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

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SHINSUN 祥生
Shinsun Holdings (Group) Co., Ltd.
祥生控股（集團）有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02599)

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

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



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

A notice convening the EGM of the Company to be held on Monday, 20 February 2023 at 10:00 a.m. at 27/F Rui Jing International Tower, No. 198 Wuxing Road, Shangcheng District, Hangzhou, Zhejiang Province is set out on pages EGM-1 to EGM-3 of this circular and a form of proxy for the EGM is despatched together with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.

2 February 2023

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DEFINITIONS

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

“2023 Agreements”	collectively, the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement
“2023 Construction Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Construction on 9 January 2023 in relation to the renewal of the Construction Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2024 (both days inclusive)
“2023 Landscape Engineering Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Landscape on 9 January 2023 in relation to the renewal of the Landscape Engineering Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2024 (both days inclusive)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2019, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02599)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Service Framework Agreement”	the construction service framework agreement entered into between the Company and Xiangsheng Construction on 26 October 2020 in relation to the provision of the Construction Services by Xiangsheng Construction to the Group for a term from 18 November 2020 to 31 December 2022
“Construction Services”	as defined under the paragraph headed “(1) 2023 Construction Service Framework Agreement” in the “Letter from the Board” of this circular

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Monday, 20 February 2023 at 27/F Rui Jing International Tower, No. 198 Wuxing Road, Shangcheng District, Hangzhou, Zhejiang Province for the purpose of considering and, if thought fit, approving the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions)
“Family Trust”	CGX Family Trust, being a discretionary trust established on 23 March 2020 by Mr. Chen Guoxiang as the settlor, with TMF (Cayman) Ltd. as the trustee
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ding Jiangan, Mr. Ma Hongman and Mr. Hung Yuk Miu, established to advise the Independent Shareholders on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions)
“Independent Financial Adviser”	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions)

DEFINITIONS

“Independent Shareholders”	the Shareholders other than Mr. Chen Guoxiang and his associates
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Landscape Engineering Service Framework Agreement”	the landscape engineering service framework agreement entered into between the Company and Xiangsheng Landscape on 26 October 2020 in relation to the provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group for a term from 18 November 2020 to 31 December 2022
“Landscape Engineering Services”	as defined under the paragraph headed “(2) 2023 Landscape Engineering Service Framework Agreement” in the “Letter from the Board” of this circular
“Latest Practicable Date”	20 January 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 30 October 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) with a par value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

DEFINITIONS

“Shinfamily Holdings”	Shinfamily Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 21 January 2020 and the holding vehicle of the Family Trust, which is in turn wholly-owned by TMF (Cayman) Ltd., being the trustee for the Family Trust
“Shinlight”	Shinlight Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Shinfamily Holdings, and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Xiangsheng Construction”	Zhejiang Xiangsheng Construction Co., Ltd.* (浙江祥生建設工程有限公司), a company established in the PRC with limited liability on 30 May 1995 and is wholly-owned by Xiangsheng Industrial
“Xiangsheng Industrial”	Xiangsheng Industrial Group Co., Ltd. (祥生實業集團有限公司), a company established in the PRC with limited liability on 7 July 1995 and is owned as to 99% by Mr. Chen Guoxiang and 1% by Mr. Chen Hongni, the son of Mr. Chen Guoxiang
“Xiangsheng Landscape”	Zhuji Xiangsheng Landscape Engineering Co., Ltd.* (諸暨市祥生園林綠化工程有限公司), a company established in the PRC with limited liability on 13 January 2003 and is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD

SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02599)

Executive Directors:

Mr. Chen Guoxiang (Chairman)

Mr. Chen Hongni (Chief Executive Officer)

Independent Non-executive Directors:

Mr. Ding Jiangang

Mr. Ma Hongman

Mr. Hung Yuk Miu

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

40th Floor, Dah Sing Finance Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

2 February 2023

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 9 January 2023. On 9 January 2023, the Company entered into the 2023 Agreements, which are subject to Independent Shareholders' approval at the EGM. At the EGM, resolutions will be proposed for the Independent Shareholders to approve the 2023 Agreements, their respective annual caps and transactions contemplated thereunder.

The purpose of this circular is to provide you with (i) further information regarding the 2023 Agreements and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTIONS

(1) 2023 Construction Service Framework Agreement

Reference is made to the Prospectus in relation to the Construction Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Construction to provide the Construction Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Construction Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Construction to provide the Construction Services to the Group, the Company entered into the 2023 Construction Service Framework Agreement with Xiangsheng Construction to renew the Construction Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Set out below are the principal terms of the 2023 Construction Service Framework Agreement:

Date:	9 January 2023
Parties:	(i) The Company; and (ii) Xiangsheng Construction.
Subject matter:	Pursuant to the 2023 Construction Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Construction to provide construction and related services as main contractor for the Group's property development projects (collectively, the " Construction Services ").
Term:	The 2023 Construction Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

LETTER FROM THE BOARD

Pricing: The Group shall, where Xiangsheng Construction is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Construction to provide the Construction Services according to the individual service agreements to be entered into between the Group and Xiangsheng Construction from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Construction Services to be entered into pursuant to the 2023 Construction Service Framework Agreement will be on normal commercial terms, negotiated on arm's length basis and at prices and on terms offered to Xiangsheng Construction no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the construction fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities.

The 2023 Construction Service Framework Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between the Group and Xiangsheng Construction for the transactions contemplated under the 2023 Construction Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Construction Services provided by Xiangsheng Construction to the Group are as follows:

	For the year ended 31 December 2020 RMB (audited)	For the year ended 31 December 2021 RMB (audited)	For the year ended 31 December 2022 RMB (unaudited)
Provision of the Construction Services by Xiangsheng Construction to the Group	7,403,498,000.00	5,393,264,945.22	1,761,771,724.64
Utilisation Rate	82%	48%	13%

LETTER FROM THE BOARD

The annual caps under the Construction Service Framework Agreement for each of the three years ended 31 December 2022 were RMB9,077.5 million, RMB11,324.4 million and RMB13,401.7 million, respectively.

Proposed annual caps and basis of determination

Pursuant to the 2023 Construction Service Framework Agreement, it is proposed that the annual cap amounts for the Construction Services for the two years ending 31 December 2024 are as follows:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB
Provision of the Construction Services by Xiangsheng Construction to the Group	<u>2,988,880,199</u>	<u>1,538,406,257</u>

The annual caps for the Construction Services for each of the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing construction service agreements entered into between the Group and Xiangsheng Construction for the provision of the Construction Services by Xiangsheng Construction for the Group's existing property projects.

Having regard to the prevailing market sentiment which remains under pressure in 2023 and based on the contracts signed as of the Latest Practicable Date, it is expected that there will be a decrease in demand for the Construction Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects.

Reasons for and benefits of entering into the 2023 Construction Service Framework Agreement

The Group maintains an internal list of qualified construction service providers, which can meet its various criteria including technical capabilities, credentials and quality of services after the Group's internal assessment. Xiangsheng Construction is normally one of the Group's chosen construction service providers for the Group's consideration taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services and experience in handling the Group's property projects. Considering that Xiangsheng Construction is familiar with the Group's standards and requirements and is therefore able to accommodate the specific needs of the Group's property projects, it will be in the Group's interests to continue to engage Xiangsheng Construction to provide the Construction Services by entering into the 2023 Construction Service Framework Agreement.

LETTER FROM THE BOARD

In light of the above reasons and the internal controls as mentioned under the paragraph headed “INTERNAL CONTROL MEASURES” of this circular, the Board considers that the terms of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(2) 2023 Landscape Engineering Service Framework Agreement

Reference is made to the Prospectus in relation to the Landscape Engineering Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Landscape to provide the Landscape Engineering Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Landscape Engineering Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Landscape to provide the Landscape Engineering Services to the Group, the Company entered into the 2023 Landscape Engineering Service Framework Agreement with Xiangsheng Landscape to renew the Landscape Engineering Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Set out below are the principal terms of the 2023 Landscape Engineering Service Framework Agreement:

Date:	9 January 2023
Parties:	(i) The Company; and (ii) Xiangsheng Landscape.
Subject matter:	Pursuant to the 2023 Landscape Engineering Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Landscape to provide landscape engineering services, including but not limited to greening services, landscaping services, and outdoor road and drainage engineering services (collectively, the “ Landscape Engineering Services ”).
Term:	The 2023 Landscape Engineering Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

LETTER FROM THE BOARD

Pricing: The Group shall, where Xiangsheng Landscape is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Landscape to provide the Landscape Engineering Services according to the individual service agreements to be entered into between the Group and Xiangsheng Landscape from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Landscape Engineering Services to be entered into pursuant to the 2023 Landscape Engineering Service Framework Agreement will be on normal commercial terms, negotiated on arm's length basis and at prices and on terms offered to Xiangsheng Landscape no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale and positioning, service scope, service period, material and labor costs, technical requirements and complexities.

The 2023 Landscape Engineering Service Framework Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between the Group and Xiangsheng Landscape for the transactions contemplated under the 2023 Landscape Engineering Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Landscape Engineering Services provided by Xiangsheng Landscape to the Group are as follows:

	For the year ended 31 December 2020 RMB (audited)	For the year ended 31 December 2021 RMB (audited)	For the year ended 31 December 2022 RMB (unaudited)
Provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group	315,232,000.00	294,669,697.38	99,129,753.79
Utilisation Rate	76%	59%	16%

LETTER FROM THE BOARD

The annual caps under the Landscape Engineering Service Framework Agreement for each of the three years ended 31 December 2022 were RMB414.9 million, RMB496.6 million and RMB619.2 million, respectively.

Proposed annual caps and basis of determination

Pursuant to the 2023 Landscape Engineering Service Framework Agreement, it is proposed that the annual cap amounts for the Landscape Engineering Services for the two years ending 31 December 2024 are as follows:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB
Provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group	80,074,937	12,475,699

The annual caps for the Landscape Engineering Services for each of the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing landscape engineering service agreements entered into between the Group and Xiangsheng Landscape for the provision of the Landscape Engineering Services by Xiangsheng Landscape for the Group's existing property projects and the projected volumes of these contracts in 2023 and 2024.

Having regard to the prevailing market sentiment which remains under pressure in 2023 and based on the contracts signed as of the Latest Practicable Date, it is expected that there will be a decrease in demand for the Landscape Engineering Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects and therefore a reduction in landscape engineering projects.

Reasons for and benefits of entering into the 2023 Landscape Engineering Service Framework Agreement

The Group maintains an internal list of qualified service providers, which can meet its various criteria including technical capabilities, credentials and quality of services after the Group's internal assessment. Xiangsheng Landscape is normally one of the Group's chosen service providers for the Group's consideration taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services, landscape engineering capability and experience in handling the Group's property projects. Considering that Xiangsheng Landscape is familiar with the Group's standards and requirements and is therefore able to accommodate the specific needs of its property projects, it will be in the Group's interests to continue to engage Xiangsheng Landscape to provide the Landscape Engineering Services by entering into the 2023 Landscape Engineering Service Framework Agreement.

LETTER FROM THE BOARD

In light of the above reasons and the internal controls as mentioned under the paragraph headed “INTERNAL CONTROL MEASURES” of this circular, the Board considers that the terms of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is in turn owned as to 99% by Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and 1% by Mr. Chen Hongni, being Mr. Chen Guoxiang’s son and an executive Director. Xiangsheng Construction is therefore an associate of Mr. Chen Guoxiang and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. Xiangsheng Landscape is therefore an associate of Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under each of the 2023 Agreements is more than 5%, each of the 2023 Agreements is subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the 2023 Agreements will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis, on similar basis as the Company transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties.

In respect of each of the 2023 Agreements, the Group generally invites at least three qualified service providers to submit tender and select the service provider taking into account various factors including the professional qualifications, technical capabilities, track record, project team requirement and pricing terms of the service providers. Xiangsheng Construction and Xiangsheng Landscape are normally invited to participate in the tender process as one of the three qualified service providers in respect of the 2023 Construction Service Framework

LETTER FROM THE BOARD

Agreement and the 2023 Landscape Engineering Service Framework Agreement, respectively. In the event that the fee quote under a tender bid submitted by a service provider is lower by 10% than (i) the second lowest fee quote among the tender bids submitted to the Group; (ii) the reference price as set out in the invitation to tender documents issued by the Group; and (iii) the average fee quotes under the tender bids submitted to the Group, the Group will commence an internal procedure to consider whether such fee quote is unreasonably low based on cost analysis and deem such tender bid invalid as appropriate. Under certain circumstances such as where a short notice period is given or where the project size is small or where there is no qualified service provider willing to submit a tender due to the remote location of the project, the Group may engage service providers through negotiated bidding or direct engagement without going through the tender process. In order to ensure the the terms of the transaction are conducted on normal commercial terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties, the Group will obtain comparable transactions it conducted with Independent Third Parties and the prevailing market price for similar services and types of projects in the open market.

The respective pricing policies for the continuing connected transactions of the Company under the 2023 Agreements will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company and will not be prejudicial to the interests of the Company and the minority Shareholders. The relevant personnel and management of the Company will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the 2023 Agreements, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2023 Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders.

INFORMATION OF THE PARTIES TO THE 2023 AGREEMENTS

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in developing and selling properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region in the PRC.

LETTER FROM THE BOARD

Xiangsheng Industrial

Xiangsheng Industrial is a company established in the PRC with limited liability and is owned as to 99% by Mr. Chen Guoxiang and 1% by Mr. Chen Hongni. It is principally engaged in business investment, domestic trade, the provision of real estate agency services and hotel management.

Xiangsheng Construction

Xiangsheng Construction is a company established in the PRC with limited liability and a wholly-owned subsidiary of Xiangsheng Industrial. It is a general contractor of building construction projects.

Xiangsheng Landscape

Xiangsheng Landscape is a company established in the PRC with limited liability and is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. It is principally engaged in landscape engineering and architecture, municipal public works, interior and exterior decoration engineering design and construction.

GENERAL

Since each of Xiangsheng Construction and Xiangsheng Landscape is an associate of Mr. Chen Guoxiang, Mr. Chen Guoxiang is considered to have a material interest in the transactions contemplated under the 2023 Agreements and therefore has abstained from voting on the Board resolutions approving the entering into of the 2023 Agreements and the transactions contemplated thereunder.

Since Mr. Chen Hongni has interest in Xiangsheng Construction and Xiangsheng Landscape is an associate of his father, Mr. Chen Guoxiang, Mr. Chen Hongni is considered to have a material interest in the transactions contemplated under the 2023 Agreements and therefore has abstained from voting on the Board resolutions approving the entering into of the 2023 Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the 2023 Agreements and is therefore required to abstain from voting on the Board resolutions approving the entering into of the 2023 Agreements and the transactions contemplated thereunder.

EGM

The Company will convene and hold the EGM at 27/F Rui Jing International Tower, No. 198 Wuxing Road, Shangcheng District, Hangzhou, Zhejiang Province on Monday, 20 February 2023 at 10:00 a.m.. The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

Any Shareholders with a material interest in each of the 2023 Agreements or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. The relevant interested Shareholder, namely, Shinlight held 2,376,000,000 Shares, representing approximately 78.07% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the resolutions approving the 2023 Agreements at the EGM.

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

FORM OF PROXY

A form of proxy for use at the EGM is enclosed herewith. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shinsunholdings.com). If you intend to appoint a proxy to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 10:00 a.m. on Saturday, 18 February 2023) or any adjournment thereof (as the case may be).

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

VOTING BY WAY OF POLL

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

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

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

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 17 of this circular and the letter of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 18 to 34 of this circular in connection with the 2023 Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

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

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

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

Yours faithfully
By order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02599)

2 February 2023

To the Independent Shareholders,

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 2 February 2023 (the “**Circular**”) which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee and to advise you on whether the terms of the 2023 Agreements and the transactions contemplated thereunder (including the proposed annual caps for those transactions) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote on the resolutions at the EGM. Dongxing Securities (Hong Kong) Company Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 16 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 18 to 34 of the Circular. Your attention is also drawn to the additional information set out in the appendix thereto. Having taken into account (i) the terms and conditions of the 2023 Agreements; and (ii) the factors and reasons considered by, and the advice and recommendations of, the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that (i) the terms of each of the 2023 Agreements (including the proposed annual caps) are fair and reasonable; and (ii) the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

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

Yours faithfully,
Independent Board Committee

Mr. Ding Jiangang
*Independent non-executive
Director*

Mr. Ma Hongman
*Independent non-executive
Director*

Mr. Hung Yuk Miu
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser in respect of the transactions contemplated under the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the proposed annual caps, which has been prepared for the purpose of inclusion in this circular.



**DONGXING SECURITIES
(HONG KONG) COMPANY LIMITED**
Room 7503B-7504
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

2 February 2023

*To: The Independent Board Committee and the Independent Shareholders of
Shinsun Holdings (Group) Co., Ltd.*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF (1) 2023 CONSTRUCTION SERVICES FRAMEWORK AGREEMENT;
AND
(2) 2023 LANDSCAPE ENGINEERING SERVICE FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the (i) 2023 Construction Services Framework Agreement; and (ii) 2023 Landscape Engineering Service Framework Agreement and the proposed annual caps, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 2 February 2023 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is in turn owned as to 99% by Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and 1% by Mr. Chen Hongni, being Mr. Chen Guoxiang's son and an executive Director. Xiangsheng Construction is therefore an associate of Mr. Chen Guoxiang and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. Xiangsheng Landscape is therefore an associate of Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under each of the 2023 Agreements is more than 5%, each of the 2023 Agreements is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Ding Jiangan, Mr. Ma Hongman and Mr. Hung Yuk Miu, has been established to consider and advise the Independent Shareholders in respect of the terms of the 2023 Construction Service Framework Agreement and 2023 Landscape Engineering Framework Agreement and as to whether the proposed annual caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. We, Dongxing Securities (Hong Kong) Company Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for this appointment as the Independent Financial Adviser in relation to this transaction, there were no other engagements between us and the Group in the past two years. Apart from normal professional fees paid or payable to us in connection with this transaction, no other arrangement exists whereby we had received or would receive any fees or benefits from the Company or any parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent in accordance with Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, and representations made or referred to in the Circular and all information and representations which have been provided by the Directors and the Management, for which they are solely and wholly responsible, were true, accurate and complete at the time they were made and continue to be true as at the Latest Practicable Date.

We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information as contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position, or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and/or the Management.

This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the 2023 Construction Service Framework Agreement and 2023 Landscape Engineering Service Framework Agreement and the proposed annual caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the 2023 Agreements and the proposed annual caps and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons.

1. Background information of the parties to the 2023 Agreements

a. Information on the Company and the Group

The Company is an investment holding company. The Group is principally engaged in developing and selling properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region in the PRC.

Set out below is a summary of the consolidated financial information on the Group for the six months ended 30 June 2022 and 2021, and the two years ended 31 December 2021 as extracted from the Company's interim report for the six months ended 30 June 2022 (the "2022 Interim Report") and its annual report for the year ended 31 December 2021 (the "2021 Annual Report"), respectively:

Financial results

	For the six months ended 30 June 2022 (unaudited) RMB'000	For the six months ended 30 June 2021 (unaudited) RMB'000	For the year ended 31 December 2021 (audited) RMB'000	For the year ended 31 December 2020 (audited) RMB'000
Revenue	8,461,663	15,893,961	43,719,028	46,638,413
Profit/(Loss) for the period/year	(622,130)	973,114	480,675	3,053,371

According to the 2021 Annual Report and 2022 Interim Report, the Group derived its revenue from (i) property development and sales; (ii) management consulting services; (iii) property leasing; (iv) property management services; and (v) hotel operation.

Revenue from property development and sales

The Group's revenue from property development and sales in 2021 amounted to approximately RMB43,560.6 million, representing a year-on-year decrease of 6.3%, mainly due to a 9.8% decrease in GFA delivered as compared to 2020 and an increase of 3.9% in average selling price as compared to 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's revenue from property development and sales for the six months ended 30 June 2022 amounted to approximately RMB8,415.8 million, representing a decrease of approximately 46.6%, primarily due to a 45.2% decrease in GFA delivered as compared to the same period in 2021 and a 2.6% decrease in average selling price as compared to the same period in 2021.

Revenue from management consulting services

The Group's revenue from management consulting services in 2021 amounted to approximately RMB64.6 million, representing a year-on-year decrease of 22.5%, primarily due to the decrease in the content and number of projects for which we provided management consulting services.

The Group's revenue from management consulting services for the six months ended 30 June 2022 amounted to approximately RMB2.5 million, representing a decrease of approximately 96.7%, primarily due to the decrease in the content and number of projects for which we provided management consulting services.

Revenue from property leasing

The Group's revenue from property leasing in 2021 amounted to approximately RMB76.5 million, representing a year-on-year increase of approximately 95.1%, mainly due to (i) leasing of new project assets; and (ii) the decrease in vacancy rate of related assets as compared to the previous period, and thus leading to the increase in rental income.

The Group's revenue from property leasing for the six months ended 30 June 2022 amounted to approximately RMB34.5 million, representing a decrease of approximately 2.6% with no significant change compared to the corresponding period in the previous year.

Revenue from property management services

The Group's revenue from property management services in 2021 amounted to approximately RMB17.3 million, representing a year-on-year increase of approximately 43.4%, primarily due to the increase in business management income from commercial plazas.

The Group's revenue from property management services for the six months ended 30 June 2022 amounted to approximately RMB8.9 million, representing an increase of approximately 7.6%, primarily due to the increase in business management income from commercial plazas.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue from hotel services

The Group had no revenue from hotel services in 2021, primarily due to the disposal of the hotel business as part of the reorganisation.

As depicted by the above table, the substantial decrease in net profit in 2021 was mainly due to (i) a general decrease in revenue; and (ii) increase in cost of sales by approximately 2.5% from approximately RMB38,203.6 million in 2020 to approximately RMB39,147.4 million for 2021. Such increase was due to the impact of the different regions in which the property projects are located, as well as fluctuations in costs due to the different business types of the properties sold.

b. Information on Xiangsheng Construction

Xiangsheng Construction is a company established in the PRC with limited liability and a wholly-owned subsidiary of Xiangsheng Industrial. It is a general contractor of building construction projects.

c. Information on Xiangsheng Landscape

Xiangsheng Landscape, a company established in the PRC with limited liability and is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. It is principally engaged in landscape engineering and architecture, municipal public works, interior and exterior decoration engineering design and construction.

2. Reasons for and benefits of the renewal of the 2023 Agreements

(i) In relation to the 2023 Construction Services Framework Agreement

The Group maintains an internal list of qualified construction service providers, which can meet its various criteria including technical capabilities, credentials and quality of services after the Group's internal assessment. Xiangsheng Construction normally is one of the Group's chosen construction service providers for the Group's consideration taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services and experience in handling the Group's property projects. Considering that Xiangsheng Construction is familiar with the Group's standards and requirements and is therefore able to accommodate the specific needs of the Group's property projects, it will be in the Group's interests to continue to engage Xiangsheng Construction to provide the Construction Services by entering into the 2023 Construction Service Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) In relation to the 2023 Landscape Engineering Service Framework Agreement

The Group maintains an internal list of qualified service providers, which can meet its various criteria including technical capabilities, credentials and quality of services after the Group's internal assessment. Xiangsheng Landscape normally is one of the Group's chosen service providers for the Group's consideration taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services, landscape engineering capability and experience in handling the Group's property projects. Considering that Xiangsheng Landscape is familiar with the Group's standards and requirements and is therefore able to accommodate the specific needs of its property projects, it will be in the Group's interests to continue to engage Xiangsheng Landscape to provide the Landscape Engineering Services by entering into the 2023 Landscape Engineering Service Framework Agreement.

We have further (i) considered the principal businesses of the Group and the needs of the above mentioned Construction Services and Landscape Engineering Services in the ordinary course of its business; (ii) obtained and reviewed the respective qualification certificates of Xiangsheng Construction and Xiangsheng Landscape and noted that they are qualified to provide such services; and (iii) as disclosed in the Prospectus, noted that the years of relationship between the Group had commenced business relationship with Xiangsheng Construction and Xiangsheng Landscape from 1995 and 2003, respectively and had developed a mutual and in-depth understanding of each other's business operations and shared a similar service philosophy.

In view of the above and the internal controls as mentioned under the paragraph headed "INTERNAL CONTROL MEASURES" in the Letter from the Board, we concur with the Directors' view that the services under the 2023 Agreements are in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

A. 2023 Construction Services Framework Agreement

(i) Principal terms of the 2023 Construction Services Framework Agreement

Reference is made to the Prospectus in relation to the Construction Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Construction to provide the Construction Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Construction Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Construction to provide the Construction Services to the Group, the Company entered into the 2023 Construction Service Framework Agreement with Xiangsheng Construction to renew the Construction Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of the 2023 Construction Services Framework Agreement are set out below:

- Date: 9 January 2023
- Parties: (i) The Company; and
(ii) Xiangsheng Construction.
- Subject matter: Pursuant to the 2023 Construction Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Construction to provide construction and related services as main contractor for the Group's property development projects (collectively, the "**Construction Services**").
- Term: The 2023 Construction Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).
- Pricing: The Group shall, where Xiangsheng Construction is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Construction to provide the Construction Services according to the individual service agreements to be entered into between the Group and Xiangsheng Construction from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Construction Services to be entered into pursuant to the 2023 Construction Service Framework Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms offered to Xiangsheng Construction no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the construction fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Assessment on the principal terms of the 2023 Construction Services Framework Agreement

In order to assess the fairness and reasonableness of the terms of the 2023 Construction Service Framework Agreement, we have obtained and reviewed the Construction Service Framework Agreement and the 2023 Construction Services Framework Agreement and noted that the pricing is determined based on the basis as mentioned above. As a general principle, the price and terms of the individual service agreements in respect of the Construction Services to be entered into pursuant to the 2023 Construction Service Framework Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms offered to Xiangsheng Construction no more favourable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the construction fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities.

We have discussed with the Management and understood that the Group will generally invite at least three construction service providers from the list of qualified services providers to submit their fee quotes and will select one of them as the successful bidder after going through certain assessments and procedures. We have then obtained and reviewed samples of the tender confirmation reports and policy to understand the assessments and procedures, including but not limited to content of the (i) suggestions of the tender; (ii) overview of the project; (iii) list of tenderer; (iv) tender timetable; (v) assessment on each tenderer; (vi) summary of tender procedure; (vii) internal assessment; (viii) budget assessment comparing with potential successful bidder; (ix) pricing adjustment assessment; and (x) final decision on the bidder.

We have also discussed with the Management and understood that for certain projects, due to short notice period of time or small size projects, there is no construction service providers willing to submit the tender for the project, the Group will select the service provider through negotiated bidding or direct engagement. In such case, the Group will make reference to prevailing market price for similar services and types of projects in the open market, including existing projects of the Group, taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities to ensure the price and terms of the individual service agreements in respect of the Construction Services are determined in accordance to the general principle.

We have obtained the complete project list under the Construction Service Framework Agreement for the three years ended 31 December 2022. We have, on a random basis, selected 10 projects between the Group and Xiangsheng Construction. We have obtained and reviewed relevant documentations of the selected samples and noted that the selection of the construction service provider and the determination of the terms were executed in accordance to the above procedures.

Having considered that the above, we are of the view that the terms of the 2023 Construction Service Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) *The Construction Service Proposed Annual Caps*

Proposed annual cap and basis of determination

The historical annual caps for the transactions under the Construction Service Framework Agreement for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Existing annual caps

	<i>RMB</i>
31 December 2020	9,077,500,000
31 December 2021	11,324,400,000
31 December 2022	13,401,700,000

The actual historical aggregate Construction Service fees paid by the Group to Xiangsheng Construction for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Historical transaction amounts between the Group and Xiangsheng Construction

	<i>RMB</i>
31 December 2020 (audited)	7,403,498,000.00
31 December 2021 (audited)	5,393,264,945.22
31 December 2022 (unaudited)	1,761,771,724.64

The relevant utilisation rate of the existing annual caps of Construction Service for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Utilisation Rate

31 December 2020	82%
31 December 2021	48%
31 December 2022	13%

The proposed annual caps for the transactions under the 2023 Construction Service Framework Agreement for the two years ending 31 December 2023 and 2024 are set out as follows:

Annual Caps

	<i>RMB</i>
31 December 2023	2,988,880,199
31 December 2024	1,538,406,257

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The annual caps for the Construction Services for each of the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing construction service agreements entered into between the Group and Xiangsheng Construction for the provision of the Construction Services by Xiangsheng Construction for the Group's existing property projects.

Having regard to the prevailing market sentiment which remains under pressure in 2023 and based on the contracts signed as of the date hereof, it is expected that there will be a decrease in demand for the Construction Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects.

Our view on the Construction Service Proposed Annual Caps

To assess the fairness and reasonableness of the Construction Service proposed annual caps for the two financial years ending 31 December 2024, we have obtained and reviewed the calculation for the proposed annual caps provided by the Management. We noted that the calculation of the proposed annual caps is derived based on the outstanding contract value of the existing Construction Service agreements entered into between the Group and Xiangsheng Construction for the provision of the Construction Services by Xiangsheng Construction for the Group's existing property projects.

Further, we have discussed with the Management the progress of the projects in the calculation for the proposed annual caps and the accounting policy of recognition of the construction service cost, and we noted that the outstanding contract value of the projects was generally in line with the progress of the projects. In addition, we have also reperformed the calculation of the proposed annual caps provided by the Management and no irregularity was noted.

Taking into account the above, in particular (i) the historical transaction amounts for the three years ended 31 December 2022; and (ii) the outstanding contract value of Construction Service during the two years ending 31 December 2024, we are of the view that the proposed annual caps are fair and reasonable and is in the interests of the Shareholders as a whole.

B. 2023 Landscape Engineering Service Framework Agreement

(i) Principal terms of the 2023 Landscape Engineering Service Framework Agreement

Reference is made to the Prospectus in relation to the Landscape Engineering Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Landscape to provide the Landscape Engineering Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Landscape Engineering Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Landscape to provide the Landscape Engineering Services to the Group, the Company entered into the 2023 Landscape Engineering Service Framework Agreement with Xiangsheng Landscape to renew the Landscape Engineering Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The principal terms of the 2023 Landscape Engineering Service Framework Agreement are set out below:

- Date: 9 January 2023
- Parties: (i) The Company; and
(ii) Xiangsheng Landscape.
- Subject matter: Pursuant to the 2023 Landscape Engineering Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Landscape to provide landscape engineering services, including but not limited to greening services, landscaping services, and outdoor road and drainage engineering services (collectively, the “**Landscape Engineering Services**”).
- Term: The 2023 Landscape Engineering Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).
- Pricing: The Group shall, where Xiangsheng Landscape is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Landscape to provide the Landscape Engineering Services according to the individual service agreements to be entered into between the Group and Xiangsheng Landscape from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Landscape Engineering Services to be entered into pursuant to the 2023 Landscape Engineering Service Framework Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis and at prices and on terms offered to Xiangsheng Landscape no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale and positioning, service scope, service period, material and labor costs, technical requirements and complexities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Assessment on the principal terms of the 2023 Landscape Engineering Service Framework Agreement

In order to assess the fairness and reasonableness of the terms of the 2023 Landscape Engineering Service Framework Agreement, we have obtained and reviewed the Landscape Engineering Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and noted that the pricing is determined based on the basis as mentioned above. As a general principle, the price and terms of the individual service agreements in respect of the Landscape Engineering Services to be entered into pursuant to the 2023 Landscape Engineering Service Framework Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms offered to Xiangsheng Landscape no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale and positioning, service scope, service period, material and labor costs, technical requirements and complexities.

We have discussed with the Management and understood that the Group will generally invite at least three landscape engineering service providers from the list of qualified services providers to submit their fee quotes and will select one of them as the successful bidder after going through certain assessments and procedures. We have then obtained and reviewed samples of the tender confirmation reports and policy to understand the assessments and procedures, including but not limited to content of the (i) suggestions of the tender; (ii) overview of the project; (iii) list of tenderer; (iv) tender timetable; (v) assessment on each tenderer; (vi) summary of tender procedure; (vii) internal assessment; (viii) budget assessment comparing with potential successful bidder; (ix) pricing adjustment assessment; and (x) final decision on the bidder.

We have also discussed with the Management and understood that for certain projects, due to short notice period of time or small size projects, there is no landscape engineering service providers willing to submit the tender for the project, the Group will select the service provider through negotiated bidding or direct engagement. In such case, the Group will make reference to prevailing market price for similar services and types of projects in the open market, including existing projects of the Group, taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities to ensure the price and terms of the individual service agreements in respect of the Landscape Engineering Services are determined in accordance to the general principle.

We have obtained the complete project list under the Landscape Engineering Service Framework Agreement for the three years ended 31 December 2022. We have, on a random basis, selected 10 projects between the Group and Xiangsheng Landscape. We have obtained and reviewed relevant documentations of the selected samples and noted that the selection of the landscape engineering service provider and the determination of the terms were executed in accordance to the above procedures.

Having considered that the above, we are of the view that the terms of the 2023 Landscape Engineering Service Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) The Landscape Engineering Service Proposed Annual Caps

Proposed annual cap and basis of determination

The historical annual caps for the transactions under the Landscape Engineering Service Framework Agreement for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Existing annual caps

	<i>RMB</i>
31 December 2020	414,900,000
31 December 2021	496,600,000
31 December 2022	619,200,000

The actual historical aggregate Landscape Engineering Service fees paid by the Group to Xiangsheng Landscape for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Historical transaction amounts between the Group and Xiangsheng Landscape

	<i>RMB</i>
31 December 2020 (audited)	315,232,000.00
31 December 2021 (audited)	294,669,697.38
31 December 2022 (unaudited)	99,129,753.79

The relevant utilisation rate of the existing annual caps of Landscape Engineering Service for the three years ended 31 December 2020, 2021 and 2022 are set out as follows:

Utilisation Rate

31 December 2020	76%
31 December 2021	59%
31 December 2022	16%

The proposed annual caps for the transactions under the 2023 Landscape Engineering Service Framework Agreement for the two years ending 31 December 2023 and 2024 are set out as follows:

Annual Caps

	<i>RMB</i>
31 December 2023	80,074,937
31 December 2024	12,475,699

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Landscape Engineering Service proposed annual caps for the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing landscape engineering service agreements entered into between the Group and Xiangsheng Landscape for the provision of the Landscape Engineering Services by Xiangsheng Landscape for the Group's existing property projects and the projected volumes of those contracts in 2023 and 2024.

Having regard to the prevailing market sentiment which remains under pressure in 2023 and based on the contracts signed as of the date hereof, it is expected that there will be a decrease in demand for the Landscape Engineering Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects and therefore a reduction in landscape projects.

Our view on the Landscape Engineering Service Proposed Annual Caps

To assess the fairness and reasonableness of the Landscape Engineering Service proposed annual caps for the two financial years ending 31 December 2024, we have obtained and reviewed the calculation for the proposed annual caps provided by the Management. We noted that the calculation of the proposed annual caps is derived based on the existing contract value of the existing Landscape Engineering Service agreements entered into between the Group and Xiangsheng Landscape for the provision of the landscape engineering services by Xiangsheng Landscape for the Group's existing property projects and the projected volumes of the contracts in 2023 and 2024.

Further, we have discussed with the Management the progress of the projects in the calculation of the proposed annual caps and the accounting policy of the recognition of the landscape engineering service cost, and we noted that the outstanding contract value of the projects was generally in line with the progress of the projects. In addition, we have also reperformed the calculation of the proposed annual caps provided by the Management and no irregularity was noted.

Taking into account the above, in particular (i) the historical transaction amounts for the three years ended 31 December 2022; and (ii) the outstanding contract value of Landscape Engineering Service during the two years ending 31 December 2024, we are of the view that the proposed annual caps are fair and reasonable and is in the interests of the Shareholders as a whole.

INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the 2023 Agreements will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Company transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of each of the 2023 Agreements, the Group generally invites at least three qualified service providers to submit tender and select the service provider taking into account various factors including the professional qualifications, technical capabilities, track record, project team requirement and pricing terms of the service providers. Xiangsheng Construction and Xiangsheng Landscape are normally invited to participate in the tender process as one of the three qualified service providers in respect of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement, respectively. In the event that the fee quote under a tender bid submitted by a service provider is lower by 10% than (i) the second lowest fee quote among the tender bids submitted to the Group; (ii) the reference price as set out in the invitation to tender documents issued by the Group; and (iii) the average fee quotes under the tender bids submitted to the Group, the Group will commence an internal procedure to consider whether such fee quote is unreasonably low based on cost analysis and deem such tender bid invalid as appropriate. Under certain circumstances such as where a short notice period is given or where the project size is small or where there is no qualified service provider willing to submit a tender due to the remote location of the project, the Group may engage service providers through negotiated bidding or direct engagement without going through the tender process. In order to ensure the terms of the transaction are conducted on normal commercial terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties, the Group will obtain comparable transactions it conducted with Independent Third Parties and the prevailing market price for similar services and types of projects in the open market.

We have further reviewed the internal control documents regarding the continuing connected transactions between the Company and the connected parties and as advised by the Management, we noted that respective pricing policies for the continuing connected transactions of the Company under the 2023 Agreements will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Company will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the 2023 Agreements, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

In view of the above, we consider that the terms of reference, if implemented effectively by the Company, are sufficient to safeguard Shareholders' interest in the provision of the 2023 Construction Service Framework Agreement and 2023 Landscape Engineering Service Framework Agreement. Accordingly, we are of the view that the internal control procedures are in place and in compliance with the internal measures as mentioned above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the 2023 Construction Service Framework Agreement and 2023 Landscape Engineering Service Framework Agreement and the proposed annual caps are (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend Independent Shareholders to vote in favor of the relevant resolution for approving the 2023 Construction Services Framework Agreement and 2023 Landscape Engineering Service Framework Agreement and the proposed annual caps at the EGM.

Yours faithfully,

For and on behalf of

Dongxing Securities (Hong Kong) Company Limited

TSANG Wing Ngai

Executive Director

Investment Banking Department

Mr. TSANG Wing Ngai is a licensed person registered with the Securities and Future Commission since 2008 and is currently a responsible officer of Dongxing Securities (Hong Kong) Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. Mr. TSANG has over 14 years of experience in the corporate finance industry, and has participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. DISCLOSURE OF INTERESTS

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

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

(i) Long position in Shares and underlying Shares

Name of director	Nature of interest	Number of Shares	Approximate percentage of holding ⁽¹⁾
Mr. Chen Guoxiang	Founder of a trust ⁽²⁾	2,376,000,000	78.07%
Mr. Chen Hongni	Beneficiary of a trust	2,376,000,000	78.07%

Notes:

- (1) The calculation is based on the total number of 3,043,403,000 Shares in issue as at the Latest Practicable Date.
- (2) The entire issued share capital of Shinlight is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen Guoxiang as settlor, the beneficiaries of which are Mr. Chen Guoxiang and his family members, including Mr. Chen Hongni. Accordingly, each of Mr. Chen Guoxiang and Mr. Chen Hongni is deemed under the SFO to be interested in the Shares held by Shinlight.

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

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

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

(i) Long position in Shares and underlying Shares

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of holding⁽¹⁾
TMF (Cayman) Ltd.	Trustee of a trust ⁽²⁾	2,376,000,000	78.07%
Shinfamily Holdings	Interest in a controlled corporation ⁽²⁾	2,376,000,000	78.07%
Shinlight	Beneficial owner ⁽²⁾	2,376,000,000	78.07%
Ms. Zhu Guoling	Interest of spouse ⁽³⁾	2,376,000,000	78.07%

Notes:

- (1) The calculation is based on the total number of 3,043,403,000 Shares in issue as at the Latest Practicable Date.
- (2) The entire issued share capital of Shinlight is held by Shinfamily Holdings, which is the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Family Trust, a discretionary trust established by Mr. Chen Guoxiang as settlor, the beneficiaries of which are Mr. Chen Guoxiang and his family members including Mr. Chen Hongni. Accordingly, each of Mr. Chen Guoxiang and Mr. Chen Hongni is deemed under the SFO to be interested in the Shares held by Shinlight. As at the Latest Practicable Date, Mr. Chen Guoxiang was also the sole director of Shinlight.
- (3) Ms. Zhu Guoling is the spouse of Mr. Chen Guoxiang. Under the SFO, Ms. Zhu Guoling is deemed to be interested in the same Shares in which Mr. Chen Guoxiang is interested.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

2. SERVICE CONTRACTS

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

3. MATERIAL ADVERSE CHANGE

During year 2022, as affected by various factors such as the macro economy, real estate market environment and financial environment and multiple rounds of epidemics, the Group's liquidity experienced periodic problems. In particular, the Group did not make payment regarding the outstanding principal amount of the 12% senior notes due 2023 in the principal amount of US\$200,000,000 ("**2023 Senior Notes**") and the interest payments. In order to address the current liquidity issue, the Company has been in active dialogue with the bondholders with a view to reach a consensual solution to best protect the interests of all stakeholders. Further, the Company was served a winding-up petition dated 16 September 2022 (the "**Petition**") filed against it at the Grand Court of the Cayman Islands in connection with certain financial obligations. The hearing of the Petition was adjourned to 25 January 2023. Details of the aforementioned non-payment of the 2023 Senior Notes and the Petition are disclosed in the Company's announcements dated 21 March 2022, 4 April 2022, 7 June 2022, 23 September 2022 and 20 October 2022.

During the six months ended 30 June 2022, the Company recorded unaudited consolidated loss of RMB622,130,000 primarily attributed to the substantial decrease of the Group's revenue as compared with the Group's revenue for the six months ended 30 June 2021, details of which are set out in the Company's interim report published on 22 September 2022.

Save as disclosed above including the aforementioned announcements and the Company's interim report for the six months ended 30 June 2022, the Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. DIRECTORS' INTERESTS IN ASSETS

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

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

Save as disclosed in the section headed "CONTINUING CONNECTED TRANSACTIONS" in the "Letter from the Board" of this circular, as at the Latest Practicable Date, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, was subsisting at the Latest Practicable Date.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

7. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Dongxing Securities (Hong Kong) Company Limited	a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

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

Dongxing Securities (Hong Kong) Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

8. DOCUMENTS ON DISPLAY

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

- (a) the 2023 Construction Service Framework Agreement;
- (b) the 2023 Landscape Engineering Service Framework Agreement; and
- (c) the written consent from Dongxing Securities (Hong Kong) Company Limited referred in paragraph 7 of this appendix.

9. MISCELLANEOUS

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02599)

2 February 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the an extraordinary general meeting (the “**EGM**”) of Shinsun Holdings (Group) Co., Ltd. (the “**Company**”) will be held at 10:00 a.m. on Monday, 20 February 2023 at 27/F Rui Jing International Tower, No. 198 Wuxing Road, Shangcheng District, Hangzhou, Zhejiang Province for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

1. “**THAT**

- (a) the 2023 Construction Service Framework Agreement (as defined in the circular of the Company dated 2 February 2023 (the “**Circular**”)) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps for the two years ending 31 December 2024 for the transactions contemplated under the 2023 Construction Service Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company (“**Director(s)**”), or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Construction Service Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

2. “**THAT**

- (a) the 2023 Landscape Engineering Service Framework Agreement (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the proposed annual caps for the two years ending 31 December 2024 for the transactions contemplated under the 2023 Landscape Engineering Service Framework Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one director of the Company (“**Director(s)**”), or any two Directors if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such acts and things and sign, agree, ratify or execute all such documents which he/she/they in his/her/their discretion consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2023 Landscape Engineering Service Framework Agreement and any of the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto as are, in the opinion of such Director(s), in the interest of the Company.”

By order of the board of Directors
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 2 February 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (i) A shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 10:00 a.m. on Saturday, 18 February 2023) or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (iv) For the purpose of determining the shareholders' rights to attend and vote at the above meeting to be held on Monday, 20 February 2023, the register of members of the Company will be closed from Wednesday, 15 February 2023 to Monday, 20 February 2023 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 February 2023.

As at the date of this notice, the board of Directors comprises Mr. Chen Guoxiang and Mr. Chen Hongni as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.