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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in Redsun Services Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Redsun Services Group Limited**

**弘陽服務集團有限公司**

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

**(Stock Code: 1971)**

**(1) CONTINUING CONNECTED TRANSACTIONS —  
SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENT 1;  
(2) MAJOR TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS —  
SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENT 2;  
(3) RECTIFICATION OF BREACH OF THE LISTING RULES  
AND  
(4) NOTICE OF THE EXTRAORDINARY  
GENERAL MEETING**

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

**ALTUS CAPITAL LIMITED**

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Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 21 of this circular. A notice convening the EGM to be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Tuesday, 12 September 2023 at 10:00 a.m. is set out on pages 53 to 54 of this circular. A form of proxy for use at the EGM is also sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rsunservice.hk](http://www.rsunservice.hk)).

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

22 August 2023

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## DEFINITIONS

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

“2022 Annual Report”	the annual report of the Company for the year ended 31 December 2022 published on 20 April 2023
“Announcement”	the announcement of the Company dated 7 June 2023 in relation to, among other things, the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“CCT Announcement”	the announcement on the continuing connected transactions of the Company dated 8 December 2022 in relation to, among others, the New Parking Space Sales and Leasing Agency Services Framework Agreement
“Company”	Redsun Services Group Limited, a 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: 1971)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Tuesday, 12 September 2023 at 10:00 a.m., or any adjournment thereof
“Group”	the Company and its subsidiaries
“Historical Refundable Deposits”	the Refundable Deposits paid by the Group to Redsun Properties as of the date of the Announcement, as further described in Parts A and B of the Announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements
“Independent Shareholder(s)”	Shareholder(s) who are not required by the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits
“Latest Practicable Date”	17 August 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zeng”	Mr. Zeng Huansha (曾煥沙), founder of the Group and a controlling Shareholder
“Nanjing Hong Yang Property Management”	Nanjing Hong Yang Property Management Co., Ltd. (南京弘陽物業管理有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company
“New Parking Space Sales and Leasing Agency Services Framework Agreement”	the parking space sales and leasing agency services framework agreement dated 8 December 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Redsun Properties (for itself and on behalf of its subsidiaries and associates), the details of which are set out in the CCT Announcement
“Parking Space Sales and Leasing Agency Services”	the services provided or to be provided by the Group to Redsun Properties Group as contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement, the New Parking Space Sales and Leasing Agency Services Framework Agreement and Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements

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## DEFINITIONS

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“Parking Space Sales and Leasing Agency Services Framework Agreement”	the parking space sales and leasing agency services framework agreement dated 11 March 2020 and entered into between Nanjing Hong Yang Property Management and Redsun Properties, the details of which are set out in the Prospectus
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 24 June 2020
“Redsun Properties”	Redsun Properties Group Limited (弘陽地產集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1996)
“Redsun Properties Group”	Redsun Properties and its subsidiaries
“Refundable Deposits”	the refundable deposits paid or to be paid to relevant members of Redsun Properties Group in connection with the Parking Space Sales and Leasing Agency Services pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (as the case may be)
“Reporting Period”	the financial year ended 31 December 2022
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2”	the supplemental agreement to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 dated 16 August 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Redsun Properties (for itself and on behalf of its subsidiaries and associates)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements”	collectively, the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 and the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2

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## DEFINITIONS

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“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1”	the supplemental parking space sales and leasing agency services framework agreement dated 7 June 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Redsun Properties (for itself and on behalf of its subsidiaries and associates) in relation to, among other things, the payment of Refundable Deposits in connection with the Parking Space Sales and Leasing Agency Services under the Parking Space Sales and Leasing Agency Services Framework Agreement
“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2”	the supplemental parking space sales and leasing agency services framework agreement dated 7 June 2023 (as amended and supplemented by the Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2) entered into between the Company (for itself and on behalf of its subsidiaries) and Redsun Properties (for itself and on behalf of its subsidiaries and associates) in relation to, among other things, the payment of Refundable Deposits in connection with the Parking Space Sales and Leasing Agency Services under the New Parking Space Sales and Leasing Agency Services Framework Agreement
“%”	per cent



**Redsun Services Group Limited**

**弘陽服務集團有限公司**

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

**(Stock Code: 1971)**

*Non-Executive Director:*  
Mr. ZENG Junkai (*Chairman*)

*Executive Director:*  
Ms. ZENG Zixi

*Independent Non-executive Directors:*  
Ms. WANG Fen  
Mr. LI Xiaohang  
Mr. ZHAO Xianbo

*Registered Office:*  
Offices of Walkers Corporate Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9008  
Cayman Islands

*Principal Place of Business and  
Head Office in the PRC*  
25th Floor  
Hong Yang Building  
No. 9 Daqiao North Road  
Nanjing, Jiangsu Province  
the PRC

*Place of Business in Hong Kong  
registered under part 16  
of the Companies Ordinance:*  
Room 2612,  
26/F China Merchants Tower  
Shun Tak Centre  
Sheung Wan  
Hong Kong

22 August 2023

*To the Shareholders*

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS —  
SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENT 1;  
(2) MAJOR TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS —  
SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENT 2;  
(3) RECTIFICATION OF BREACH OF THE LISTING RULES  
AND  
(4) NOTICE OF THE EXTRAORDINARY  
GENERAL MEETING**

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## LETTER FROM THE BOARD

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### A. INTRODUCTION

References are made to (i) the Prospectus in relation to, among others, the Parking Space Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder between the Group and Redsun Properties; (ii) the CCT Announcement; (iii) the 2022 Annual Report; (iv) the Announcement ; and (v) the announcement of the Company dated 16 August 2023 in relation to the Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2.

The purpose of this circular is to provide you with, among other things, (i) further details of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the respective annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the respective annual caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the respective annual caps; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM.

### B. CONTINUING CONNECTED TRANSACTIONS — SUPPLEMENTAL PARKING SPACE SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENTS

#### 1. Parking Space Sales and Leasing Agency Services Framework Agreement and Historical Refundable Deposits

As disclosed in the section headed “(D) Continuing Connected Transactions subject to Reporting, Annual Review and Announcement Requirements but Exempt From Circular and Independent Shareholders’ Approval Requirement — 1. Provision of Parking Space Sales and Leasing Agency Services to Redsun Properties and its Associates” of the Prospectus, on 11 March 2020, Nanjing Hong Yang Property Management, an indirect wholly-owned subsidiary of the Company, entered into the Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Properties, pursuant to which the Group agreed to provide sales agency services for unsold car parking spaces of Redsun Properties and its associates. On 8 December 2022, the Company entered into the New Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Properties. The agreement is valid from 1 January 2023 to 31 December 2025 and is renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

As disclosed in note 33 to the consolidated financial statements for the Reporting Period disclosed in the 2022 Annual Report, the Group entered into an agreement in relation to parking space sales agency services with a subsidiary of Redsun Properties, pursuant to which the Group paid the Historical Refundable Deposits in an aggregate amount of RMB200,910,000 during the Reporting Period, of which the outstanding



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## LETTER FROM THE BOARD

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balance of the Historical Refundable Deposits as at 31 December 2022 amounted to RMB188,072,642. As of the date of the Announcement, the outstanding balance of the Historical Refundable Deposit amounted to RMB153,529,221.

### **2. Principal Terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements**

The Board hereby announces that, (i) on 7 June 2023, the Company and Redsun Properties entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements; and (ii) on 16 August 2023, the Company and Redsun Properties entered into the Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2, pursuant to which members of the Group shall pay to members of Redsun Properties Group the Refundable Deposits in connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement, respectively.

The following sets forth a summary of the principal terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 and the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 (as amended and supplemented by the Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2), with substantially similar terms and conditions:

Date	:	7 June 2023 and 16 August 2023, respectively
Parties	:	(a) the Company (for itself and on behalf of its subsidiaries); and (b) Redsun Properties (for itself and on behalf of its subsidiaries and associates)
Term	:	(i) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1:  From 20 March 2020 to 31 December 2022 with retrospective effect  (ii) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2:  From 1 January 2023 to 31 December 2025 with retrospective effect, subject to renewal of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 by mutual agreement of the parties

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## LETTER FROM THE BOARD

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Subject matter : In connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement (as the case may be), members of the Group shall pay to members of Redsun Properties Group the Refundable Deposits in an amount equal to sales reserve prices of the relevant parking spaces (in the case of the unsold parking spaces).

In particular, the sales reserve prices of the relevant parking spaces are determined based on the following factors, namely (i) the average sales price of the sold parking spaces during the historical period of the project, and the cumulative depletion rate; (ii) the customer demand and popularity of parking spaces based on the sales rate, delivery rate and occupancy rate of the respective project's housing as well as the overall delivery time of the project, which reflects the customers' demand and popularity of the relevant parking spaces; and (iii) the sales price and sales situation of the parking spaces in the surrounding communities of the respective projects. Such sales reserve prices are reviewed regularly as after the end of each cooperation period, the above factors would be reconsidered and the base price of the unsold parking spaces would be re-determined according to the latest sales status of the respective projects before paying any upcoming Refundable Deposits.

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## LETTER FROM THE BOARD

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Pricing policy : With respect to the unsold parking spaces, the amount of the Refundable Deposits shall be equal to total sales reserve price of such unsold parking spaces, which is a unified standard of Redsun Properties applicable to the refundable deposits payable by an independent third party to them in respect of the same services and is in line with the industry practices. The total sales reserve price is calculated according to the formula below:

$$\begin{array}{l} \text{Total selling/} \\ \text{sales reserve} \\ \text{price} \end{array} = \begin{array}{l} \text{sales reserve} \\ \text{price of each} \\ \text{unsold parking} \\ \text{space} \end{array} * \begin{array}{l} \text{number of unsold} \\ \text{parking spaces} \\ \text{under the relevant} \\ \text{definitive sales} \\ \text{agency services} \\ \text{agreement(s)} \end{array}$$

The sales reserve price for the unsold parking spaces is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces.

Other terms : With respect to the unsold parking spaces, the Refundable Deposits shall be refunded to the Group as follows:

- (a) for the parking spaces sold by the Group, the amount of the Refundable Deposits shall be set-off by the total sales reserve price for such parking spaces received by the Group;
- (b) for the parking spaces failed to be sold by the Group, the Refundable Deposits shall be refunded in full within 30 working days after the expiration of (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 on 31 December 2022; and (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 on 31 December 2025, respectively, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier).

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## LETTER FROM THE BOARD

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Pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1, the Company and Redsun Properties agreed to rectify the payment of the Historical Refundable Deposits, which shall also be subject to the terms thereunder (including but not limited to those relating to pricing policies and refundable mechanism). Please refer to Part B of the Announcement for further details.

### 3. Historical Transactions Amounts

The table below sets forth the historical transaction amounts of (i) the total agency fees paid by Redsun Properties and its associates to the Group; and (ii) the Historical Refundable Deposits paid by the Group to the Redsun Properties Group for the year ended 31 December 2022, pursuant to the Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	<b>For the year ended 31 December 2020 (RMB'000)</b>	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>
<b>The total agency fees paid by Redsun Properties and its associates to the Group</b>	—	—	—
<b>Maximum daily balance of the Historical Refundable Deposits</b>	—	—	200,910

In 2020 and 2021, the Company assisted to sell the parking spaces in a sporadic manner, which allowed the Company to achieve its annual profit targets. However, from 2022, due to the impact of the overall real estate industry situation, the Company had to obtain the exclusive right of providing the Parking Space Sales and Leasing Agency Services by paying the Refundable Deposits to further ensure the Company's sustainable profitability in the future and create sustainable value for Shareholders. Therefore, after comprehensive consideration, the Company is of the view that the payment of the Refundable Deposits since 2022 to the Redsun Properties Group is in the interests of the Company.

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## LETTER FROM THE BOARD

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### 4. Proposed Annual Caps and Basis for Determination

- (i) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1:

The table below sets forth the proposed annual caps for (i) the expected maximum aggregate agency fees to be charged by the Group to Redsun Properties and its associates for the three years ended 31 December 2022; and (ii) the Refundable Deposits to be paid by the Group to the Redsun Properties Group for the year ended 31 December 2022 pursuant to the Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	<b>For the year ended 31 December 2020 (RMB'000)</b>	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>
<b>Expected maximum aggregate agency fees to be charged by the Group to Redsun Properties and its associates</b>	10,747	12,892	15,142
<b>Maximum daily balance of the Refundable Deposits</b>	—	—	200,910

For the avoidance of doubt, no Refundable Deposits was paid by the Group to the Redsun Properties Group for the two years ended 31 December 2020 and 2021. Save for the Historical Refundable Deposits of RMB200,910,000 paid by the Group in the year ended 31 December 2022, no other Refundable Deposits has been paid by the Group to the Redsun Properties Group as of the date of the Announcement.

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**LETTER FROM THE BOARD**

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(ii) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2:

The table below sets forth the proposed annual caps for (i) the expected maximum aggregate agency fees to be charged by the Group to Redsun Properties and its associates; and (ii) the Refundable Deposits to be paid by the Group to the Redsun Properties Group for the three years ending 31 December 2025 pursuant to the New Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2):

	<b>For the year ending 31 December 2023 (RMB'000)</b>	<b>For the year ending 31 December 2024 (RMB'000)</b>	<b>For the year ending 31 December 2025 (RMB'000)</b>
<b>Expected maximum aggregate agency fees to be charged by the Group to Redsun Properties and its associates</b>	36,007	36,007	36,007
<b>Maximum daily balance of the Refundable Deposits</b>	305,949	307,919	307,309

In arriving at the abovementioned proposed annual caps for the Refundable Deposits, the Directors have taken into account, among others, (i) the amount and balance of Historical Refundable Deposits during the relevant periods; (ii) the estimated value of the unsold parking spaces of Redsun Properties Group available for sale by the Group as an agent for the year ended 31 December 2022 and the three years ending 31 December 2025, respectively; and (iii) the cash flow and working capital of the Group. For details of the basis of determination of the proposed annual caps for the agency fees, please refer to the section headed “Continuing Connected Transactions” of the Prospectus and the CCT Announcement.

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## LETTER FROM THE BOARD

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### **5. Reasons for and Benefits of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements**

The provision of Parking Space Sales and Leasing Agency Services by the Group to Redsun Properties Group contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement is consistent with the business and commercial objectives of the Group. Leveraging the Group's long-term relationship with the Redsun Properties Group, the entering into of the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement enables the Group to continue to diversify its income streams. Further, the Group agreed to, based on business situation, pay the Refundable Deposits to the Redsun Properties Group and entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements in anticipation of the continuation of such types of services, which is believed to be conducive for the Group to ensure a stable income stream and enhance profitability as a whole since the Group would be able to obtain the exclusive right to provide the Parking Space Sales and Leasing Agency Services. In addition, the refund mechanism for the Refundable Deposits has been agreed by the parties and explicitly provided under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, therefore, the Company believes that the risks in respect of the recoverability of the Refundable Deposits are controllable by the Group.

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to, among others, the following internal control measures to ensure the recoverability of the Refundable Deposits placed with the Redsun Properties Group:

- (i) the finance department of the Company closely monitors the payment from the sales of the parking spaces which is collected by Redsun Properties every month, and offset the balance of the paid Refundable Deposits on a monthly basis;
- (ii) since the Refundable Deposits are paid based on the estimated depletion of the overall parking spaces in the following year of the project, the Company closely monitors the overall depletion of the project's parking spaces and the occupancy of the housing owners on a monthly basis to calculate the depletion rate, and evaluates the possibility of achieving the remaining depletion target of the parking spaces throughout the year to monitor the risk of recovering the Refundable Deposits;
- (iii) the Company holds a special meeting with the project companies of Redsun Properties every quarter to communicate and understand the overall sales status of the parking spaces of the respective projects in order to evaluate (a) the latest financial status of the project companies of Redsun Properties; (b) the liquidity risk and net asset value; and (c) the default risk and repayment ability, so that the credit risk related to the Refundable Deposits is minimized;

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## LETTER FROM THE BOARD

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- (iv) if the sales of individual project parking spaces fail to meet expectations, i.e. when there is a risk of the recoverability of the Refundable Deposits, the Group will communicate with the management of Redsun Properties as a whole, and negotiate for the delivery of higher quality parking spaces from the other projects as compensation;
- (v) the Group generally adopts a policy under which the maximum daily balance of Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to the relevant members of Redsun Properties Group in connection with the Parking Space Sales and Leasing Agency Services pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (as the case may be) with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded;
- (vi) the Group will regularly review the latest financial position of Redsun Properties Group, evaluate the liquidity risk and the scale of its net assets to assess the default risk such that the credit risk in connection with the payment of the Refundable Deposits is minimized and managed carefully by the Group; and
- (vii) the independent non-executive Directors will also review the implementation, payment and refund of the Refundable Deposits to ensure that the Refundable Deposits are paid out and refunded in accordance with the terms as set out in the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements.

Notwithstanding that the Company considers that the above internal control measures are adequate and sufficient to ensure the recoverability of the Refundable Deposits placed with the Redsun Properties Group, the Group has further adopted the following internal control measures to safeguard the interests of the Group in the event that the Redsun Properties Group fails to return the Refundable Deposits after the expiration of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements:

- (i) the Group will instruct its internal legal team to cooperate with the finance department of the Company to supervise and monitor the repayment progress of the Redsun Properties Group and engage its external legal advisers to take the appropriate legal actions against the Redsun Properties Group as and when appropriate pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements;



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## LETTER FROM THE BOARD

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- (ii) the Group will offset the amount of the Refundable Deposits owing by the Redsun Properties Group to the Group upon the expiration of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements against any amount due from the Group to the Redsun Properties Group in the other transactions between the Group and the Redsun Properties Group; and
- (iii) any potential negotiation on future cooperations with the Redsun Properties Group and other entities related to the Redsun Properties Group will be suspended and the Group will not enter into any further transactions with the Redsun Properties Group until the full repayment of the Refundable Deposits by the Redsun Properties Group and approval from the chief executive officer of the Company.

The terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements have been arrived at after arm's length negotiations between the parties thereto. The Directors (other than the independent non-executive Directors who express their views in this circular after considering the advice of the independent financial adviser) are of the view that the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

### **6. Information on the Parties to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements**

#### ***The Group***

The Group is a well-recognized comprehensive community service provider in Jiangsu Province, the PRC. It is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

#### ***Redsun Properties***

Redsun Properties is a leading comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

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## LETTER FROM THE BOARD

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### **7. Implications under the Listing Rules**

As of the Latest Practicable Date, Redsun Properties is indirectly held as to 71.88% by Mr. Zeng Huansha, the ultimate controlling Shareholder of the Company. Therefore, Redsun Properties is an associate of Mr. Zeng Huansha and thus constitutes a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the Refundable Deposits contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 exceed 5% but are less than 25%, such payment of the Refundable Deposits constitutes a discloseable transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Meanwhile, as one or more of the applicable percentage ratios of the proposed annual caps in respect of the Refundable Deposits contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 exceed 25% but are less than 100%, such payment of the Refundable Deposits constitutes a major transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **C. RECTIFICATION OF BREACH OF THE LISTING RULES**

#### **1. Reasons for Failure to Identify the Notifiable Transaction(s) and Continuing Connected Transactions**

As disclosed in the section headed "7. Implications under the Listing Rules" in Part A of the Announcement, the payment of the Refundable Deposits as contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements constitutes notifiable transactions (a discloseable transaction with respect to the Supplemental Parking Space Sales and Leasing Agency Agreement 1, and a major transaction with respect to the Supplemental Parking Space Sales and Leasing Agency Agreement 2) and continuing connected transactions of the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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During the Reporting Period, the Company had paid the Historical Refundable Deposits in an aggregate amount of RMB200,910,000 to Redsun Properties, among which the amount of RMB188,072,642 remained outstanding as of 31 December 2022 and the amount of RMB151,839,663 remains outstanding as of the Latest Practicable Date. As one or more of the applicable percentage ratios in respect of the Historical Refundable Deposits exceed 5% but are less than 25%, such payment of the Historical Refundable Deposits constituted a discloseable transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the Company had not complied with such applicable requirements prior to making the payment of the Historical Refundable Deposits, such payment constituted a breach of Chapter 14 and Chapter 14A of the Listing Rules.

The Board wishes to clarify that the abovementioned breach of the Listing Rules was due to an inadvertent oversight. Since the Group has been involved in a number of continuing connected transactions with Redsun Properties Group (including those contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement), the Company was mistaken of the nature and classification of the Refundable Deposits. The Company regrets such unintentional breach of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

### **2. EGM**

The Company proposes to put forward ordinary resolutions at the EGM for the Independent Shareholders to consider and, if thought fit, approve the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolutions are not passed at the EGM, Redsun Properties (for itself and on behalf of its subsidiaries and associates) undertakes to refund the outstanding balance of the Historical Refundable Deposits to the Group within five working days after the date of the EGM.

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## LETTER FROM THE BOARD

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As disclosed hereinabove under the section headed “C. RECTIFICATION OF BREACH OF THE LISTING RULES”, the breach of the Listing Rules was due to an inadvertent oversight of the Group and that the Company has immediately begun to discuss and subsequently entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements with Redsun Properties Group and made the required disclosure pursuant to the Listing Rules, in order not to affect the normal development of the parking space sales business. The Company is of the view that the formulation of the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are in line with industry practice, is fair and reasonable and in the interests of the Company, which will continue to improve the Company’s sustainable profitability and continue to create value for the Shareholders. As the opinion of the Shareholders are of utmost importance to the Company, if the resolutions are vetoed by the Independent Shareholders, the Company will take immediate action to terminate the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (where applicable) and negotiate with Redsun Properties Group to formulate a specific deposit repayment plan, including but not limited to cash repayment or asset offset.

As at the Latest Practicable Date, Redsun Services Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 72.77% of the entire issued share capital of the Company. Redsun Services Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly-owned by Mr. Zeng Huansha) and Mr. Zeng Huansha, respectively. Accordingly, Redsun Services Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolutions to be proposed at the EGM in respect of the non-exempt continuing connected transactions and their respective annual caps.

### **3. Enhanced Internal Control Measures**

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to (among others) the following internal control procedures in respect of its continuing connected transactions with the Redsun Properties Group:

- (i) maintaining a list of connected persons and circulating such list together with copies of the relevant extracts of the Listing Rules to the relevant personnel and senior management of each member of the Group, and such connected persons list shall be updated by personnel/senior management of the relevant subsidiary from time to time;
- (ii) reviewing and monitoring the data relating to continuing connected transactions (including annual cap amount, monthly transaction amount and cumulated amount etc.) from time to time; and
- (iii) reporting any potential connected transaction(s) to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules.

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## LETTER FROM THE BOARD

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

- (i) providing internal trainings on connected transaction(s) to all the relevant personnel, including senior management in all business departments of the Group on a regular basis to reinforce and re-explain the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules; and
- (ii) for any potential transaction(s) which may constitute new connected transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into of such transaction(s).

### **D. GENERAL INFORMATION**

#### **1. Directors' Confirmation**

The Directors (excluding the independent non-executive Directors who will form their view after taking into account recommendations of the independent financial adviser) are of the view that the terms of each of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements were determined through arm's length negotiations amongst the parties thereto, are based on normal commercial terms, and that the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is in the ordinary and usual course of business of the Group, and together with the proposed annual caps under each of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

None of the Directors has a material interest in respect thereof and was required to abstain from voting on the relevant resolution of the Board.

#### **2. Independent Board Committee and Independent Financial Adviser**

Pursuant to the Listing Rules, the Independent Board Committee has been established to advise the Independent Shareholders on the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits.

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## LETTER FROM THE BOARD

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### **E. CLOSURE OF REGISTER OF MEMBERS**

#### **To attend and vote at the EGM**

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 7 September 2023 to Tuesday, 12 September 2023, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6 September 2023.

### **F. EGM AND PROXY ARRANGEMENT**

The notice of the EGM is set out on pages 53 to 54 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman, 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. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rsunservice.hk](http://www.rsunservice.hk)). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so desire.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting at the EGM.

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## LETTER FROM THE BOARD

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### G. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this circular and the letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the respective annual caps and the transactions contemplated thereunder, and the rectification of the payment of the Historical Refundable Deposits, and the principal factors and reasons considered by them in arriving such recommendations and set out on pages 24 to 43 of this circular.

The Independent Board Committee, having considered the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the rectification of the payment of the Historical Refundable Deposits, and the advice of the Independent Financial Adviser, are of the opinion that: (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are entered into in the ordinary and usual course of business of the Company on normal commercial terms or better; (ii) the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the rectification of the payment of the Historical Refundable Deposits is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto), the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits.

Based on the information set out in this circular, the Directors (including the independent non-executive Directors) is of the view that the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto), the transactions contemplated thereunder, and the rectification of the payment of the Historical Refundable Deposits are fair and reasonable and in the interests of the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

### H. ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of the Board  
**Redsun Services Group Limited**  
**Zeng Junkai**  
*Chairman*



**Redsun Services Group Limited**

**弘陽服務集團有限公司**

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

**(Stock Code: 1971)**

*The Independent Board Committee:*

Ms. Wang Fen  
Mr. Li Xiaohang  
Mr. Zhao Xianbo

22 August 2023

*To the Independent Shareholders,*

Dear Sir or Madam,

**SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENTS  
AND  
RECTIFICATION OF BREACH OF THE LISTING RULES**

We refer to the circular of the Company to the Shareholders dated 22 August 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 given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements was entered into in the ordinary and usual course of business of the Company on normal commercial terms or better; (ii) the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the rectification of the payment of the Historical Refundable Deposits is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taking into account the following reasons, the Independent Board Committee considers that payment of the Refundable Deposits to the Redsun Properties Group is fair and reasonable and on normal commercial terms:

- (i) the potential benefits of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements to the Group outweigh the cost of capital of the Group, the details of which are set out under the section headed “5. Reasons for and Benefits of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements” in the Letter From the Board in this circular;
- (ii) no available information has indicated that the payment of the Refundable Deposits on an interest free basis under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is contradict to the normal market practice or not on normal commercial terms; and
- (iii) the refund mechanism for the Refundable Deposits has been agreed by parties and explicitly provided under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the risks in respect of the recoverability of the Refundable Deposits are controllable by the Group.

Having considered the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the rectification of the payment of the Historical Refundable Deposits and the advice of the Independent Financial Adviser, we are of the opinion that (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements were entered into in the ordinary and usual course of business of the Company on normal commercial terms or better; (ii) the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) the rectification of the payment of the Historical Refundable Deposits is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the terms of Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (including the proposed annual caps for the Refundable Deposits thereto) and the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits.

Yours faithfully,  
The Independent Board Committee of  
**Redsun Services Group Limited**

**Ms. Wang Fen**  
*Independent non-executive  
Director*

**Mr. Li Xiaohang**  
*Independent non-executive  
Director*

**Mr. Zhao Xianbo**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Altus Capital, the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the Transactions (as defined below) (including the Proposed Annual Caps) and the Rectification (as defined below) for the purpose of inclusion in the Circular.*

# ALTUS.

**Altus Capital Limited**  
21 Wing Wo Street  
Central, Hong Kong

22 August 2023

*To the Independent Board Committee and the independent Shareholders*

**Redsun Services Group Limited**  
Room 2612, 26/F China Merchants Tower  
Shun Tak Centre  
Sheung Wan  
Hong Kong

Dear Sir and Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS — SUPPLEMENTAL  
PARKING SPACE SALES AND LEASING AGENCY SERVICES  
FRAMEWORK AGREEMENT 1;  
(2) MAJOR TRANSACTION AND CONTINUING CONNECTED  
TRANSACTIONS — SUPPLEMENTAL PARKING SPACE SALES AND  
LEASING AGENCY SERVICES FRAMEWORK AGREEMENT 2;  
AND  
(3) RECTIFICATION OF BREACH OF THE LISTING RULES**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in respect of (1) discloseable transaction and continuing connected transactions — Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1; and (2) major transaction and continuing connected transactions — Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 (together the “**Transactions**”); and (3) the rectification of the payment of the Historical Refundable Deposits (“**Rectification**”), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 22 August 2023 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the Prospectus, on 11 March 2020, Nanjing Hong Yang Property Management, an indirect wholly-owned subsidiary of the Company, entered into the Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Properties, pursuant to which the Group agreed to provide sales agency services for unsold car parking spaces of Redsun Properties and its associates. As disclosed on the CCT Announcement, on 8 December 2022, the Company entered into the New Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Properties.

As disclosed in note 33 to the consolidated financial statements for the Reporting Period disclosed in the 2022 Annual Report, the Group entered into an agreement in relation to parking space sales agency services with a subsidiary of Redsun Properties, pursuant to which the Group paid the Historical Refundable Deposits in an aggregate amount of RMB200,910,000 during the Reporting Period, of which the outstanding balance of the Historical Refundable Deposits as at 31 December 2022 amounted to RMB188,072,642. As at the date of the Announcement, the outstanding balance of the Historical Refundable Deposit amounts to RMB153,529,221.

On 7 June 2023, the Company and Redsun Properties entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, pursuant to which members of the Group shall pay to members of Redsun Properties Group the Refundable Deposits in connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement, respectively.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Redsun Properties is indirectly held as to 71.88% by Mr. Zeng Huansha, the ultimate controlling Shareholder of the Company. Therefore, Redsun Properties is an associate of Mr. Zeng Huansha and thus constitutes a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the Refundable Deposits contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 exceed 5% but are less than 25%, such payment of the Refundable Deposits constitutes a discloseable transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Meanwhile, as one or more of the applicable percentage ratios of the proposed annual caps in respect of the Refundable Deposits contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 exceed 25% but are less than 100%, such payment of the Refundable Deposits constitutes a major transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECTIFICATION OF BREACH OF THE LISTING RULES

During the Reporting Period, the Company had paid the Historical Refundable Deposits in an aggregate amount of RMB200,910,000 to Redsun Properties, among which the amount of RMB188,072,642 remained outstanding as of 31 December 2022 and the amount of RMB151,839,663 remains outstanding as of the Latest Practicable Date. As one or more of the applicable percentage ratios in respect of the Historical Refundable Deposits exceed 5% but are less than 25%, such payment of the Historical Refundable Deposits constituted a discloseable transaction and continuing connected transactions of the Company and is subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As the Company had not complied with such applicable requirements prior to making the payment of the Historical Refundable Deposits, such payment constituted a breach of Chapter 14 and Chapter 14A of the Listing Rules.

The Company proposes to put forward ordinary resolutions at the EGM for the Independent Shareholders to consider and, if thought fit, approve the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the rectification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolutions are not passed at the EGM, Redsun Properties (for itself and on behalf of its subsidiaries and associates) undertakes to refund the outstanding balance of the Historical Refundable Deposits to the Group within five working days after the date of the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo, has been established to advise the independent Shareholders as to (i) whether the terms of the Transactions (including the Proposed Annual Caps) and the Rectification are fair and reasonable; (ii) whether the Transactions and the Rectification are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in respect of the relevant resolutions to be proposed at the EGM approving the Transactions (including the Proposed Annual Caps) and the Rectification (the “**Resolutions**”), taking into account the recommendations of the Independent Financial Adviser.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the independent Shareholders as to (i) whether the terms of the Transactions (including the Proposed Annual Caps) and the Rectification are fair and reasonable; (ii) whether the Transactions and the Rectification are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in respect of the relevant Resolutions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We acted as the independent financial adviser for the Company with regards to the non-exempt continuing connected transactions, details of which were set out in the circular of the Company dated 10 February 2023. Save for the aforesaid transaction, we have not acted as independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Transactions and the Rectification is at market level and not conditional upon successful passing of the Resolutions, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the New Parking Space Sales and Leasing Services Framework Agreement; (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements; (iii) 2022 Annual Report and the interim report of the Company for the six months ended 30 June 2022 (“**2022 Interim Report**”); (iv) other information set out in the Circular; (v) the CCT Announcement; (vi) the Prospectus; and (vii) the announcement of the Company dated 16 August 2023 in relation to the Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations we relied on in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our recommendation, we have taken into consideration the following principal factors:

**1. Background information**

*1.1. Information of the Group*

The Group is a comprehensive community service provider in Jiangsu Province, the PRC. It is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services. According to the Prospectus, the Group has been providing parking space sales and leasing agency services to Redsun Properties since 2017.

Set out below extract of financial position of the Group as at 31 December 2022, being the latest publicly available financial information, with comparison figures as at 30 June 2022.

	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(unaudited)</i>
<b>Non-current assets</b>	284,891	363,081
Current assets	1,295,259	1,149,378
— Due from related companies	440,523	90,241
— Cash and bank balances	545,729	721,869
Current liabilities	624,317	552,258
Non-current liabilities	65,645	80,550
Net assets	890,188	879,651

*Source: 2022 Annual Report and 2022 Interim Report*

Due to the payment of the Refundable Deposits of approximately RMB200.9 million, due from related parties increased from approximately RMB90.2 million as at 30 June 2022 to RMB440.5 million as at 31 December 2022. Cash and bank balances decreased by approximately RMB176.2 million from approximately RMB721.9 million to RMB545.7 million for the same period. Despite such changes, the net assets of the Group remained stable as at 31 December 2022 as compared to that of 30 June 2022.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**1.2. Information of Redsun Properties**

Redsun Properties is a property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

Set out below extract of financial position of Redsun Properties as at 31 December 2022, being the latest publicly available financial information, with comparison figures as at 30 June 2022.

	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
<b>Non-current assets</b>	28,126,447	29,646,048
Current assets	73,606,517	90,228,880
— Cash and bank balances	4,858,420	9,502,390
Current liabilities	66,603,529	71,254,704
Non-current liabilities	11,330,968	18,132,846
Net assets	23,798,467	30,487,378

*Source: Redsun Properties' annual report for the year ended 31 December 2022 and interim report for the six months ended 30 June 2022.*

Net assets of Redsun Properties decreased to approximately RMB23.8 billion as at 31 December 2022 as compared to approximately RMB30.5 billion as at 30 June 2022. The cash and bank balances decreased from approximately RMB9.5 billion as at 30 June 2022 to approximately RMB4.9 billion as at 31 December 2022.

Set out below certain ratios according to the “Three Red Lines” assessment of Redsun Properties, which is generally adopted by the regulators for property development companies in China.

	<b>As at 31 December 2022</b>	<b>As at 30 June 2022</b>	<b>Regulatory requirement</b>
Gearing ratio (excluding contract liabilities)	68.5%	66.8%	< 70%
Net gearing ratio	81.7%	59.4%	< 100%
Cash to short-term debt ratio	0.29 times	0.7 times	> 1 time

The cash to short-term debt ratio as at 31 December 2022 is not within the regulatory requirement. If such situation continues, the ability to obtain external financing of Redsun Properties may be affected.

Nonetheless, with regard to the prospect of the real estate sector in the PRC as a whole, we noted that various policies introduced by the PRC government with an aim to stabilise the real estate market and reinforce the status of real estate being a major industry in the PRC. According to the Notice of the People's Bank of China and the China Banking and Insurance Regulatory Commission on Enhancing the Current Financial Support for the Steady and Healthy Development of the Real Estate Market\* (中國人民銀行中國銀行保險監督管理委員會關於做好當前金融支持房地產市場平穩健康發展工作的通知) published in November 2022, the PRC government will maintain the real estate financing in a stable and orderly manner to support the healthy development of the real estate market. Further, based on the 2022 Central Economic Working Conference\* (2022中央經濟工作會議) which took place in December 2022, the PRC government has made clear that the real estate industry is a pillar of the nation's economy, and the government will make strategies from the supply and demand aspects and to assist real estate corporations in their transformation into a new industry model.

## **2. Reasons for and benefits of the Transactions and the reasons for the Rectification**

### ***2.1 Reasons for and benefits of the Transactions***

The services to be provided under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are sales agency services, which are within the scope of the of the Group's principal activities as described in the section headed "1.1. Information of the Group" above. Accordingly, the Directors believe and we concur that the Transactions are conducted in the ordinary and usual course of business of the Group and consistent with the business and commercial objectives of the Group.

The purpose of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is to continue to govern the terms of operations between the Group and Redsun Properties in relation to sales agency services, in particular, on managing the Refundable Deposits. The entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements will enable the Group to diversify its income stream.

It is noted that the Group agreed to, based on business situation, pay the Refundable Deposits to the Redsun Properties Group and entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements in anticipation of the continuation of such types of services, which is believed to be conducive for the Group to ensure a stable income stream and enhance profitability as a whole since the Group would be able to obtain the exclusive right to provide the Parking Space Sales and Leasing Agency Services.



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In addition, the Company has adopted the following measures to monitor the recoverability of Refundable Deposits under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements:

- (i) the Group will review the latest financial position of Redsun Properties, assess the ongoing risks by monitoring the announcements of Redsun Properties and the refunding status of the Refundable Deposits on a monthly basis to monitor the credit risk in relation to the payment of the Refundable Deposits; and
- (ii) the designated personnel will report to the board of Directors of the Company if he or she is aware of any material adverse event in relation to the financial position of Redsun Properties, based on which the Management will consider to cease or downsize the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements.

Since the refund mechanism for the Refundable Deposits has been agreed by the parties and explicitly provided under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the Company believes that the risks in respect of the recoverability of the Refundable Deposits are controllable by the Group.

Taking into account that (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are entered into to govern the general terms of the future cooperation between the Group and Redsun Properties; (ii) such agreements outline the principal terms (including the pricing policies and the Refundable Deposits) of the Transactions; (iii) the Transactions are expected to be of a recurrent nature and in the ordinary and usual course of business for the Group; and (iv) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements allows the Group to continue to provide sales agency services to the Redsun Properties on an exclusive basis, we consider that the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is in the interests of the Company and the Shareholders as a whole.

### ***2.2 Reasons for the Rectification***

During the Reporting Period, the Company had paid the Historical Refundable Deposits to Redsun Properties during the course of providing services to Redsun Properties under the transactions contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement. As one or more of the applicable percentage ratios in respect of the Historical Refundable Deposits exceed 5% but are less than 25%, such payment of the Historical Refundable Deposits constituted a discloseable transaction and continuing connected transactions of the Company and should have been reported, reviewed annually, announced, and sought independent Shareholders' approval at a general meeting under Chapter 14 and Chapter 14A of the Listing Rules. As

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the Company had not complied with such applicable requirements prior to making the payment of the Historical Refundable Deposits, such payment constituted a breach of Chapter 14 and Chapter 14A of the Listing Rules. The purpose of the Rectification is to allow the Independent Shareholders to consider and, if thought, fit, to approve the relevant resolutions to rectify the mistake.

In the event that the ordinary resolutions in relation to the Transactions and the Rectification are not passed at the EGM, Redsun Properties (for itself and on behalf of its subsidiaries and associates) undertakes to refund the outstanding balance of the Historical Refundable Deposits to the Group within five working days after the date of the EGM.

The Board clarified that the abovementioned breach of the Listing Rules was due to an inadvertent oversight. Since the Group has been involved in a number of continuing connected transactions with Redsun Properties Group (including those contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement), the Company was mistaken of the nature and classification of the Refundable Deposits. The Company regrets such unintentional breach of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

Taking into account (i) the inadvertent mistake of the Group; (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are in the interests of the Company and the Shareholders as a whole; (iii) the Rectification is to allow the Independent Shareholders to consider and, if thought, fit, to approve the relevant resolutions to rectify the mistake; (iv) the enhanced internal control measures adopted by the Management to safeguard the interest of the Group (as further discussed in the section headed “5. Enhanced internal control measures” below; and (v) in the event that the resolutions related to the Transactions and the Rectification are not passed at the EGM, Redsun Properties (for itself and on behalf of its subsidiaries and associates) undertakes to refund the outstanding balance of the Historical Refundable Deposits (approximately RMB151.8 million as at the Latest Practicable Date) to the Group within five working days after the date of the EGM, we consider that the Rectification is in the interests of the Company and the Shareholders as a whole.

**3. Principal Terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements**

**3.1. Term**

- (i) The term of Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 is from 20 March 2020 to 31 December 2022 with retrospective effect.
- (ii) The term of Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 is from 1 January 2023 to 31 December 2025 with retrospective effect, subject to renewal of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 by mutual agreement of the parties.

**3.2. Subject matter**

In connection with the sales agency services in respect of the unsold parking spaces owned by Redsun Properties contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement (as the case may be), which the Group is entitled to receive agency fees, members of the Group shall pay to members of Redsun Properties Group the Refundable Deposits in an amount equal to sales reserve prices of the relevant parking spaces (in the case of the unsold parking spaces).

*Pricing policy*

The pricing policy of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is set out below.

With respect to the unsold parking spaces, the amount of the Refundable Deposits shall be equal to total sales reserve price of such unsold parking spaces, which is a unified standard of Redsun Properties applicable to the refundable deposits payable by an independent third party to them in respect of the same services and is in line with the industry practices. The total sales reserve price is calculated according to the formula below:

$$\begin{array}{rcccl} \text{Total} & & & & \text{number of unsold} \\ \text{selling/sales} & & & & \text{parking spaces} \\ \text{reserve} & = & \text{sales reserve} & * & \text{under the relevant} \\ \text{price} & & \text{price of each} & & \text{definitive sales} \\ & & \text{unsold parking} & & \text{agency services} \\ & & \text{space} & & \text{agreement(s)} \end{array}$$

The sales reserve price for the unsold parking spaces is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces. Based on the (i) list of sales reserve price of parking spaces; and (ii) the average selling price of parking spaces in 2022 provided by the Management, we noted that the sales reserve price for all projects which the Group is expected to provide Parking Spaces Sales and Leasing Agency Services are the same as the average actual selling price of the parking spaces of the same projects in 2022, being the latest available information in relation to a full financial year. We concurred with the Management that the average actual selling price of the parking spaces of the same projects reflected the basis of the pricing policy of the sales reserve price.

The above pricing policy sets out the basis of determination of the Refundable Deposits payable by the Group to the Redsun Properties Group, which is in principal on terms no more favourable than those offered by an independent third party and is in line with the industry practice (which will be further discussed under the section headed “3.4 Assessing the fairness and reasonableness of the principal terms” below). As such, such pricing policy is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***3.3. Other terms***

With respect to the unsold parking spaces, the Refundable Deposits shall be refunded to the Group as follows:

- (a) for the parking spaces sold by the Group, the amount of the Refundable Deposits shall be set-off by the total sales reserve price for such parking spaces received by the Group;
- (b) for the parking spaces failed to be sold by the Group, the Refundable Deposits shall be refunded in full within 30 working days after the expiration of (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 on 31 December 2022; and (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 on 31 December 2025, respectively, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier).

### ***3.4. Assessing the fairness and reasonableness of the principal terms***

In assessing the fairness and reasonableness of the of the principal terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, we have conducted an independent research of comparable transactions (“**Comparable Transactions**”) involving payment of refundable deposits in respect of exclusive sales agency rights for parking spaces which

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were announced by Main Board-listed companies engaged in property management in the PRC (“**Selection Criteria**”). Based on the Selection Criteria, we have identified an exhaustive list of nine Comparable Transactions announced during the period of 12 months prior to the 7 June 2023, being the date of the Announcement (the “**Review Period**”). Set out below details of the Comparable Transactions and the corresponding terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements:

Company Name	Stock Code	Date of the announcement	Market Capitalisation as at 7 June 2023 (HK\$ million)	Base price of parking lots	Deposit rate	Interest rate	Connected transaction	Tenure (Year)	Time limit for the refund of the deposits of the unsold parking spaces	Maximum daily balance of the deposits (RMB million)	Total assets value (RMB million)
S-Enjoy Service Group Co., Limited	1755	21 April 2023	3,834	Pre-determined acceptable lowest sales price based on (i) popularity of the parking space; (ii) the condition of the real estate market; and (iii) location	100% of the base price	Not disclosed	Yes	1	Within 30 days upon expiry of agreement	515	6,151
S-Enjoy Service Group Co., Limited	1755	8 May 2023	3,834	Pre-determined acceptable lowest sales price based on (i) popularity of the parking space; (ii) the condition of the real estate market; and (iii) location	100% of the base price	Not disclosed	Yes	1	Within 30 days upon expiry of agreement	515	6,151
Times Neighborhood Holdings Limited	9928	21 March 2023	591	Not disclosed	Not disclosed	Nil	Yes	0.5	Not disclosed	Not disclosed	2,929
Shimao Services Holdings Limited	873	6 December 2022	4,122	Minimum acceptable sale price that the owner is willing to sell, which was determined with reference to the historical transaction price of carpark spaces in the proximity area	Not more than 35% of the base price	Nil	Yes	1 to 3	Not disclosed	264	14,600
Ronshine Service Holding Co., Limited	2207	23 November 2022	2,068	Approximately 65% of the estimated market value of the parking spaces based on available transaction price of comparable car parking spaces in the surrounding markets	15% of the agreed market value	Nil	Yes	3	Within 30 working days upon expiry of agreement	150	1,198
Poly Property Services Co Limited	6049	16 November 2022	22,410	Minimum price to be charged for the sales and leasing price at no exceeding 80% of the agreed price, which is determined by negotiations between parties with reference to comparable average price in the surrounding markets	Not more than 50% of the base price	Not disclosed	Yes	3	After expiry of agreement (specific time limit not disclosed)	2,000	13,110
Roiserv Lifestyle Services Co Limited	2146	15 November 2022	658	Approximately 70% to 80% of the agreed market value	100% of the base price	Not disclosed	No	2	Within seven working days upon expiry of agreement	615	3,954
Sino-Ocean Service Holding Limited	6677	14 October 2022	1,776	Minimum price to be charged for the sale, which is determined by negotiation between parties taking into account the average price of comparables parking spaces in the surrounding markets, location, occupancy rate, parking space ratio and sale progress of the relevant project	Not more than 50% of the base price	Nil	Yes	3	Within 15 working days upon expiry of agreement	450	4,086

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Company Name	Stock Code	Date of the announcement	Market Capitalisation as at 7 June 2023 (HK\$ million)	Base price of parking lots	Deposit rate	Interest rate	Connected transaction	Temure (Year)	Time limit for the refund of the deposits of the unsold parking spaces	Maximum daily balance of the deposits (RMB million)	Total assets value (RMB million)
Dexin Services Group Limited	2215	9 June 2022	2,676	Minimum price to be charged for sale or leasing, which in principal shall not exceed 80% of the agreed price determined by negotiation between the parties with reference to the comparable average price in the surrounding markets	Not exceeding 50% of the base price	Nil	Yes	Approx. 2.5	Within 30 days upon expiry of agreement	300	1,315
The Company	1971	7 June 2023	610	Sales reserve price, which is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces	100% of the base price	Nil	Yes	3	Within 30 working days after the expiration of (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 on 31 December 2022; and (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 on 31 December 2025, respectively, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier)	307	1,580

Note: We are of the view that the transactions announced by Times Neighborhood Holdings Limited on its announcement dated 21 March 2023 (which occurred within the Review Period) form part of the Comparable Transactions as they fulfilled the Selection Criteria.

For the base price of parking spaces, except for one Comparable Transaction which did not disclose, all remaining eight Comparable Transactions adopted the based price determined with reference to market elements such as comparable transaction price, location, popularity and market condition. As such, the setting of the base price under the pricing policy of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is in line with the majority of the Comparable Transactions and is therefore fair and reasonable.

For the deposit rate the base price, except for one Comparable Transaction which did not disclose, seven out of the remaining eight Comparable Transactions adopted a deposit rate of 35% to 100% of the base price. In particular, three Comparable Transactions adopted 100% deposit rate to their base price. Accordingly, the deposit rate adopted by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is in line with the market practice based on the Comparable Transactions and is therefore justifiable.

For the interest rate charged for the refundable deposits, except for four Comparable Transactions which did not disclose, all remaining five Comparable Transactions adopted nil interest rate for the refundable deposits. Accordingly, the nil interest rate adopted by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements is in line with the market practice based on the Comparable Transactions and is therefore justifiable.

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For the time limit for the refund of deposits of the unsold parking spaces, except for three Comparable Transactions which did not disclose the specific time limit, the remaining six Comparable Transactions adopted a time limit of 7 to 30 working days, within which the outstanding deposits should be refunded after the expiry of the relevant agreement. As the Refundable Deposits shall be refunded within 30 working days after the expiration of the relevant framework agreement, such term is in line with the majority of the Comparable Transactions and is therefore fair and reasonable.

### ***3.5. Section conclusion***

Based on the analysis set out under this section, we are of the view that the terms of the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the Rectification are on normal commercial terms, are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

## **4. Historical Transaction Amounts and Proposed Annual Caps**

### ***4.1. Historical Transaction Amounts***

Set out below is a summary of the historical transaction amount the Historical Refundable Deposits paid by the Group to the Redsun Properties Group for the year ended 31 December 2022, pursuant to the Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Maximum daily balance of the Historical Refundable Deposits</b>	—	—	200,910

**4.2. Proposed Annual caps**

*4.2.1. The Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1*

The table below sets forth the proposed annual caps for the Refundable Deposits to be paid by the Group to the Redsun Properties Group for the year ended 31 December 2022 pursuant to the Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Maximum daily balance of the Historical Refundable Deposits</b>	—	—	200,910

According to the “Letter from the Board”, for the avoidance of doubt, no Refundable Deposits was paid by the Group to the Redsun Properties Group for the two years ended 31 December 2020 and 2021. Save for the Historical Refundable Deposits of RMB200,910,000 paid by the Group in the year ended 31 December 2022, no other Refundable Deposits had been paid by the Group to the Redsun Properties Group as of the date of the Announcement.

We noted that the proposed annual cap for the Refundable Deposits to be paid by the Group to the Redsun Properties Group for the year ended 31 December 2022 was the same as the Historical Refundable Deposits, which was the aggregated amount paid by the Company to Redsun Properties during the year ended 31 December 2022. Therefore, we are of the view that the proposed annual caps for the Refundable Deposits under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 are fair and reasonable.



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*4.2.2. The Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2*

The table below sets forth the proposed annual caps for the Refundable Deposits to be paid by the Group to the Redsun Properties Group for the three years ending 31 December 2025 pursuant to the New Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2):

	<b>For the year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Maximum daily balance of the Refundable Deposits</b>	305,949	307,919	307,309

According to the “Letter from the Board”, in arriving at the proposed annual caps for the Refundable Deposits, the Directors have taken into account, among others, (i) the amount and balance of Historical Refundable Deposits during the relevant periods; (ii) the estimated value of the unsold parking spaces of Redsun Properties Group available for sale by the Group as an agent for the year ended 31 December 2022 and the three years ending 31 December 2025, respectively; and (iii) the cash flow and working capital of the Group.

To assess the fairness and reasonableness of the proposed annual caps for the Refundable Deposits for the three years ending 31 December 2025, we have reviewed the calculation of the maximum daily balance of the Refundable Deposits for each of the three years ending 31 December 2025 and noted that:

- (i) the maximum daily balance of the Refundable Deposits was derived by the estimated value of the unsold parking spaces of Redsun Properties available for sale by the Group as an agent, which is consistent with the disclosure on the “Letter from the Board”;
- (ii) the estimated value of the unsold parking spaces was determined based on (a) the estimated price of the parking spaces; and (b) the estimated number of parking spaces to be sold by the Group as agent for each of the years ending 31 December 2025;

Set out below is the formula:

$$\text{Estimated value of the unsold parking spaces available for sale by the Group} = \sum \left( \begin{array}{l} \text{Estimated price of the} \\ \text{parking spaces of} \\ \text{each project} \end{array} * \begin{array}{l} \text{Estimated number of} \\ \text{the parking spaces to} \\ \text{be sold by the Group} \\ \text{as agent of each} \\ \text{project} \end{array} \right)$$

- (iii) for the estimated price of the parking spaces, historical average selling price of parking spaces of the surrounding area was adopted, which we believe is a reasonable basis; and
- (iv) for the estimated number of parking spaces to be sold by the Group as agent for each of the three years ending 31 December 2025, the Company estimated it based on (a) the total number of remaining unsold parking spaces of the relevant real estate development project; (b) the historical number of sale made during the past four years; and (c) the selling progress and occupancy rate of the residential properties of the real estate development project, which we believe are reasonable bases.

Taking into account the analysis set out under this section, we are of the view that the proposed annual caps with regard to the Transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements are fair and reasonable.

#### **5. Enhanced internal control measures**

As set out under the paragraph headed “Enhanced Internal control measures” under the “Letter from the Board” in the Circular, there are certain additional internal control measures in place to safeguard the interests of the Group.

To safeguard the interests of the Group, the Group has adopted and will continue to adhere to, among others, the following internal control measures to ensure the recoverability of the Refundable Deposits placed with the Redsun Properties Group:

- (i) the finance department of the Company closely monitors the payment from the sales of the parking spaces which is collected by Redsun Properties every month, and offset the balance of the paid Refundable Deposits on a monthly basis;
- (ii) since the Refundable Deposits are paid based on the estimated depletion of the overall parking spaces in the following year of the project, the Company closely monitors the overall depletion of the project’s parking spaces and the occupancy of the housing owners on a monthly basis to calculate the depletion rate, and evaluates the possibility of achieving the remaining depletion target of the parking spaces throughout the year to monitor the risk of recovering the Refundable Deposits;
- (iii) the Company holds a special meeting with the project companies of Redsun Properties every quarter to communicate and understand the overall sales status of the parking spaces of the respective projects in order to evaluate (a) the latest financial status of the project companies of Redsun Properties; (b) the liquidity risk and net asset value; and (c) the default risk and repayment ability, so that the credit risk related to the Refundable Deposits is minimized;

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- (iv) if the sales of individual project parking spaces fail to meet expectations, i.e. when there is a risk of the recoverability of the Refundable Deposits, the Group will communicate with the management of Redsun Properties as a whole, and negotiate for the delivery of higher quality parking spaces from the other projects as compensation;
- (v) the Group generally adopts a policy under which the maximum daily balance of Refundable Deposits shall not be more than 50% of the cash and cash equivalents balances. In order to monitor the maximum daily balance of the Refundable Deposits, the Company shall, on a weekly basis, compare the expected maximum daily balance of the Refundable Deposits payable to the relevant members of Redsun Properties Group in connection with the Parking Space Sales and Leasing Agency Services pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (as the case may be) with the then prevailing cash and cash equivalents balance of the Group to ensure that the aforesaid 50% threshold is not exceeded;
- (vi) the Group will regularly review the latest financial position of Redsun Properties Group, evaluate the liquidity risk and the scale of its net assets to assess the default risk such that the credit risk in connection with the payment of the Refundable Deposits is minimized and managed carefully by the Group; and
- (vii) the independent non-executive Directors will also review the implementation, payment and refund of the Refundable Deposits to ensure that the Refundable Deposits are paid out and refunded in accordance with the terms as set out in the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements.

We have reviewed the above internal control measures designed to ensure recoverability of the deposits placed with the Redsun Properties Group, and noted that (i) the monthly updates in payment of sales proceeds and depletion rate of parking spaces as well as the quarterly meetings with project companies of Redsun Properties on sales status and financial status provide quantitative information for the Group to monitor the possibility of selling the parking spaces and the risk of recovering the Refundable Deposits; (ii) the policy to limit the maximum daily balance of Refundable Deposits at 50% of the cash and cash equivalents balances allows the Group to control the potential risk relating to the Refundable Deposits; and (iii) the Management is allowed to negotiate for higher quality parking spaces from other projects, which in turn, allows the Group to offset the Refundable Deposits more quickly.

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In addition, we understand that:

- (i) the breach of Listing Rules in relation to the Refundable Deposits was due to an inadvertent oversight, where the Company was mistaken of the nature and classification of the Refundable Deposits;
- (ii) the Group will provide internal trainings on connected transaction(s) to all the relevant personnel, including senior management in all business departments of the Group on a regular basis to reinforce and to reinforce and re-explain their understanding in terms of the following aspects:
  - the list of connected persons of the Group and such connected persons list shall be updated by personnel/senior management of the relevant subsidiary from time to time;
  - the relevant extracts of the Listing Rules (in particular the requirements under Chapter 14 and 14A of the Listing Rules have been circulated to the relevant personnel and senior management of each member of the Group;
  - the methods used to review and monitor the data relating to continuing connected transactions (including annual cap amount, monthly transaction amount and cumulated amount etc.) from time to time; and
  - the importance of reporting any potential connected transaction(s) to the relevant personnel and senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules.

Taking into account the above, we are of the view the enhanced internal control measures would assist the Management to better mandate and monitor the continuing connected transactions going forward.

### **RECOMMENDATION**

Having considered the above principal factors, we are of the view that (i) the terms of the Transactions (including the Proposed Annual Caps) and the Rectification are fair and reasonable; (ii) the Transactions and the underlying transactions of the Rectification are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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Accordingly, we recommend the independent Shareholders, as well as the Independent Board Committee to advise the independent Shareholders, to vote in favour of the Resolutions to approve the Transactions (including the Proposed Annual Caps) and the Rectification at the EGM.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Responsible Officer*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the annual reports of the Company for the three years ended 31 December 2020, 2021 and 2022. Together with the relevant notes thereto are disclosed in the following documents which have been published and are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.rsunservice.hk](http://www.rsunservice.hk)):

- the Annual Report 2020 of the Company for the 12 months ended 31 December 2020 published on 19 April 2021 (pages 184 to 312);
- the Annual Report 2021 of the Company for the 12 months ended 31 December 2021 published on 19 April 2022 (pages 112 to 240);
- the Annual Report 2022 of the Company for the 12 months ended 31 December 2022 published on 20 April 2023 (pages 111 to 244).

## 2. INDEBTEDNESS

As at the close of business on 30 June 2023, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following liabilities:

### (a) Borrowings

As at 30 June 2023, the Group had outstanding secured bank borrowings of approximately RMB51,705,000 which is secured by mortgages over 80% equity of Wuhan Huidehang Jingying Property Management Co., Ltd. and guaranteed by Nanjing Hong Yang Property Management.

### (b) Lease liabilities

As at 30 June 2023, the Group had outstanding lease liabilities of approximately RMB3,413,000.

### (c) Contingent liabilities

As at 30 June 2023, the Group did not have any contingent liabilities.

### (d) Pledge of assets

As at 30 June 2023, the Group did not have any pledge of assets.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 30 June 2023, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

### 3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there is no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited consolidated financial statements of the Group were made up.

### 4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations and also the effect of the proposed transactions as set out in this circular, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation from its auditor as required under Rule 14.66(12) of the Listing Rules.

### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2022, the three major business lines of the Group, namely property management services, value-added services to non-property owners and community value-added services, were affected by unfavourable factors such as the overall downturn in the market. The Group achieved revenue of RMB1,103.1 million, representing a decrease of 2.4% as compared with that in 2021, and gross profit of RMB256.4 million, representing a decrease of 20.0% as compared with that in 2021. The Group's net profit reached RMB93.9 million, representing a decrease of 32.2% as compared with that in 2021.

In 2022, experiencing the continuation of COVID-19 and the co-existence with the pandemic, the contribution of property services to social governance has continued to increase, and service content, service standardization and service quality are being increasingly emphasized. In 2022, the state and local governments introduced relevant standardization and guidance policies, which have promoted the healthy and long-term development of the property management industry. At the same time, the property management industry faced unfavorable factors including the overall downturn of the upstream real estate industry, the weak growth of the total volume of new housing deliveries and the post-peak stage of the rise of the residential property management coverage rate, and affected by the enormous impact of COVID-19 on the payment rate and community value-added services, both performance and growth rate have generally declined. In the face of the above unfavorable factors, the Group still adhered to its development foundation based on quality services. Through penetrating the value-added services field, expanding the second service track and deeply integrating smart technology, the Group returned to the essence of property services and paid attention to quality growth.

In 2023, under the guidance of national policies, the property management industry will focus on long-term development and customer value, while the progress towards standardization, high quality standards and market orientation will be accelerated.

In 2023, it is expected that the scale of the property management industry will continue to expand, but the overall growth rate will be significantly slower than the corresponding period in 2022. Considering factors such as the decline in the volume of newly completed property projects and the decrease in the volume of mergers and acquisitions, the industry is changing from expanding its scale to pursuing quality growth. Faced with such change, the property management industry may focus on three dimensions, namely, improving service quality, building up profitability of single projects and enhancing brand value, to enhance quality and efficacy while achieving scale growth.

Adhering to the original vision of “making lives warmer (讓生活更有溫度)” and based on the principle of integrity, the Group will continue to focus on quality and prioritize innovation to drive development. Leveraging the three dimensions, namely, service power, operation power and innovative power, the Group strives to achieve a stable growth with high quality.

## **6. FINANCIAL EFFECT OF THE MAJOR TRANSACTION ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP**

### **Earnings**

Due to the signing of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the Group may obtain the exclusive and sole sales right to provide Parking Space Sales and Leasing Agency Services, ensuring that it can continue to provide Parking Space Sales and Leasing Agency Services in the future, which will help the Group secure a stable source of income and improve overall profitability. Apart from this, it is expected that the completion of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements will not cause a material impact on the Group’s earnings.

### **Assets and liabilities**

As at 31 December 2022, the audited total asset value of the Group was approximately RMB1,580.2 million. After the signing of the agreement, though the total assets of the Group will remain unchanged, as there was an expected decrease in cash due to the payment of the Refundable Deposits, the amount receivable from related parties increased.



**I. RESPONSIBILITY STATEMENT**

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

**II. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Number of underlying Shares subject to the pre-IPO share options</b>	<b>Approximate percentage of shareholding</b>
Zeng Junkai ( <i>Note 1</i> )	Redsun Properties	Beneficial owner	18,900,500	0.57%

*Note:*

- (1) As at the Latest Practicable Date, Mr. Zeng Junkai was interested in 18,900,500 underlying shares in respect of share options granted by Redsun Properties pursuant to the pre-IPO share option scheme of Redsun Properties.

Saved as disclosed above, as of the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### III. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SFO OF HONG KONG

So far as is known to the Company, as of the Latest Practicable Date, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name	Capacity	Number of Shares	Percentage of shareholding
Redsun Services Group (Holdings) Limited (“Redsun Services Group (Holdings)”) (Note 1)	Beneficial owner	301,994,000	72.77%
Hong Yang Group Company (Note 1)	Interest in controlled corporation	301,994,000	72.77%
Hong Yang International Limited (“Hong Yang International”) (Note 1)	Interest in controlled corporation	301,994,000	72.77%
Hong Yang Group (Holdings) Limited (“Hong Yang Group (Holdings)”) (Note 1)	Interest in controlled corporation	301,994,000	72.77%
Mr. Zeng (Note 1)	Interest in controlled corporation	301,994,000	72.77%
Ms. Chen Sihong (Note 2)	Interest of spouse	301,994,000	72.77%

Notes:

- (1) Redsun Services Group (Holdings) is wholly owned by Hong Yang Group Company, which in turn is wholly owned by Hong Yang International, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) (a company wholly owned by Mr. Zeng) and Mr. Zeng, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng is deemed to be interested in the Shares held by Redsun Services Group (Holdings) by virtue of the SFO.
- (2) Ms. Chen Sihong is the spouse of Mr. Zeng and is therefore deemed to be interested in the Shares in which Mr. Zeng is interested by virtue of the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

### IV. INTEREST OF DIRECTORS IN COMPETING BUSINESS

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

**V. SERVICE CONTRACTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group in which a more than one year's notice or payment of compensation (other than statutory compensation) shall be given by the latter when termination.

**VI. DIRECTORS' INTEREST IN ASSET OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any asset which had been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; and (ii) any subsisting material interest in any contract or arrangement as at the Latest Practicable Date which is significant in relation to the business of the Group.

**VII. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**VIII. EXPERT'S QUALIFICATIONS AND CONSENTS**

The followings are the qualifications of the experts who have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Altus Capital Limited	a corporation licensed under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its respective letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interests in any assets which had been or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (the date to which the latest published audited consolidated financial statements of the Company were made up).

**IX. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Company or any members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (1) the first equity transfer agreement dated 5 November 2021 entered into between Nanjing Hong Yang Property Management, being an indirect wholly-owned subsidiary of the Company, and Anhui Yuhua Industrial Company Limited in relation to the acquisition of 49% equity interest in Chuzhou Yurun Property Management Company Limited at a consideration of RMB34,300,000. Please refer to the announcement of the Company dated 5 November 2021 for details;
- (2) the second equity transfer agreement dated 5 November 2021 entered into between Nanjing Hong Life Investment Management Co., Ltd., being an indirect wholly-owned subsidiary of the Company, and Nanjing Ya Dong International Industrial Co., Ltd.\*, Jiangsu Ya Dong Construction Development Group Co., Ltd. and Nanjing Yadong Property Management Co., Ltd. (“**Nanjing Yadong**”) in relation to the disposal of 51% equity interest in Nanjing Yadong at a consideration of RMB23,000,000. Please refer to the announcement of the Company dated 5 November 2021 for details;
- (3) the car parking spaces use right agreement dated 13 December 2021 entered into between Nanjing Hong Life Real Estate Consulting Co., Ltd. (“**Hong Life Real Estate Consulting**”), being an indirect wholly-owned subsidiary of the Company, and Redsun Properties (Group) Co., Ltd. (“**Redsun Properties (Group) Co.**”), pursuant to which Redsun Properties (Group) Co. has agreed to assign, and Hong Life Real Estate Consulting has agreed to assume, the right to use the car parking spaces from Redsun Properties (Group) Co. for a consideration of RMB14,629,979. Please refer to the announcement of the Company dated 13 December 2021 for details; and
- (4) the equity transfer agreement dated 25 July 2022 entered into between Hong Life Property Services Management Co., Ltd. (“**Hong Life Property Management**”), Gaoli Holdings Group Co., Ltd. (“**Gaoli Holdings**”), Nanjing Gaoli Property Management Co., Ltd. (“**Gaoli Property**”) and Jiangsu Gaoli Meijia Property Co., Ltd. (“**Jiangsu Gaoli Meijia**”) pursuant to which Gaoli Holdings has agreed to acquire, and Hong Life Property Management has agreed to dispose of, 80% of the equity interest in each of Gaoli Property and Jiangsu Gaoli Meijia for a consideration of RMB73,536,000. Please refer to the announcement of the Company dated 25 July 2022 for details.

**X. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rsunservice.hk](http://www.rsunservice.hk)) from the date of this circular up to and including the date of the EGM:

1. Parking Space Sales and Leasing Agency Services Framework Agreement;
2. New Parking Space Sales and Leasing Agency Services Framework Agreement;
3. Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1;
4. Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2;
5. Second Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2;
6. the Letter from the Board, the text of which is set out on pages 5 to 21 of this circular;
7. the Letter from the Independent Board Committee, the text of which is set out on pages 22 to 23 of this circular;
8. the Letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 43 of this circular;
9. the consent letter from the Independent Financial Adviser; and
10. this circular.

**XI. MISCELLANEOUS**

- (1) The registered office of the Company is situated at the Offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.
- (2) The principal place of business and head office of the Company in the PRC is at 25th Floor, Hong Yang Building, No. 9 Daqiao North Road, Nanjing, Jiangsu Province, the PRC.
- (3) The principal place of business of the Company in Hong Kong is at Room 2612, 26th Floor, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong.
- (4) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (5) The joint company secretaries of the Company are Mr. Li Yonggang and Ms. Yim Lai Kiu. Mr. Li Yonggang has been the head of listing office of Hong Yang Group Company since September 2016. Ms. Yim Lai Kiu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

## **XII. GENERAL**

Save as otherwise stated in this circular, the English text of this circular shall prevail over the Chinese text in the event of inconsistency.



## Redsun Services Group Limited

### 弘陽服務集團有限公司

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

**(Stock Code: 1971)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Redsun Services Group Limited (the “Company”) will be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Tuesday, 12 September 2023 at 10:00 a.m. for the following purposes:

#### ORDINARY RESOLUTIONS

1. “THAT the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 (including the proposed annual caps for the Refundable Deposits for the year ended 31 December 2022) and the transactions contemplated thereunder and the respective annual caps be and are hereby approved and confirmed.”
2. “THAT the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 (including the proposed annual caps for the Refundable Deposits for the three years ending 31 December 2025) and the transactions contemplated thereunder and the respective annual caps be and are hereby approved and confirmed.”
3. “THAT the rectification of the payment of the Historical Refundable Deposits be and are hereby approved and confirmed.”

By Order of the Board  
**Redsun Services Group Limited**  
**Zeng Junkai**  
*Chairman*

Hong Kong, 22 August 2023

#### Notes:

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (“**Computershare**”) at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. Where there are joint holders of any share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
5. The resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rsunservice.hk](http://www.rsunservice.hk)) in accordance with the Listing Rules.
6. Closure of Register of Members

The register of members of the Company will be closed from Thursday, 7 September 2023 to Tuesday, 12 September 2023, both days inclusive for determining the eligibility to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Computershare at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6 September 2023.

*As of the date of this notice, Mr. Zeng Junkai is the non-executive Director; Ms. Zeng Zixi is the executive Director; and Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo are the independent non-executive Directors.*