrangements for the EGM at short notice. The Company will closely monitor the development of the COVID-19 pandemic situation and any other additional regulations or precautionary measures introduced or to be introduced by the PRC Government and/or other regulatory authorities. Shareholders should check the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com) for any updates on the arrangements for the EGM.

DEFINITIONS

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

“2023 Master Mr. Ou Property Management and Related Services Agreement”	the agreement dated 23 November 2022 entered into between Mr. Ou and the Company in relation to the provision of Mr. Ou Property Management and Related Services by the Group to the Associates for a term commencing from the Commencement Date and ending on 31 December 2025 (both days inclusive)
“2023 Master Ronshine Property Management and Related Services Agreement”	the agreement dated 23 November 2022 entered into between Ronshine China and the Company in relation to the provision of Property Management and Related Services by the Group to Ronshine China Group for a term commencing from the Commencement Date and ending on 31 December 2025 (both days inclusive)
“Associates”	as defined under the paragraph headed “B. 2023 Master Mr. Ou Property Management and Related Services Agreement” in the section headed “Letter from the Board” of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Commencement Date”	the date on which all necessary requirements under the Listing Rules having been fulfilled in respect of the transactions contemplated under the New Framework Agreements (including but not limited to obtaining Independent Shareholders’ approval at the EGM)
“Company” or “Ronshine Service”	Ronshine Service Holding Co., Ltd, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2207)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held on Monday, 13 February 2023 at 2:00 p.m. at 5th Floor, Building No. 6, Lane 226 Panyang Road, Minhang District, Shanghai, the People’s Republic of China for the purpose of considering and, if thought fit, approving the New Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions)
“Existing Framework Agreements”	the Master Ronshine Property Management and Related Services Agreement and the Master Mr. Ou Property Management and Related Services Agreement, collectively
“Family Trust”	the family trust established on 18 August 2020 by Mr. Ou as the settlor and protector, with HSBC International Trustee Limited as the trustee
“Fumei International”	Fumei International Co., Ltd (福美國際有限公司), a company incorporated in the British Virgin Islands with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the controlling shareholders of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ye Azhong, Mr. Chen Zhangwang and Mr. Kwok Kin Kwong Gary, established to advise the Independent Shareholders on the New Framework Agreements and the transactions contemplated thereunder (including the annual caps for those transactions)
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed by the Securities and Futures Commission for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the New Framework Agreements and the transactions contemplated thereunder (including the annual caps for those transactions)

DEFINITIONS

“Independent Shareholders”	the Shareholders other than Mr. Ou and his associates
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Latest Practicable Date”	17 January 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Mr. Ou Property Management and Related Services Agreement”	the agreement dated 18 June 2021 entered into between the Company and Mr. Ou in relation to the provision of Mr. Ou Property Management and Related Services by the Group to the Associates for a term from 16 July 2021 and ending on 31 December 2022 (both days inclusive)
“Master Ronshine Property Management and Related Services Agreement”	the agreement dated 3 November 2020 entered into between the Company and Ronshine China in relation to the provision of Property Management and Related Services by the Group to Ronshine China Group for a term from 3 November 2020 and ending on 31 December 2022 (both days inclusive)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Ou” or “Interested Director”	Mr. Ou Zonghong (歐宗洪), an executive Director, the chairman and one of the controlling shareholders of the Company
“Mr. Ou Property Management and Related Services”	as defined under the paragraph headed “B. 2023 Master Mr. Ou Property Management and Related Services Agreement” in the section headed “Letter from the Board” of this circular
“New Framework Agreements”	the 2023 Master Ronshine Property Management and Related Services Agreement and the 2023 Master Mr. Ou Property Management and Related Services Agreement, collectively
“PRC”	the People’s Republic of China
“Property Management and Related Services”	as defined under the paragraph headed “A. 2023 Master Ronshine Property Management and Related Services Agreement” in the section headed “Letter from the Board” of this circular

DEFINITIONS

“Prospectus”	the prospectus of the Company dated 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Rongan Juxiang”	Rongan Juxiang Co., Ltd, a special purpose holding vehicle incorporated in the British Virgin Islands with limited liability on 28 April 2020, which is wholly owned by HSBC International Trustee Limited, the trustee of the Family Trust
“Rongxin Yipin”	Rongxin Yipin Co., Ltd (融心一品有限公司), a company incorporated in the British Virgin Islands with limited liability on 6 April 2020, which is wholly owned by Rongan Juxiang and is one of the controlling shareholders of the Company
“Ronshine China”	Ronshine China Holdings Limited (融信中國控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on Main Board of the Stock Exchange (stock code: 3301)
“Ronshine China Group”	Ronshine China and its subsidiaries
“Ronshine Property Management and Related Services”	property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by Ronshine China Group, (iv) value-added service which primarily include house and facility repair and maintenance, marketing promotion, property agency services, and (v) commercial operational services, as set out in the Master Ronshine Property Management and Related Services Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



Ronshine Service Holding Co., Ltd
融信服務集團股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2207)

Executive Directors:

Mr. Ou Zonghong (*Chairman*)
Mr. Ma Xianghong
Ms. Lin Yi

Non-executive Director:

Ms. Lin Liqiong

Independent Non-executive Directors:

Mr. Ye Azhong
Mr. Chen Zhangwang
Mr. Kwok Kin Kwong Gary

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

40th Floor
Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

20 January 2023

To the Shareholders

Dear Sir or Madam

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

INTRODUCTION

Reference is made to the announcement of the Company dated 23 November 2022. On 23 November 2022 (after trading hours), the Company entered into the New Framework Agreements, which are subject to Independent Shareholders' approval at the EGM.

At the EGM, resolutions will be proposed for the Independent Shareholders to approve the New Framework Agreements, their respective annual caps and transactions contemplated thereunder.

The purpose of this circular is to provide the Shareholders with (i) further information on the New Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions); (ii) a letter from the Independent Financial Adviser; (iii) a letter from the Independent Board Committee; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS AND THEIR RESPECTIVE ANNUAL CAPS

A. 2023 Master Ronshine Property Management and Related Services Agreement

Reference is made to the Prospectus in relation to the Master Ronshine Property Management and Related Services Agreement, pursuant to which the Group agreed to provide the Ronshine Property Management and Related Services to Ronshine China Group for a term commencing from 3 November 2020 to 31 December 2022.

As the Master Ronshine Property Management and Related Services Agreement expired on 31 December 2022 and since it is anticipated that the Group will continue to provide Ronshine Property Management and Related Services to Ronshine China Group, the Company entered into the 2023 Master Ronshine Property Management and Related Services Agreement with Ronshine China to renew the Master Ronshine Property Management and Related Services Agreement for a term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

Set out below are the principal terms of the 2023 Master Ronshine Property Management and Related Services Agreement:

Date:	23 November 2022
Parties:	(i) the Company; and (ii) Ronshine China.
Subject:	Pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement, the parties agreed that the Group will provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by Ronshine China Group, (iv) value-added services which primarily include house and facility repair and maintenance, marketing promotion, property agency services, (v) commercial operational services, (vi) sales agency services in respect of certain car parking spaces owned by Ronshine China Group, and (vii) sales of goods or services related to property activities (collectively, the “ Property Management and Related Services ”).
Term:	Subject to the Independent Shareholders’ approval at the EGM, the 2023 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

LETTER FROM THE BOARD

Payment: Payment for the Property Management and Related Services will be settled by bank transfer at credit terms to be agreed by the parties in accordance with market practice.

In brief, the Company shall submit the last month's service settlement sheet and relevant evidential documents to Ronshine China every month, and Ronshine China shall make payment in the current month; or the first payment shall be paid within three months after the signing of the contract, and the remaining payment shall be paid within one month after the end of the service.

Annual caps: Pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement, it is proposed that the cap amount for the Property Management and Related Services for the three financial years ending 31 December 2025 is expected not to exceed the following:

For the year ending 31 December	Proposed annual cap (RMB)
2023	150,000,000
2024	150,000,000
2025	150,000,000

The 2023 Master Ronshine Property Management and Related Services Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between the Group and Ronshine China (and/or its subsidiaries) for the transactions contemplated under the 2023 Master Ronshine Property Management and Related Services Agreement.

Historical transaction amounts and existing annual caps for the provision of Ronshine Property Management and Related Services

The historical transaction amounts and the existing annual cap amounts for the provision of Ronshine Property Management and Related Services under the Master Ronshine Property Management and Related Services Agreement are as follows:

For the year ended 31 December	Existing annual cap (RMB)	Actual transaction amount (RMB)
2020	N/A (<i>Note</i>)	268,828,086
2021	342,000,000	331,228,000
2022	368,000,000	136,891,805*

Note: As the Company was listed on the Stock Exchange on 16 July 2021, no annual cap was required to be set by the Company in respect of the transactions during the year ended 31 December 2020.

* for the ten months ended 31 October 2022 (unaudited)

LETTER FROM THE BOARD

The Directors confirm that the existing annual cap for the provision of the Ronshine Property Management and Related Services for the year ended 31 December 2022 had not been exceeded up to the Latest Practicable Date.

Basis of the proposed annual caps for the 2023 Master Ronshine Property Management and Related Services Agreement

The annual caps for the Property Management and Related Services for each of the three financial years ending 31 December 2025 were determined by reference to: (i) the historical transaction amounts payable by Ronshine China Group to the Group for the Ronshine Property Management and Related Services for the two years ended 31 December 2021 and ten months ended 31 October 2022; and (ii) the expected amount of service fees payable by Ronshine China to the Company for the provision of the Property Management and Related Services with reference to (a) the existing signed contracts for the Ronshine Property Management and Related Services and the estimation of the future property development plans of Ronshine China Group, (b) the anticipated decrease in the demand for the Property Management and Related Services during the term of the 2023 Master Ronshine Property Management and Related Services Agreement taking into account of the number of property development projects of Ronshine China Group in the PRC and the expected area to be completed for each year during the term of the 2023 Master Ronshine Property Management and Related Services Agreement; and (c) the unit price per square meter as agreed from time to time.

It is expected that there will be a decrease in demand for the Property Management and Related Services by Ronshine China Group from the year ending 31 December 2023 to the year ending 31 December 2025 owing to decrease in the number of property projects developed by Ronshine China Group.

Pricing policy

As a general principle, the price and terms of the individual services agreements in respect of the Property Management and Related Services to be provided pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and the terms offered to Ronshine China Group shall not be more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by Ronshine China to the Company for the Property Management and Related Services shall be determined with reference to:

- (i) the total area, locations, and conditions of the property projects of the Group in the PRC for which the Property Management and Related Services are provided by the Group for the respective periods;
- (ii) the costs to be incurred by the Company for the provision of the Property Management and Related Services (including the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials, salaries and benefits, costs incurred for the use of facilities and disbursements to third parties etc.);
- (iii) the quality of services provided by the Company and level of customer satisfaction;

LETTER FROM THE BOARD

- (iv) the Group's ability to improve the branding and marketing prospects of Ronshine China Group's property projects through the Group's quality pre-delivery and property management services; and
- (v) the comparable market price where the normal costs of property management services concerned will be taken into account.

Reasons for and benefits of entering into the 2023 Master Ronshine Property Management and Related Services Agreement

The Group has been, in its ordinary and usual course of business, providing the Ronshine Property Management and Related Services for the property projects of Ronshine China Group for a number of years.

Based on the established long-term cooperation relationship, the Group has gained thorough understanding of the progress and state of Ronshine China Group's residential and commercial property projects, and is very familiar with Ronshine China Group's strategy and requirements. The entering into the 2023 Master Ronshine Property Management and Related Services Agreement is conducive to continuous business stability of the Group and is expected to generate stable income for the Group.

Given the reasons above, taking into consideration the pricing policies and the internal control measures that the Company has in place, the Board (including the independent non-executive Directors whose view is set out in "Letter from the Independent Board Committee" of this circular and excluding the Interested Director) are of the view that the 2023 Master Ronshine Property Management and Related Services Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the 2023 Master Ronshine Property Management and Related Services Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

B. 2023 Master Mr. Ou Property Management and Related Services Agreement

Reference is made to the Prospectus in relation to, among other matters, the Master Mr. Ou Property Management and Related Services Agreement, pursuant to which the Group agreed to provide the Mr. Ou Property Management and Related Services to the Associates for a term commencing from 16 July 2021 to 31 December 2022.

As the Master Mr. Ou Property Management and Related Services Agreement expired on 31 December 2022 and since it is anticipated that the Group will continue to provide Mr. Ou Property Management and Related Services to the Associates, the Company entered into the 2023 Master Mr. Ou Property Management and Related Services Agreement with Mr. Ou to renew the Master Mr. Ou Property Management and Related Services Agreement for a term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

LETTER FROM THE BOARD

Set out below are the principal terms of the 2023 Master Mr. Ou Property Management and Related Services Agreement:

- Date: 23 November 2022
- Parties: (i) the Company; and
(ii) Mr. Ou.
- Subject: Pursuant to the 2023 Master Mr. Ou Property Management and Related Services Agreement, the parties agreed that the Group will provide to Mr. Ou's associates (excluding Ronshine China Group) (the "**Associates**") property management and related services to the properties owned or used by the Associates in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Associates, and (iv) value-added service which primarily include house and facility repair and maintenance, marketing promotion, property agency services (the "**Mr. Ou Property Management and Related Services**").
- Term: Subject to the Independent Shareholders' approval at the EGM, the 2023 Master Mr. Ou Property Management and Related Services Agreement has a fixed term commencing from the Commencement Date to 31 December 2025 (both days inclusive).
- Payment: Payment for Mr. Ou Property Management and Related Services will be settled by bank transfer at credit terms to be agreed by the parties in accordance with market practice. In brief, Ronshine Service shall submit the last month's service settlement sheet and relevant evidential documents to the related party every month, and the related party shall make payment in the current month; or the first payment shall be paid within three months after the signing of the contract, and the remaining payment shall be paid within one month after the end of the service.
- Annual caps: Pursuant to the 2023 Master Mr. Ou Property Management and Related Services Agreement, it is proposed that the annual cap amounts for Mr. Ou Property Management and Related Services for the three years ending 31 December 2025 are expected not to exceed the following:

For the year ending 31 December	Proposed annual cap (RMB)
2023	50,000,000
2024	50,000,000
2025	50,000,000

LETTER FROM THE BOARD

The 2023 Master Mr. Ou Property Management and Related Services Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between the Company and the Associates for the transactions contemplated under the 2023 Master Mr. Ou Property Management and Related Services Agreement.

Historical transaction amounts and existing annual caps for the provision of Mr. Ou Property Management and Related Services

The historical transaction amounts and the existing annual cap amounts for the provision of Mr. Ou Property Management and Related Services under the Master Mr. Ou Property Management and Related Services Agreement are as follows:

For the year ended 31 December	Existing annual cap (RMB)	Actual transaction amount (RMB)
2021	46,000,000	40,800,000
2022	50,000,000	25,600,000*

* for the ten months ended 31 October 2022 (unaudited)

The Directors confirm that the existing annual cap for the provision of Mr. Ou Property Management and Related Services for the year ended 31 December 2022 had not been exceeded up to the Latest Practicable Date.

Basis of the proposed annual caps for the 2023 Master Mr. Ou Property Management and Related Services Agreement

The proposed annual caps for the Mr. Ou Property Management and Related Services under the 2023 Master Mr. Ou Property Management and Related Services Agreement for each of the three financial years ending 31 December 2025 were determined by reference to: (i) the historical transaction amounts charged by the Group for the Mr. Ou Property Management and Related Services for the year ended 31 December 2021 and ten months ended 31 October 2022; (ii) the estimated revenue to be recognized based on the existing signed contracts; (iii) the estimated staff cost to be incurred for the Mr. Ou Property Management and Related Services during the term of the 2023 Master Mr. Ou Property Management and Related Services Agreement; (iv) the estimated size and number of properties to be delivered by the Associates and the size of their estimated number of car parking lots, based on the existing signed contracts and the properties under development and the land bank held by the Associates as of 31 October 2022; (v) the estimated monthly management fee to be charged in respect of residential properties, shops or stores owned and used by the Associates, which is based on the average monthly management fee charged for the year ended 31 December 2021 and for the ten months ended 31 October 2022; and (vi) the expected volume of sales, number of sales offices of the Associates to be managed by the Group during the term of the 2023 Master Mr. Ou Property Management and Related Services Agreement, based on the total gross floor area of properties developed by the Associates under the Group's management, the properties under development held by the Associates as of 31 December 2021 and the estimated time of pre-sales and delivery.

LETTER FROM THE BOARD

It is expected that the demand for Mr. Ou Property Management and Related Services from the year ending 31 December 2023 to the year ending 31 December 2025 will remain the same owing to the stable number of relevant projects delivered.

Pricing policy

As a general principle, the price and terms of the individual services agreements in respect of Mr. Ou Property Management and Related Services to be provided pursuant to the 2023 Master Mr. Ou Property Management and Related Services Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and the terms offered to the Associates shall not be more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the fees to be charged for the Mr. Ou Property Management and Related Services shall be determined with reference to:

- (i) the prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials);
- (ii) the prices charged by the Group for providing similar services to Independent Third Parties;
- (iii) the quality of services provided by the Company and level of customer satisfaction;
- (iv) the Group's ability to improve the branding and marketing prospects of the Associates' property projects through the Group's quality pre-delivery and property management services; and
- (v) the comparable market price where the normal costs of property management services concerned will be taken into account.

Reasons for and benefits of the 2023 Master Mr. Ou Property Management and Related Services Agreement

The Group has been, in its ordinary and usual course of business, providing Mr. Ou Property Management and Related Services to the Associates for a number of years.

Based on the established long-term cooperation relationship, the Group has gained thorough understanding of the progress and state of the residential and commercial property projects of the Associates, and is very familiar with the strategy and requirements of the Associates. The entering into the 2023 Master Mr. Ou Property Management and Related Services Agreement is conducive to continuous business stability of the Group and is expected to generate stable income for the Group.

Given the reasons above, taking into consideration the pricing policies and the internal control measures that the Company has in place, the Board (including the independent non-executive Directors whose view is set out in "Letter from the Independent Board Committee" of this circular and excluding the Interested Director) are of the view that the 2023 Master Mr. Ou Property Management and Related Services Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the 2023 Master Mr. Ou Property Management and Related Services Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Ronshine China is indirectly owned as to approximately 65.17% by Mr. Ou, an executive Director, a controlling Shareholder, the chairman of the Company. Ronshine China and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine China and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As Mr. Ou and the Associates are connected persons of the Company, the entering into of the 2023 Master Mr. Ou Property Management and Related Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the Property Management and Related Services and the Mr. Ou Property Management and Related Services are similar in nature, the transactions under the 2023 Master Ronshine Property Management and Related Services Agreement and the 2023 Master Mr. Ou Property Management and Related Services Agreement shall be aggregated pursuant to the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps under the 2023 Master Ronshine Property Management and Related Services Agreement and the 2023 Master Mr. Ou Property Management and Related Services Agreement (after aggregation) is more than 5%, the 2023 Master Ronshine Property Management and Related Services Agreement and the 2023 Master Mr. Ou Property Management and Related Services Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the New Framework Agreements will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Company transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Company than those offered by other independent service providers or transaction parties.

The respective pricing policies for the continuing connected transactions of the Company will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Company will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the New Framework Agreements, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

LETTER FROM THE BOARD

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the New Framework Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE NEW FRAMEWORK AGREEMENTS

The Company

The Company is an investment holding company. The Group is a comprehensive and fast-growing property management services provider in the PRC, offering diversified property management services for both residential and non-residential properties. The Group is primarily engaged in the provision of (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services.

Ronshine China

Ronshine China is an investment holding company, the shares of which are listed on Main Board of the Stock Exchange (stock code: 3301). Ronshine China Group is a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. Ronshine China Group is primarily engaged in the development of mid- to high-end residential properties, and also develops commercial properties integrated with or in the vicinity of its residential properties, including office buildings, retail shops and other commercial properties.

Mr. Ou

Mr. Ou is an executive Director, a controlling shareholder, the chairman of the Company. As at the Latest Practicable Date, he indirectly holds approximately 73.80% shareholding interest in the Company and approximately 65.17% shareholding interest in Ronshine China.

SUPPLEMENTARY INFORMATION WITH RESPECT TO RONSHINE CHINA GROUP AND MR. OU'S ASSOCIATES

Since the second half of 2021, the business environment of China's real estate industry has undergone major changes, with increased difficulties in financing confronted by real estate companies. Under such circumstances, a number of real estate companies have successively encountered debt repayment issues, indicating accelerated deterioration of the industry's business environment. At the same time, the recent outbreak of the COVID-19 pandemic in Shanghai and other cities has brought enormous pressure on the operations of real estate companies. The Company noted from the announcements of Ronshine China dated 10 July 2022, 23 August 2022, 25 October 2022 and its 2022 interim report that Ronshine China has been placed under liquidity pressure due to the aforementioned factors, and that it was not able to make payment of certain offshore senior notes.

In light of the unfavourable market factors affecting the property industry in China, the Group continues to carefully manage its business relationship with its customers and has adjusted the credit periods of certain customers. In particular, longer credit periods were adopted since 2021 taking into account the downturn in the PRC real estate market amidst the COVID-19 pandemic. As disclosed in the

LETTER FROM THE BOARD

2021 annual report of the Company, in light of the good relationship and the positive cooperation experiences between the Group and its related parties, the Group extended the credit period of trade and other receivables of such related parties from 1 month to 3-6 months (as the case may be) since 1 December 2021. Further adjustment to the credit periods (the “Adjustments”) may be adopted, where appropriate, in light of the prevailing market conditions, and the Group’s risk assessments and operating conditions. Despite that the Group will take longer to collect the accounts receivable from its customers under the Adjustments, these customers are all real estate companies who have long established relationship with the Group, with ongoing property projects and have been making regular payments to the Group. The grant of longer credit periods to these customers could temporarily relieve their liquidity pressure and preserve the business relationship with them for the long term business development of the Group. As the Adjustments were made to certain customers including the Ronshine China Group, the Associates and other Independent Third Parties under similar circumstances and with reference to the same set of consideration factors as outlined above, the Board considers that the Adjustments made in respect of Ronshine China Group and the Associates are on terms that are not more favourable to the Ronshine China Group and the Associates than terms offered to other Independent Third Parties by the Group.

Under such background, the Group has been monitoring and following up on the settlement of the outstanding receivables owed by Ronshine China Group and the Associates, and they have been cooperating with the Group and gradually making payments to the Group in order to clear the outstanding receivables owed to the Group.

The gross amount of accounts receivable owed by the Ronshine China Group and the Associates, and an aging analysis on such receivables, as at 30 September 2022 are set forth below:

	As at 30 September 2022 (unaudited)	
	Gross amount of accounts receivable <i>(RMB'000)</i>	Aging
Ronshine China Group	121,383	Within one year
The Associates	11,485	Within one year

The Group also noted from the announcement of Ronshine China dated 25 October 2022 that the 8.75% senior notes due 2022 (ISIN XS1976760782 and Common Code 197676078) in the aggregate principal amount of US\$688,000,000 issued by the Company and listed on the SGX-ST matured on 25 October 2022, and Ronshine China had not made payment for the principal amount and the accrued and unpaid interest totalling US\$718,100,000 which became due and payable. Although the PRC property industry has been affected by market downturn and liquidity constraints in recent months, and Ronshine China Group and the Associates have been under liquidity pressure, the Directors consider that it is still beneficial for the Group to continue the business relationship with them and the payment risks arising from such continuing business relationship is acceptable taking into account the following factors:

- (1) As disclosed in the interim report of Ronshine China, as of 30 June 2022, the Ronshine China Group recorded net current assets of RMB47,563 million, and its current portion of borrowings amounted to RMB15,004 million, while its cash and bank balances (excluding restricted cash and term deposits) amounted to RMB8,146 million. The total outstanding

LETTER FROM THE BOARD

amounts due from Ronshine China Group as at 31 October 2022 under the existing Master Ronshine Property Management and Related Services Agreement amounted to approximately RMB185 million which only accounts for approximately 2.26% of the cash and bank balances of Ronshine China Group as at 30 June 2022. In addition, the aggregate amount of annual caps of RMB450 million under the 2023 Master Ronshine Property Management and Related Services Agreement only accounts for approximately 5.52% of the cash and bank balances of Ronshine China Group as at 30 June 2022;

- (2) The Group has reviewed the respective property portfolios and project pipelines of Ronshine China Group and the Associates. It is noted that the contracted sales of the Ronshine China Group, together with its joint ventures and associates, which also include the Associates, amounted to approximately RMB1,201 million for the eleven months ended 30 November 2022, as disclosed in the announcement of Ronshine China dated 6 December 2022;
- (3) The Group has been closely monitoring the outstanding receivable balances with the Ronshine China Group and the Associates and will continue to do so. As of the Latest Practicable Date, there had not been any dispute on the outstanding amounts due from the Ronshine China Group and the Associates. Ronshine China Group and the Associates had made regular payments to the Group under the Existing Framework Agreements and they have undertaken to the Group to continue to do so. In addition, the Group will monitor the payment progress closely and will use their best endeavours to make payment request with Ronshine China Group and the Associates as and when appropriate; and
- (4) The Group, the Ronshine China Group and the Associates believe that 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, would help to recover the confidence in the real estate industry in China. With policy support and given adequate time, the Group believes that the Ronshine China Group and the Associates will be able to accelerate their property sales and cash collection and obtain new financings (as and when appropriate) to support its operations and to meet its payment obligations under the Existing Framework Agreements and the New Framework Agreements.

GENERAL

As at the Latest Practicable Date, Mr. Ou, a controlling Shareholder and an executive Director, is indirectly interested in approximately 65.17% shareholding of Ronshine China. Accordingly, Mr. Ou is considered to have a material interest in the transactions contemplated under the New Framework Agreements and therefore had abstained from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the New Framework Agreements and the transactions contemplated thereunder.

Save as disclosed, none of the other Directors has a material interest in the transactions contemplated under the New Framework Agreements and is therefore required to abstain from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the New Framework Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

The Company will convene and hold the EGM at 5th Floor, Building No. 6, Lane 226 Panyang Road, Minhang District, Shanghai, the People's Republic of China on Monday, 13 February 2023 at 2:00 p.m.. The notice convening the EGM is set out on pages 41 to 43 of this circular.

Any Shareholders with a material interest in each of the New Framework Agreements or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. The relevant interested Shareholders, namely, Mr. Ou and his associates, together held 375,000,000 Shares, representing approximately 73.80% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolutions approving the New Framework Agreements at the EGM.

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

FORM OF PROXY

A form of proxy for use at the EGM is enclosed herewith. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 2:00 p.m. on Saturday, 11 February 2023) or any adjournment thereof (as the case may be).

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

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66(1) of the articles of association of the Company, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of EGM will be taken by way of poll.

An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) and Rule 13.39(5A) of the Listing Rules.

On a poll, every Shareholder present in person or by proxy or in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 37 of this circular in connection with the New Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

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

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

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

Yours faithfully
By order of the Board
Ronshine Service Holding Co., Ltd
Ou Zonghong
Chairman



Ronshine Service Holding Co., Ltd
融信服務集團股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2207)

20 January 2023

To the Independent Shareholders,

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 20 January 2023 (the “**Circular**”) which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

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

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 19 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 22 to 37 of the Circular. Your attention is also drawn to the additional information set out in the appendix thereto.

We note that the Group has made adjustments to the credit periods of certain customers (the “**Adjustments**”) including the Ronshine China Group, the Associates and other Independent Third Parties in light of the unfavourable market factors affecting the entire real estate industry in China. Having considered the information contained in the letter from the Board regarding the Adjustments, we consider the Adjustments made were fair and reasonable and in the interest of the Company and the Shareholders as a whole and on normal commercial terms.

Having taken into account (i) the terms and conditions of the New Framework Agreements; and (ii) the factors and reasons considered by, and the advice and recommendations of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that (i) the terms of each of the New Framework Agreements (including the proposed annual caps) are fair and reasonable; (ii) the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,
Independent Board Committee

Mr. Kwok Kin Kwong Gary
*Independent non-executive
Director*

Mr. Chen Zhangwang
*Independent non-executive
Director*

Mr. Ye Azhong
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

20 January 2023



801-805, 8/F, Nan Fung Tower
88 Connaught Road Central
Hong Kong

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Framework Agreements and the transactions contemplated thereunder, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular of the Company dated 20 January 2023 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined under the definitions section of the Circular.

As the Master Ronshine Property Management and Related Services Agreement expired on 31 December 2022 and it is anticipated that the Group will continue to provide Ronshine Property Management and Related Services to Ronshine China Group, the Company entered into the 2023 Master Ronshine Property Management and Related Services Agreement with Ronshine China for a term commencing from the Commencement Date to 31 December 2025 (both days inclusive). Furthermore, as the Master Mr. Ou Property Management and Related Services Agreement expired on 31 December 2022 and it is anticipated that the Group will continue to provide Mr. Ou Property Management and Related Services to the Associates, the Company entered into the 2023 Master Mr. Ou Property Management and Related Services Agreement with Mr. Ou for a term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

As at the Latest Practicable Date, Ronshine China is indirectly owned as to approximately 65.17% by Mr. Ou, an executive Director, a controlling Shareholder and the chairman of the Company, Ronshine China and its subsidiaries are therefore connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Master Ronshine Property Management and Related Services Agreement with Ronshine China and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As Mr. Ou and the Associates are connected persons of the Company, the entering into of the 2023 Master Mr. Ou Property Management and Related Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the Property Management and Related Services and the Mr. Ou Property Management and Related Services are similar in nature, the transactions under the New Framework Agreements shall be aggregated pursuant to the Listing Rules.

As the highest of all applicable percentage ratios in respect of the proposed annual caps (the “**Proposed Annual Caps**”) under the New Framework Agreements (after aggregation) is more than 5%, the New Framework Agreements are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Ye Azhong, Mr. Chen Zhangwang and Mr. Kwok Kin Kwong Gary, has been established to advise the Independent Shareholders in relation to the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps for those transactions).

We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps). As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. During the last two years, we have not been engaged by the Company as an independent financial adviser to the Company. Accordingly, we are qualified to act as the Independent Financial Adviser in respect of the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the New Framework Agreements and the transactions contemplated thereunder (including the Proposed Annual Caps) including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice, among other things, (i) the New Framework Agreements; (ii) samples of reference documents provided by the Company in determining the principal terms of the New Framework Agreements and the proposed annual cap contemplated under each of the 2023 Master Ronshine Property Management and Related Services Agreement (the “**Ronshine Annual Caps**”) and the 2023 Master Mr. Ou Property Management and Related Services Agreement (the “**Associates Annual Caps**”); (iii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”); (v) the Prospectus; (vi) internal control policies governing the connected transactions of the Company; and (vii) other information as set out in the Circular. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed neither in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Ronshine China Group, Mr. Ou, the Associates and any of their respective subsidiaries and their respective associates, nor have we carried out any independent verification of the information supplied to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of the New Framework Agreements and the Proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Information of the Company, Ronshine China and Mr. Ou

a) *The Company*

The Company is an investment holding company. The Group is a comprehensive and fast-growing property management services provider in the PRC, offering diversified property management services for both residential and non-residential properties. The Group is primarily engaged in the provision of (i) property management services, (ii) value-added services to non-property owners, and (iii) community value-added services.

The table below summarises the audited financial information of the Group for the two years ended 31 December 2021 (“FY2020” and “FY2021”, respectively) and the unaudited financial information of the Group for the six months ended 30 June 2021 and 2022 (“HY2021” and “HY2022”, respectively), as extracted from the 2021 Annual Report and the 2022 Interim Report, respectively:

<i>RMB'000</i>	FY2020 (audited)	FY2021 (audited)	HY2021 (unaudited)	HY2022 (unaudited)
Property management services	367,306	475,930	220,411	276,307
Value-added services to non-property owners	368,243	435,688	238,160	133,201
Community value-added services	<u>14,876</u>	<u>79,324</u>	<u>30,263</u>	<u>24,732</u>
Revenue	750,425	990,942	488,834	434,240
Gross profit	216,311	278,444	143,835	91,839
Profit attributable to the Shareholders	82,511	112,400	66,483	32,465

Source: 2021 Annual Report and 2022 Interim Report

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2021 compared to FY2020

The revenue of the Group increased from approximately RMB750.4 million for FY2020 to approximately RMB990.9 million for FY2021, representing an increase of approximately RMB240.5 million or 32.0%. The increase in revenue was mainly attributable to (i) the increase of gross floor area (“GFA”) under management by the Group for FY2021, representing an increase of approximately 45.2% as compared with that for FY2020; (ii) the increase in revenue from sales assistance services during FY2021; and (iii) the increase in the revenue from community shopping services and property agency services for FY2021.

The gross profit of the Group increased by approximately 28.7% from approximately RMB216.3 million for FY2020 to approximately RMB278.4 million for FY2021, which was in line with the growth of revenue for FY2021. The profit attributable to the Shareholders increased by approximately 36.2% from approximately RMB82.5 million for FY2020 to approximately RMB112.4 million for FY2021, which was mainly attributable to the increase in gross profit as mentioned above, while partially offset by the increase in administrative expenses.

HY2022 compared to HY2021

The revenue of the Group decreased from approximately RMB488.8 million for HY2021 to approximately RMB434.2 million for HY2022, representing a decrease of approximately RMB54.6 million or 11.2%. The decrease in revenue was mainly due to (i) the decrease in revenue from preliminary planning, design consultancy services and pre-delivery services for HY2022; (ii) the decrease in revenue from sales assistance services for HY2022; and (iii) the decrease in the revenue from community shopping services for HY2022. Although the total revenue decreased, the revenue from property management services increased by approximately 25.4% from approximately RMB220.4 million for HY2021 to approximately RMB276.3 million for HY2022. The increase in revenue from property management services was mainly due to the increase in GFA under management by the Group to approximately 31.4 million square meters (“sq. m.”) for HY2022, representing an increase of approximately 36.4% as compared with that for HY2021.

The gross profit of the Group reduced by approximately 36.1% from approximately RMB143.8 million for HY2021 to approximately RMB91.8 million for HY2022, which was in line with the decrease of revenue and the decrease in gross profit margin of the value-added services to non-property owners for HY2022. The profit attributable to the Shareholders decreased by approximately 51.2% from approximately RMB66.5 million for HY2021 to approximately RMB32.5 million for HY2022, which was mainly attributable to (i) the decrease in gross profit and gross profit margin as mentioned above; and (ii) the increase in net impairment losses on financial assets, while partially offset by the decrease in administrative expenses.

Industry Outlook

The real estate industry in the PRC has been challenging for the recent years due to the slowing down in the macro-economic growth, the on-going COVID-19 prevention measures in the PRC and the tightening real estate regulations launched by the PRC government. The sluggish real estate demand has posed further downside risk to the PRC property market which began to show an obvious downturn and an interruption of property market development in the PRC.

As disclosed in the 2022 Interim Report, China Property Index Academy predicts that by 2025, the market share of the top 100 property companies in China may reach 63.9%. With the significant head effect and the increasing industry concentration, market differentiation will be further intensified, and independent market expansion will become the core competitiveness.

However, according to a notice published by the People's Bank of China ("PBOC") in November 2022, the PBOC issued 16 measures toward the property development sector in the PRC, such as encouraging financial institutions to support the real estate companies with sound governance, focusing on their main business and good qualifications and loosening down-payment requirements for homebuyers. In early December 2022, the State Council of the PRC unveiled new guidelines that loosen COVID-19 restrictions, including allowing home quarantine and largely scrapping the health QR code that has been mandatory for entering most public places.

In view of the above, the Directors expected that the prospects of the PRC property development and property management industries may remain uncertain amid the volatility of the macro economy.

b) Ronshine China

Ronshine China is an investment holding company, the shares of which are listed on Main Board of the Stock Exchange (stock code: 3301). Ronshine China Group is a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. Ronshine China Group is primarily engaged in the development of mid- to high-end residential properties, and also develops commercial properties integrated with or in the vicinity of its residential properties, including office buildings, retail shops and other commercial properties.

c) Mr. Ou

Mr. Ou is an executive Director, a controlling shareholder and the chairman of the Company. As at the Latest Practicable Date, he indirectly holds approximately 73.80% shareholding interest in the Company and approximately 65.17% shareholding interest in Ronshine China.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

d) Supplementary information with respect to Ronshine China Group and the Associates

As disclosed in the Letter from the Board, the Group noted from the announcement of Ronshine China dated 25 October 2022 that the 8.75% senior notes due 2022 (ISIN XS1976760782 and Common Code 197676078) in the aggregate principal amount of US\$688,000,000 issued by the Company and listed on the SGX-ST matured on 25 October 2022, and Ronshine China had not made payment for the principal amount and the accrued and unpaid interest totaling US\$718,100,000 which became due and payable. Although the PRC property industry has been affected by market downturn and liquidity constraints in recent months, and Ronshine China Group and the Associates have been under liquidity pressure, the Directors consider that it is still beneficial for the Group to continue the business relationship with them and the payment risks arising from such continuing business relationship are acceptable mainly taking into account the following factors:

Ronshine China Group recorded net current assets of approximately RMB47,563 million, and its current portion of borrowings amounted to approximately RMB15,004 million, while its cash and bank balances (excluding restricted cash and term deposits) amounted to approximately RMB8,146 million as at 30 June 2022. The total outstanding amounts due from Ronshine China Group as at 31 October 2022 under the existing Master Ronshine Property Management and Related Services Agreement amounted to approximately RMB185 million which accounts for approximately 2.26% of the cash and bank balances of Ronshine China Group as at 30 June 2022.

Furthermore, the contracted sales of Ronshine China Group, together with its joint ventures and associates, which included the Associates, amounted to approximately RMB1,201 million for the eleven months ended 30 November 2022. We noted from the list of calculation of Proposed Annual Caps which included property management services provided to Ronshine China Group and the Associates (the “**Caps Calculation**”) that (i) property development projects of Ronshine China Group with estimated GFA of approximately 1.1 million sq. m.; and (ii) property development projects of the Associates with estimated GFA of approximately 0.5 million sq. m. will be delivered in 2023 and assigned to the Group for provision of property management services.

The Group has been closely monitoring the outstanding receivable balances with Ronshine China Group and the Associates and will continue to do so. As of the Latest Practicable Date, there had not been any dispute on the outstanding amounts due from Ronshine China Group and the Associates. Ronshine China Group and the Associates had made regular payments to the Group under the Existing Framework Agreements and they have undertaken to the Group to continue to do so. In addition, the Group will monitor the payment progress closely and will use their best endeavours to make payment request with Ronshine China Group and the Associates as and when appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group believes that 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, would help to recover the confidence in the real estate industry in China. With policy support and given adequate time, the Group believes that Ronshine China Group and the Associates will be able to accelerate their property sales and cash collection and obtain new financings (as and when appropriate) to support its operations and to meet its payment obligations under the Existing Framework Agreements and the New Framework Agreements.

2. Reasons for and benefits of entering into the New Framework Agreements

As stated in the Letter from the Board, the Group has been, in its ordinary and usual course of business, providing the Ronshine Property Management and Related Services and the Mr. Ou Property Management and Related Services to Ronshine China Group and the Associates for a number of years, respectively.

Based on the established long-term cooperation relationship with Ronshine China Group and the Associates, the Group has gained thorough understanding of the progress and state of their residential and commercial property projects, and is familiar with their strategy and requirements.

Furthermore, according to the interim report of Ronshine China for the six months ended 30 June 2022, Ronshine China Group engaged in a total of 242 property development projects in which a total of 106 projects or phases of projects with total planned GFA of approximately 18.6 million sq. m. were under construction. As at 30 June 2022, Ronshine China Group has land reserve of approximately 25.27 million sq. m., among which 11.18 million sq. m. were completed properties held for sale, 13.19 million sq. m. were under construction and 0.9 million sq. m. were held for future development. Separately, we understand from the management of the Company that the Associates will launch several property development projects in 2023 as well. Having considered Ronshine China Group's and the Associates' portfolio of property development projects, the entering into the New Framework Agreements is conducive to continuous business stability of the Group and is expected to generate stable income for the Group.

Given the reasons above, taking into consideration the pricing policies and the internal control measures that the Company has in place, the Board (including the independent non-executive Directors whose view is set out in "Letter from the Independent Board Committee" of the Circular and excluding the Interested Director) is of the view that the New Framework Agreements were entered into in the ordinary and usual course of business of the Group.

3. Principal terms of the New Framework Agreements

a) The 2023 Master Ronshine Property Management and Related Services Agreement

The principal terms of the 2023 Master Ronshine Property Management and Related Services Agreement are summarised in the following table.

Date:	23 November 2022
Parties:	(i) the Company; and (ii) Ronshine China.
Subject:	Pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement, the parties agreed that the Group will provide property management and related services to the properties owned or used by Ronshine China Group in the PRC, including but not limited to the Property Management and Related Services.
Term:	Subject to the Independent Shareholders' approval at the EGM, the 2023 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

For further details of the 2023 Master Ronshine Property Management and Related Services Agreement, please refer to the Letter of the Board.

b) The 2023 Master Mr. Ou Property Management and Related Services Agreement

The principal terms of the 2023 Master Mr. Ou Property Management and Related Services Agreement are summarised in the following table.

Date:	23 November 2022
Parties:	(i) the Company; and (ii) Mr. Ou.
Subject:	Pursuant to the 2023 Master Mr. Ou Property Management and Related Services Agreement, the parties agreed that the Group will provide to the Associates property management and related services to the properties owned or used by the Associates in the PRC, including but not limited to the Mr. Ou Property Management and Related Services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Term: Subject to the Independent Shareholders' approval at the EGM, the 2023 Master Mr. Ou Property Management and Related Services Agreement has a fixed term commencing from the Commencement Date to 31 December 2025 (both days inclusive).

For further details of the 2023 Master Mr. Ou Property Management and Related Services Agreement, please refer to the Letter of the Board.

c) Review of the principal terms of the New Framework Agreements

The New Framework Agreements provide the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between the Group and respective parties for the transactions contemplated under the New Framework Agreements. The services fees payable by Ronshine China to the Company for the Property Management and Related Services shall be determined with reference to several major factors, including (i) the total area, locations, and conditions of the property projects of Ronshine China Group in the PRC for which the Property Management and Related Services are provided by the Group for the respective periods; (ii) the costs to be incurred by the Company for the provision of the Property Management and Related Services (including the scope of the services and the anticipated operation costs including but not limited to labour costs, administration costs and costs of materials, salaries and benefits, costs incurred for the use of facilities and disbursements to third parties, etc.); and (iii) the comparable market price where the normal costs of property management services concerned will be taken into account. While the services fees to be charged for the 2023 Master Mr. Ou Property Management and Related Services Agreement shall be determined with reference to several major factors, including (i) the prevailing market price (taking into account the location and the conditions of the property, the scope of the services and the anticipated operation costs including but not limited to labor costs, administration costs and costs of materials); (ii) the prices charged by the Group for providing similar services to Independent Third Parties; and (iii) the comparable market price where the normal costs of property management services concerned will be taken into account.

As disclosed in the Letter from the Board, the Group extended the credit period of trade and other receivables of such related parties from 1 month to 3-6 months (as the case may be) since 1 December 2021 (the “**Adjustments**”). For our due diligence purpose, we obtained a full contract list for FY2021 and the nine months ended 30 September 2022 (the “**Contract List**”) from the Group and understand that the provision of property management services under the New Framework Agreements and the agreements entered into between the Group and the Independent Third Parties are of different property types, whereas the former mainly represents residential properties and the latter mainly represents commercial properties. Although the property types of these agreements are different, we consider a comparison on the payment terms among these agreements can provide a reference for us in assessing the fairness and reasonableness of the Adjustments given the property management services are similar in nature. Based on the Contract List, we have randomly selected 10 property management agreements (the “**Third Parties Agreements**”) entered into between the Group and the Independent Third Parties during FY2021 and the nine months ended 30 September 2022. Upon comparison, we note that 6 out of the 10 Third Party Agreements included the terms of the Adjustments, therefore, we considered that the Adjustments are justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In determining the property management service fee under the New Framework Agreements, we understand the Group strictly adhered to its internal control procedures. As set out in the section headed “Internal Control Measures” in the Letter from the Board, the respective pricing policies for the continuing connected transactions of the Company will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company. We also understand from the management of the Company that, before entering into any individual agreement in connection with the New Framework Agreements, the Group will refer to the prevailing market rates for the provision of property management services which are comparable to the property management service under the New Framework Agreements. For instance, when determining the pricing terms of the property management services agreement under the Existing Framework Agreements, we understand that the Company has collected market data (the “**Market Data**”) regarding the market rates charged by three Independent Third Party service providers and relevant payment terms in provision of similar property management services in nearby area. As advised by the management of the Company, the Market Data were collected in the industry seminars and exhibitions where the Company has participated.

We obtained a list of (i) existing property management services agreements entered into between the Group and Ronshine China Group under the Master Ronshine Property Management and Related Services Agreement (the “**CCT Service List**”); (ii) existing property management services agreements entered into between the Group and the Associates under the Master Mr. Ou Property Management and Related Services Agreement (the “**Associates CCT Service List**”) and (iii) the Market Data. Based on the CCT Service List and Associates CCT Service List, we have randomly selected seven sets of agreements entered into with Ronshine China Group (the “**Ronshine Sample Agreements**”) and five sets of agreements entered into with the Associates (the “**Associates Sample Agreements**”), both of which were entered into during FY2020 and FY2021.

Based on our review on the Ronshine Sample Agreements, the Associates Sample Agreements and the Market Data obtained from the Group, we noted that (i) the calculation of the prices charged by the Group to Ronshine China Group or the Associates is in line with those charged by the three Independent Third Party service providers, which are based on certain mark-up on the agreed labour cost; and (ii) the mark-up rate charged by the Group to Ronshine China Group or the Associates represents the mid-point of the market rates charged by the three Independent Third Party service providers. As such, the pricing terms offered by the Group to Ronshine China Group or the Associates shall be no less favourable than those offered to Independent Third Parties.

Furthermore, after our review on the principal terms of the Existing Framework Agreements and the New Framework Agreements, we noted that, besides the Adjustments in light of the recent unfavourable market factors affecting the entire real estate industry in the PRC, the principal terms of the New Framework Agreements continue to follow those of the Existing Framework Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we concur with the Board (including the independent non-executive Directors whose view is set out in “Letter from the Independent Board Committee” of the Circular and excluding the Interested Director) that the terms of the New Framework Agreements are on normal commercial terms in the ordinary course of business of the Group.

4. The Proposed Annual Caps

a) *The Ronshine Annual Caps*

Set out below are the actual transaction amounts and the existing annual caps for the Property Management and Related Services provided by the Group to Ronshine China Group under the Master Ronshine Property Management and Related Services Agreement and the respective utilisation rates for FY2020, FY2021 and the year ended 31 December 2022 (“FY2022”):

	FY2020	FY2021	FY2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amounts	268,828,086	331,228,000	136,891,805 ^(Note 1)
Existing annual caps	N/A ^(Note 2)	342,000,000	368,000,000
Utilisation rates (%)	N/A ^(Note 2)	96.9%	44.6% ^(Note 3)

Note:

1. Being the unaudited actual transaction amount for the Property Management and Related Services provided by the Group to Ronshine China Group for the ten months ended 31 October 2022 (“10M2022”).
2. As the Company was listed on the Stock Exchange on 16 July 2021, no annual cap was required to be set by the Company in respect of the transactions FY2020.
3. Being the utilisation rate calculated by dividing the historical transaction amount for 10M2022 by the prorated annual cap based on the existing annual cap for FY2022.

As illustrated above, the actual transaction amount between the Group and Ronshine China Group for FY2021 and 10M2022 were approximately RMB331.2 million and RMB136.9 million, respectively, representing the utilisation rates of approximately 96.9% and 44.6%, respectively. We noted that the utilisation rate for 10M2022 was relatively low compared to the utilisation rate for FY2021. As advised by the management of the Company, the decrease in transaction amount during 10M2022 was mainly due to the decrease in demand for the Property Management and Related Services by Ronshine China Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis for determining the Ronshine Annual Caps

Pursuant to the 2023 Master Ronshine Property Management and Related Services Agreement, it is proposed that the Ronshine Annual Caps for the three years ending 31 December 2025 is expected not to exceed the following:

For the year ending 31 December	Ronshine Annual Caps (RMB)
2023	150,000,000
2024	150,000,000
2025	150,000,000

The Ronshine Annual Caps for each of the three years ending 31 December 2025 were determined by reference to: (i) the historical transaction amounts payable by Ronshine China Group to the Group for the Property Management and Related Services for FY2020, FY2021 and 10M2022; and (ii) the expected amount of service fees payable by Ronshine China to the Company for the provision of the Property Management and Related Services with reference to (a) the existing signed contracts for the Property Management and Related Services and the estimation of the future property development plans of Ronshine China Group; (b) the anticipated decrease in the demand for the Property Management and Related Services during the term of the 2023 Master Ronshine Property Management and Related Services Agreement which had also taking into account the number of property development projects of Ronshine China Group in the PRC and the expected area to be completed for the three years ending 31 December 2025; and (c) the unit price per square meter as agreed from time to time.

b) *The Associates Annual Caps*

Set out below are the actual transaction amounts and the existing annual caps for the Mr. Ou Property Management and Related Services provided by the Group to the Associates under the Master Mr. Ou Property Management and Related Services Agreement and the respective utilisation rates for FY2021 and FY2022:

	FY2021 RMB	FY2022 RMB
Actual transaction amounts	40,800,000	25,600,000 ^(Note 1)
Existing annual caps	46,000,000	50,000,000
Utilisation rates (%)	88.7%	61.4% ^(Note 2)

Note:

1. Being the unaudited actual transaction amount for the Mr. Ou Property Management and Related Services provided by the Group to the Associates for 10M2022.
2. Being the utilisation rate calculated by dividing the historical transaction amount for 10M2022 by the prorated annual cap based on the existing annual cap for FY2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated above, the actual transaction amounts between the Group and the Associates for FY2021 and 10M2022 were approximately RMB40.8 million and RMB25.6 million, respectively, representing the utilisation rates of approximately 88.7% and 61.4%, respectively. We noted that the utilisation rate for 10M2022 was relatively low compared to the utilisation rate for FY2021. As advised by the management of the Company, the decrease in transaction amount during 10M2022 was mainly due to the decrease in demand for the Mr. Ou Property Management and Related Services by the Associates.

Basis for determining the Associates Annual Caps

Pursuant to the 2023 Master Mr. Ou Property Management and Related Services Agreement, it is proposed that the Associates Annual Caps for the three years ending 31 December 2025 are expected not to exceed the following:

For the year ending 31 December	Associates Annual Caps (RMB)
2023	50,000,000
2024	50,000,000
2025	50,000,000

The Associates Annual Caps for each of the three years ending 31 December 2025 were determined by reference to: (i) the historical transaction amounts charged by the Group for the Mr. Ou Property Management and Related Services for FY2020, FY2021 and 10M2022; and (ii) the estimated revenue to be recognised based on the existing signed contracts; (iii) the estimated staff cost to be incurred for the Mr. Ou Property Management and Related Services during the term of the 2023 Master Mr. Ou Property Management and Related Services Agreement; (iv) the estimated size and number of properties to be delivered by the Associates and the size of their estimated number of car parking lots, based on the existing signed contracts and the properties under development and the land bank held by the Associates as of 31 October 2022; (v) the estimated monthly management fee to be charged in respect of residential properties, shops or stores owned and used by the Associates, which is based on the average monthly management fee charged for FY2021 and 10M2022; and (vi) the expected volume of sales, number of sales offices of the Associates to be managed by the Group during the term of the 2023 Master Mr. Ou Property Management and Related Services Agreement, based on the total GFA of properties developed by the Associates under the Group's management, the properties under development held by the Associates as of 31 December 2021 and the estimated time of pre-sales and delivery.

c) Our analysis on the Proposed Annual Caps

To assess the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Company on the basis and the underlying assumptions for setting the Proposed Annual Caps and obtained the Caps Calculation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the Caps Calculation, we noted that the property management services to be performed by the Group for property sales offices and display units under the 2023 Master Ronshine Property Management and Related Services Agreement and the 2023 Master Mr. Ou Property Management and Related Services Agreement accounted for approximately 60% of the Ronshine Annual Caps and 70% of the Associates Annual Caps for the three years ending 31 December 2025, respectively. In respect of the Ronshine Annual Caps, the estimated transaction amount for the year ending 31 December 2023 was based on (i) 39 existing contracts with Ronshine China Group; and (ii) five new property projects to be delivered and assigned by Ronshine China Group to the Group for the year ending 31 December 2023. In respect of the Associates Annual Caps, the estimated transaction amount for the year ending 31 December 2023 was based on 20 existing contracts with the Associates. Based on our review on the Ronshine Sample Agreements and the Associates Sample Agreements, we noted that the fee payable in respect of the provision of the Property Management and Related Services is in line with the Caps Calculation for the year ending 31 December 2023.

Furthermore, the property management services to be performed by the Group for the property units expected to be delivered in 2023 of Ronshine China Group and the Associates both accounted for approximately 20% of the respective Proposed Annual Caps for the three years ending 31 December 2025. We understand from the management of the Company that the transaction amount for the year ending 31 December 2023 under the Ronshine Annual Caps was estimated with reference to the property development projects of Ronshine China Group with estimated GFA of approximately 1.1 million sq. m., while the transaction amount for the year ending 31 December 2023 under the Associates Annual Caps was estimated with reference to the property development projects of the Associates with estimated GFA of approximately 0.5 million sq. m.

In respect of approximately 20% of the remaining Ronshine Annual Caps for the three years ending 31 December 2025, which mainly includes value-added services comprising house and facility, repair and maintenance, marketing promotion, property agency services, commercial operational services, sales agency services of car parking spaces, the transaction amount of the Ronshine Annual Caps for the year ending 31 December 2023 was estimated with reference to the historical transaction amount with Ronshine China Group for 10M2022. In respect of approximately 10% of the remaining Associates Annual Caps for the three years ending 31 December 2025, which mainly includes value-added service primarily comprising house and facility repair and maintenance, marketing promotion, property agency and cleaning services, the transaction amount of the Associates Annual Caps for the year ending 31 December 2023 was estimated with reference to the annualised historical transaction amount with the Associates for 10M2022. The above estimations are consistent with the Group's expectation, given that (i) the demand for the Property Management and Related Services by Ronshine China Group for the year ending 31 December 2023 is expected to decrease as compared to the existing annual cap for FY2022; and (ii) the demand for the Mr. Ou Property Management and Related Services by the Associates for the year ending 31 December 2023 is expected to remain the same as compared to the existing annual cap for FY2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The management of the Company has assumed that the Ronshine Annual Caps and the Associates Annual Caps for the years ending 31 December 2024 and 2025 will maintain at the respective proposed annual caps for the year ending 31 December 2023. We are of the view that the management of the Group took prudent approach in estimating the Ronshine Annual Caps and the Associates Annual Caps for the years ending 31 December 2024 and 2025 in consideration of the uncertain business environment.

Having considered the above determination factors of the Proposed Annual Caps, we are of the view that the Proposed Annual Caps is justifiable.

5. Internal control procedures

As a general principle, the price and terms of the New Framework Agreements will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Company transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Company than those offered by other independent service providers or transaction parties.

The respective pricing policies for the continuing connected transactions of the Company will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Company will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the New Framework Agreements, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, we concur the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the New Framework Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

We understand from the management of the Company that the Group has strictly adhered to the internal control procedures when contemplating connected transactions. As mentioned in the paragraph headed "Review of the principal terms of the New Framework Agreements" in this letter, the Group would make reference to the prevailing market rates for comparable property management services provided by Independent Third Party service providers, before entering into any individual agreement with connected persons. Moreover, we understand from the management of the Company that the internal audit department of the Company would regularly review the terms of relevant agreements and monitor the aggregate transaction amounts on a regular basis to ensure compliance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged an auditor to perform independent review on all of the Company's continuing connected transactions, including the continuing connected transactions contemplated under the Existing Framework Agreements. We have obtained and reviewed the Auditor's letter for FY2021 (the "**Auditor's Letter**") in respect of the continuing connected transactions of the Group. The Auditor's Letter indicated that the review was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor's Letter was issued to the Independent Board Committee confirming, among others, that nothing has come to the auditor's attention that would cause them to believe that the transactions were not entered in accordance with the relevant agreement and the respective annual caps have been exceeded. The management of the Company has confirmed that the auditor will perform a similar independent review and issue a letter in respect of the Company's continuing connected transactions for FY2022 upon the publication of annual report for FY2022.

As disclosed in the 2021 Annual Report, the independent non-executive Directors have reviewed the continuing connected transactions contemplated under the Existing Framework Agreements and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole. We have obtained and reviewed the minutes of the Independent Board Committee in relation to their review of continuing connected transactions contemplated under the Existing Framework Agreements with no irregularities noted.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the New Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the terms of the New Framework Agreements (including the Proposed Annual Caps).

Yours faithfully,

For and on behalf of

Octal Capital Limited

Alan Fung
Managing Director

Wong Wai Leung
Executive Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions of listed companies in Hong Kong subject to the compliance to the Listing Rules and the Takeovers Code. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible officer of Type 9 (asset management) regulated activities. Mr. Wong has accumulated decades of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

1. DISCLOSURE OF INTERESTS OF DIRECTORS

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

(i) Long position in Shares and underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding ⁽¹⁾
Mr. Ou ⁽²⁾	Founder of a trust	375,000,000	73.80%

Notes:

- The calculation is based on the total number of 508,104,000 Shares in issue as at the Latest Practicable Date.
- Mr. Ou was the settlor and protector of the Family Trust with HSBC International Trustee Limited as trustee. Rongan Juxiang controlled 375,000,000 Shares through its wholly owned subsidiaries, namely Rongxin Yipin as to 300,000,000 Shares and Fumei International as to 75,000,000 Shares. Each of Mr. Ou, HSBC International Trustee Limited and Rongan Juxiang was deemed to be interested in the Shares held by Rongxin Yipin and Fumei International under the SFO.

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

2. SERVICE CONTRACTS

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

3. MATERIAL ADVERSE CHANGE

On 19 August 2022, the Company issued a profit warning announcement to inform the Shareholders and potential investors of the Company that the Group was expected to record a net profit of approximately RMB30 million to approximately RMB40 million for the six months ended 30 June 2022. It was later disclosed in the Company's 2022 interim report that the Group recorded a net profit of approximately RMB35.3 million, as compared to a net profit of approximately RMB69 million for the six

months ended 30 June 2021. As further disclosed in the Company's 2022 interim report, due to the lockdowns of communities and the interruption and delay of logistics caused by the COVID-19 pandemic, as well as the decline in demand of property developers for relevant services as a result of the on-going sluggish real estate market, two of the business lines of the Company, namely the community value-added services and the value-added services to non-property owners, were adversely affected to a certain extent. In the first half of 2022, three major business lines of the Company, being the property management services, the value-added services to non-property owners and the community value-added services, recorded revenue of RMB276.3 million, RMB133.2 million and RMB24.7 million, respectively.

For further details, please refer to the Company's announcement dated 19 August 2022 and the Company's 2022 interim report published on 29 September 2022. Save as disclosed above, the Directors confirmed that there has not been 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 up) up to and including the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN ASSETS

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

5. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Fully Exempt Continuing Connected Transactions" of the annual report of the Company for the year ended 31 December 2021, the section headed "(2) 2023 CARPARK SALES AGENCY SERVICE SUPPLEMENTAL AGREEMENT" of the announcement of the Company dated 23 November 2022 and the section headed "CONTINUING CONNECTED TRANSACTIONS AND THEIR RESPECTIVE ANNUAL CAPS" in the "Letter from the Board" of this circular, as at the Latest Practicable Date, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, was subsisting at the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their close associates had any interest in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Octal Capital Limited	a corporation licensed by the Securities and Futures Commission for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, Octal Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) any direct or indirect interest in any assets which had, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

Octal Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

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

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rxswy.com) from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Master Ronshine Property Management and Related Services Agreement;
- (b) the 2023 Master Mr. Ou Property Management and Related Services Agreement^(Note); and
- (c) the written consent from Octal Capital Limited referred in paragraph 7 of this appendix.

Note: As certain personal information (being identity card number and residential address) of Mr. Ou (the “**Personal Information**”) contained in the 2023 Master Mr. Ou Property Management and Related Services Agreement is considered to be personal data as defined under the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) (the “**PDPO**”), the public disclosure of the Personal Information on the websites of the Company and the Stock Exchange may constitute a possible breach of the PDPO.

In addition, the Personal Information is not public information, and the Company considers that the Personal Information is not material information relating to the 2023 Master Mr. Ou Property Management and Related Services Agreement and the transactions contemplated thereunder, the omission of which would not affect the Shareholders’ assessment of the commercial terms and hence the merits of the 2023 Master Mr. Ou Property Management and Related Services Agreement and the transactions contemplated thereunder and would not mislead Shareholders for the purpose of making their voting decisions at the EGM.

In light of the above, the Company has applied to the Stock Exchange and the Stock Exchange has granted a waiver from strict compliance with Rule 14A.70(13) of and paragraph 43(2)(c) of Appendix 1B to the Listing Rules by redacting the Personal Information in the 2023 Master Mr. Ou Property Management and Related Services Agreement to be published on the websites of the Company and the Stock Exchange.

9. MISCELLANEOUS

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



Ronshine Service Holding Co., Ltd

融信服務集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2207)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the an extraordinary general meeting (the “**EGM**”) of Ronshine Service Holding Co., Ltd (the “**Company**”) will be held at 2:00 p.m. on Monday, 13 February 2023 at 5th Floor, Building No. 6, Lane 226 Panyang Road, Minhang District, Shanghai, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

1. “**THAT**

- (a) the 2023 Master Ronshine Property Management and Related Services Agreement (as defined in the circular of the Company dated 20 January 2023 (the “**Circular**”)) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the three years ending 31 December 2025 for the transactions contemplated under the 2023 Master Ronshine Property Management and Related Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company (“**Director(s)**”), or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Master Ronshine Property Management and Related Services Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

2. “**THAT**

- (a) the 2023 Master Mr. Ou Property Management and Related Services Agreement (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the proposed annual caps for the three years ending 31 December 2025 for the transactions under the 2023 Master Mr. Ou Property Management and Related Services Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one Director, or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Master Mr. Ou Property Management and Related Services Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

By order of the board of the directors
Ronshine Service Holding Co., Ltd
Ou Zonghong
Chairman

Hong Kong, 20 January 2023

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

40th Floor
Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

Notes:

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 2:00 p.m. on Saturday, 11 February 2023) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) For the purpose of determining the shareholders' rights to attend and vote at the above meeting to be held on Monday, 13 February 2023, the register of members of the Company will be closed from Wednesday, 8 February 2023 to Monday, 13 February 2023 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 February 2023.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

In light of the coronavirus disease (COVID-19) pandemic, to safeguard the health and safety of all the attendees who will attend the EGM in person, the Company will implement the following precautionary measures at the EGM:

- no refreshments or drinks will be served;
- compulsory body temperature check at the entrance of the meeting venue;
- mandatory wearing of face masks;
- proper distance will be maintained between seats at the meeting venue;
- multiple meeting rooms with telecommunication facilities and/or computer devices will be put in use; and
- other precautionary measures as appropriate.

To the extent permitted under law, the Company reserves the right to deny any person entry into the meeting venue or require any person to leave the meeting venue so as to ensure the health and safety of the attendees at the EGM.

For the health and safety of shareholders, the Company strongly encourages shareholders to exercise their right to vote by appointing the chairman of the EGM as their proxy instead of attending the EGM in person.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change its arrangements for the EGM at short notice. Shareholders should check the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.rxswy.com) for any updates on the arrangements for the EGM.

As at the date of this notice, Mr. Ou Zonghong, Mr. Ma Xianghong, and Ms. Lin Yi are the executive directors of the Company; Ms. Lin Liqiong is the non-executive director of the Company; and Mr. Ye Azhong, Mr. Chen Zhangwang and Mr. Kwok Kin Kwong Gary are the independent non-executive directors of the Company.