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

If you have sold or transferred all your shares in Runhua Living Service Group Holdings Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Runhua Living Service Group Holdings Limited
润华生活服务集团控股有限公司
(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 2455)

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to the
Independent Board Committee and Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the content requires otherwise. A letter from the Board is set out on pages 4 to 11 of this circular.

A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular.

A letter from Rainbow Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 14 to 25 of this circular.

A notice convening the EGM to be held at 6th Floor, Building No. 1, Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, PRC at 10 a.m. on 12 February 2025 is set out on pages 32 to 33 of this circular. Whether or not you intend to attend the meeting or any adjournment thereof (as the case maybe), please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment meeting if you so wish.

20 January 2025

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DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this circular:

“2024 Property Management Services Framework Agreement”	the property management services framework agreement dated 24 December 2024 between the Company and Runhua Group Company, Hang Qian Holdings and Runhua Insurance for a term of three financial years ending 31 December 2027;
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“Board”	the board of Directors;
“Company”	Runhua Living Service Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2455);
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules;
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve the 2024 Property Management Services Framework Agreement;
“Existing Property Management Services Framework Agreement”	the property management services framework agreement dated 14 December 2022 between the Company and Runhua Group Company, Hang Qian Holdings and Runhua Insurance for a term commencing from the Listing Date to 31 December 2024;
“Group”	the Company and its subsidiaries;
“Hang Qian Holdings”	Hang Qian Holdings Co., Limited (航乾控股有限公司), a limited liability company incorporated in Hong Kong on 18 December 2007, which is wholly owned by Mr. Luan Hangqian (樂航乾). The principal business activities of Hang Qian Holdings include property development, property marketing and hotel operation;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in relation to the 2024 Property Management Services Framework Agreement and the relevant annual caps in relation to the continuing connected transactions thereunder;
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Property Management Services Framework Agreement and the relevant annual caps;
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolutions with respect to the 2024 Property Management Services Framework Agreement;
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling Shareholders and substantial Shareholders or any of its subsidiaries or their respective associates;
“Latest Practicable Date”	16 January 2025, being the latest practicable date prior to the priority of this circular for the purpose of ascertaining certain information contained herein;
“Listing Date”	17 January 2023;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties to the 2024 Property Management Services Framework Agreement”	Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates;
“percentage ratio”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China (for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“Runhua Group Company”	Runhua Group Stock-Holding Co., Ltd.* (潤華集團股份有限公司) (previously known as Shandong Province Automotive Sales (Group) Co., Ltd* (山東省汽車銷售(集團)股份有限公司)), a company incorporated with limited liability in the PRC on 18 June 1993, which is owned as to approximately 54% by Mr. Luan Tao (樂濤). The principal business activities of Runhua Group Company include sale and service of motor vehicles, car rental, finance investment and other comprehensive business;
“Runhua Insurance”	Shandong Runhua Insurance Agency Company Limited* (山東潤華保險代理股份有限公司), a company incorporated with limited liability in the PRC on 23 September 2004 whose shares are listed on the NEEQ (Stock Code: 839373), which is an associate of Mr. Luan Tao (樂濤) and Mr. Luan Hangqian (樂航乾). The principal business activities of Runhua Insurance include selling insurance products as an agent, and acting as an agent for loss survey and claims settlement in related businesses as entrusted by the insurance company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent

LETTER FROM THE BOARD



Runhua Living Service Group Holdings Limited

润华生活服务集团控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2455)

Executive Directors:

Mr. Yang Liqun (*Chairman of the Board*)

Mr. Fei Zhongli (*Chief Executive Officer*)

Non-executive Directors:

Mr. Luan Tao

Mr. Luan Hangqian

Mr. Cheng Xin

Independent Non-Executive Directors:

Ms. Wang Yushuang

Ms. Bao Ying

Ms. He Murong

Registered office:

Floor 4, Willow House

Cricket Square

Grand Cayman KY1-9010

Cayman Islands

Headquarters office and principal

place of business in the PRC:

6th Floor, Building No. 1

Lemeng Center

No. 28988 Jingshi Road

Jinan City

Shandong Province

PRC

Principal place of business

in Hong Kong:

31/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

20 January 2025

To the Shareholders

Dear Sir or Madam,

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS;

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement dated 24 December 2024 in respect of the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As the current term of the Existing Property Management Services Framework Agreement had expired on 31 December 2024, the Company has entered into the 2024 Property Management Services Framework Agreement with Runhua Group Company, Hang Qian Holdings and Runhua Insurance to renew the continuing connected transactions on 24 December 2024 (after trading hours) for a term of three financial years ending 31 December 2027. Pursuant to the 2024 Property Management Services Framework Agreement, the Group agreed to provide the property management services to Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates, including but not limited to (i) cleaning and disinfection services; (ii) security services; (iii) general repair and maintenance services; and (iv) customers services, commencing from 1 January 2025 to 31 December 2027 (both days inclusive).

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder including the proposed annual caps thereof.

The purpose of this circular is to (i) provide the Shareholders further information in respect of the 2024 Property Management Services Framework Agreement and the proposed annual caps thereof; (ii) set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Property Management Services Framework Agreement and the proposed annual caps thereof; and (iii) give the Shareholders the notice of the EGM and other information as required under the Listing Rules.

PRINCIPAL TERMS OF THE 2024 PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The following sets out the principal terms of the 2024 Property Management Services Framework Agreement:

Date:	24 December 2024
Parties:	(1) The Company (2) Runhua Group Company, Hang Qian Holdings and Runhua Insurances
Term:	From 1 January 2025 to 31 December 2027 (both days inclusive) and the Existing Property Management Services Framework Agreement have been terminated automatically on 1 January 2025.
Nature of transactions:	The Group agreed to provide the property management services to Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates, including but not limited to (i) cleaning and disinfection services; (ii) security services; (iii) general repair and maintenance services; and (iv) customers services, commencing from 1 January 2025 to 31 December 2027 (both days inclusive).

LETTER FROM THE BOARD

Pricing basis:

The services to be provided under the 2024 Property Management Services Framework Agreement will be charged on a monthly basis. The service fees will be determined after arm's length negotiations between the Group and Runhua Group Company, Hang Qian Holdings and Runhua Insurance based on the following factors:

- (i) the size, location and type of the properties;
- (ii) the expected standards for our property management services and the frequency of performing the Group's services;
- (iii) budgeted operational expenses (including but not limited to labour, materials and administrative expenses);
- (iv) targeted profit margins;
- (v) pricing of comparable properties; and
- (vi) the potential growth of business of the Group in general.

Payment terms:

The service fees shall be generally payable on a quarterly basis. Such payment terms are in essence the same as those under the Existing Property Management Services Framework Agreement and determined with reference to the Group's standard payment terms offered to Independent Third Parties under similar conditions and the market practice. The Board has conducted a thorough assessment regarding the payment terms. This assessment was based on various criteria, including service fees, payment timelines, and overall service quality. Typically, payment terms offered to Independent Third Parties are subject to payment terms that are also on a quarterly or semi-annual basis. Based on the aforesaid, the Directors consider that the payment terms of the 2024 Property Management Services Framework Agreement shall be no more favourable than those available to the Independent Third Parties for similar contracts.

LETTER FROM THE BOARD

Proposed annual caps

The table below sets out the proposed annual caps for the service fees payable by Runhua Group Company, Hang Qian Holdings and Runhua Insurance to the Group pursuant to the 2024 Property Management Services Framework Agreement for each of the three financial years ending 31 December 2027:

	Financial year ending 31 December		
	2025	2026	2027
	RMB'000	RMB'000	RMB'000
Service fees payable by Runhua Group Company, Hang Qian Holdings and Runhua Insurance to the Group	39,346	43,280	47,608

Basis of determination of the proposed annual caps

On arriving at the above annual caps for the 2024 Property Management Services Framework Agreement, our Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (i) the historical transaction amounts during the two years ended 31 December 2023;
- (ii) the volume of the current property management services projects that the Parties to the 2024 Property Management Services Framework Agreement require from our Group will remain steady;
- (iii) the historical success in securing property management projects for the properties operated/ developed by the Parties to the 2024 Property Management Services Framework Agreement;
- (iv) the historical success in renewing all property management projects with the Parties to the 2024 Property Management Services Framework Agreement; and
- (v) an annual growth rate of 10% for the three years ending 31 December 2027 with reference to the Group's sale forecast and future growth prospects.

LETTER FROM THE BOARD

Historical annual caps and the actual transaction amounts

The table below sets out the existing annual caps and the actual transaction amounts of the service fees payable by Runhua Group Company, Hang Qian Holdings and Runhua Insurance to the Group pursuant to the Existing Property Management Services Framework Agreement:

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2023 RMB'000	For the eleven months ended 30 November 2024 RMB'000
Annual Caps	35,300	40,100	40,900 <i>(Note 1)</i>
Transaction Amount	32,457	25,100	34,076

Note:

1. For the entire year ending 31 December 2024.

INTERNAL CONTROL POLICY FOR CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the terms under the 2024 Property Management Services Framework Agreement are fair and reasonable, and 2024 Property Management Services Framework Agreement are carried out under normal commercial terms, the Group has adopted the following internal control procedures:

- the Board and internal departments of the Company regularly monitor to ensure its compliance of Listing Rules and transaction updates under the 2024 Property Management Services Framework Agreement. In addition, the management of the Company also regularly reviews the pricing policies of the framework agreements on a monthly basis;
- when considering the products fees, service fees, and other fees provided by the Company to the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and independent third parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favourable than those offered by independent third parties; and
- the independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the 2024 Property Management Services Framework Agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the continuing connected transactions are conducted in accordance with the terms of the 2024 Property Management Services Framework Agreement, on normal commercial terms, in accordance with the pricing policy, are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in providing property management service, whereas the Parties to the 2024 Property Management Services Framework Agreement are principally engaged in, among other things, sale and service of motor vehicles, car rental, finance investment and other comprehensive business and property development business and thus have business demand on property management service. Through the cooperation between the Parties to the 2024 Property Management Services Framework Agreement and the Group in respect of the provision of property management services, it is expected that the Group could leverage on the business needs from the Parties to the 2024 Property Management Services Framework Agreement and the Group's collaboration may bring synergy into full play and share development achievements of both parties.

INFORMATION ABOUT THE PARTIES INVOLVED

The Group is principally engaged in providing property management service. Runhua Group Company, a company incorporated with limited liability in the PRC on 18 June 1993, is owned as to approximately 54% by Mr. Luan Tao (樂濤) and approximately 46% by Independent Third Parties. Each of the Independent Third Parties holds less than 5% of Runhua Group Company. The principal business activities of Runhua Group Company include sale and service of motor vehicles, car rental, finance investment and other comprehensive business.

Hang Qian Holdings, a limited liability company incorporated in Hong Kong on 18 December 2007, which is wholly owned by Mr. Luan Hangqian (樂航乾). The principal business activities of Hang Qian Holdings include property development, property marketing and hotel operation.

Runhua Insurance, a company incorporated with limited liability in the PRC on 23 September 2004 whose shares are listed on the NEEQ (Stock Code: 839373), is beneficially owned as to approximately 50.42% by Mr. Luan Tao (樂濤) and approximately 26.11% by Mr. Luan Hangqian (樂航乾). The principal business activities of Runhua Insurance include selling insurance products as an agent, and acting as an agent for loss survey and claims settlement in related businesses as entrusted by the insurance company.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Runhua Group Company is a company owned as to approximately 54% by Mr. Luan Tao (樂濤), Hang Qian Holdings is wholly owned by Mr. Luan Hangqian (樂航乾), while Runhua Insurance is indirectly owned by Mr. Luan Tao (樂濤) and Mr. Luan Hangqian (樂航乾) who are both the controlling Shareholders of the Company. Accordingly, Runhua Group Company, Hang Qian Holdings and Runhua Insurance are the connected persons under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Property Management Services Framework Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, (i) Mr. Luan Tao (樂濤), a non-executive Director and the director of Runhua Group Company; (ii) Mr. Luan Hangqian (樂航乾), a non-executive Director, the director of Hang Qian Holdings and the director of Runhua Insurance; (iii) Mr. Yang Liqun (楊立群), an executive Director and the director of Runhua Group Company; and (iv) Mr. Cheng Xin (程欣), a non-executive Director and the director of Runhua Insurance, were considered to have a material interest in the transactions contemplated under the 2024 Property Management Services Framework Agreement. As such, they have abstained from voting on the Board resolutions approving the relevant agreements and the transactions contemplated thereunder. Save as mentioned above, none of the other Directors has a material interest in the transactions contemplated under the 2024 Property Management Services Framework Agreement, and therefore, no other Director has abstained from voting on approval of the relevant resolutions.

As the highest applicable percentage ratio under the Listing Rules in respect of the annual caps in relation to the 2024 Property Management Services Framework Agreement is expected to be more than 5% on an annual basis, the transactions under the 2024 Property Management Services Framework Agreement constitute continuing connected transactions for the Group which are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders on the transactions contemplated under the 2024 Property Management Services Framework Agreement and the proposed annual caps thereof. Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The notice of EGM is set out on pages 32 to 33 of this circular. The EGM will be convened by the Company at 10 a.m. on 12 February 2025 at 6th Floor, Building No. 1, Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, PRC, at which ordinary resolution will be proposed and, if thought fit, passed to approve the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof by poll.

Any Shareholder with a material interest in the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder, shall not vote on the resolution in relation to the 2024 Property Management Services Framework Agreement proposed at the EGM.

The Company complies with the reporting, announcement and Independent Shareholders' approval requirements for the transactions contemplated under the 2024 Property Management Services Framework Agreement as Runhua Group Company, Hang Qian Holdings and Runhua Insurance are the connected persons under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for Mr. Luan Tao (樂濤), Mr. Luan Hangqian (樂航乾), Ms. Liang Yuefeng (梁躍鳳), Skywind Investment Limited, Sailing Investment International Limited and CMB Wing Lung (Trustee) Limited and their associates holding an aggregate of 164,706,700 Shares, representing 54.90% of the issued shares capital of the Company, no other Shareholder is required to abstain from voting on the resolution for approving the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof at the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is also enclosed herewith. Whether or not you intend to attend the EGM, you are advised to read the notice and complete the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and return the form of proxy to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the EGM will be taken by poll and the announcement on the results of which will be published in the manner prescribed under Rule 13.39(5) of the Listing Rules on the websites of the Company and of the Stock Exchange following the EGM.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders on the terms of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof; and (ii) the letter of advice from Rainbow Capital as set out on pages 14 to 25 of this circular which contains, amongst other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof together with the principal factors and reasons considered by it in concluding its advice.

Having considered the factors mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

ADDITIONAL INFORMATION

Your attention is also drawn to the appendix to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
Runhua Living Service Group Holdings Limited
Yang Liqun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Runhua Living Service Group Holdings Limited

润华生活服务集团控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2455)

20 January 2025

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 20 January 2025 of the Company (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof are fair and reasonable so far as the Independent Shareholders are concerned. Rainbow Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 11 of the Circular which contains, *inter alia*, information on the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof, as well as the letter from Rainbow Capital set out on pages 14 to 25 of the Circular which contains its advice in respect of the terms of the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Rainbow Capital, we consider that (i) the terms of the 2024 Property Management Services Framework Agreement are on normal commercial terms or better, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, (ii) the transactions contemplated under the 2024 Property Management Services Framework Agreement will be carried out in the ordinary and usual course of business of the Company, and (iii) the annual caps of the 2024 Property Management Services Framework Agreement for each of the three years ending on 31 December 2025, 2026 and 2027 are fair and reasonable, and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2024 Property Management Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereof.

Yours faithfully,

For and on behalf of

Independent Board Committee

Wang Yushuang

Independent

non-executive Director

Bao Ying

Independent

non-executive Director

He Murong

Independent

non-executive Director

LETTER FROM RAINBOW CAPITAL

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation of this circular.



RAINBOW CAPITAL (HK) LIMITED
宏 博 資 本 有 限 公 司

20 January 2025

To the Independent Board Committee and the Independent Shareholders

Runhua Living Service Group Holdings Limited

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions (the “**Transactions**”) contemplated under the 2024 Property Management Services Framework Agreement (including the proposed annual caps), details of which are set out in the circular issued by the Company to the Shareholders dated 20 January 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 14 December 2022, the Company entered into the Existing Property Management Services Framework Agreement with Runhua Group Company, Hang Qian Holdings and Runhua Insurance, pursuant to which the Group agreed to provide property management services to Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates (the “**Connected Parties**”), including but not limited to (i) cleaning and disinfection services; (ii) security services; (iii) general repair and maintenance services; and (iv) customers services, commencing from the Listing Date to 31 December 2024. With a view to continue the transaction contemplated under the Existing Property Management Services Framework Agreement, on 24 December 2024, the Company entered into the 2024 Property Management Services Framework Agreement to renew the term for further three years from 1 January 2025 to 31 December 2027 (both days inclusive).

LETTER FROM RAINBOW CAPITAL

As at the Latest Practicable Date, Runhua Group Company is a company owned as to approximately 54% by Mr. Luan Tao (樂濤), Hang Qian Holdings is wholly owned by Mr. Luan Hangqian (樂航乾), while Runhua Insurance is indirectly owned by Mr. Luan Tao (樂濤) and Mr. Luan Hangqian (樂航乾) who are both the controlling Shareholders of the Company. Accordingly, Runhua Group Company, Hang Qian Holdings and Runhua Insurance are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the 2024 Property Management Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the annual caps in relation to the 2024 Property Management Services Framework Agreement exceeds 5%, the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Wang Yushuang, Ms. Bao Ying and Ms. He Murong, has been formed to advise the Independent Shareholders on (i) whether the entering into of the 2024 Property Management Services Framework Agreement is conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the 2024 Property Management Services Framework Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and the Connected Parties that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group or the Connected Parties and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the 2024 Property Management Services Framework Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the 2024 Property Management Services Framework Agreement (including the proposed annual caps).

LETTER FROM RAINBOW CAPITAL

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the 2024 Property Management Services Framework Agreement (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Information of the Group and the Connected Parties

(i) The Group

The Group is principally engaged in the provision of property management services, property engineering services and landscape construction services, leasing services from investment properties and other services in the PRC. Since its establishment, the Group has mainly focused on providing services in Shandong Province and adhering to the strategy of “Market Development in Shandong”. In 2023, it has received “TOP500 Property Management Companies of China” from CRIC Property Management and Beijing Zhongwu Research Association Information Technology Co., Ltd..

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With reference to the interim report of the Company (the “**2024 Interim Report**”) for the six months ended 30 June 2024 (“**6M2024**”), the Group’s revenue has increased by approximately 11.3% from approximately RMB366.2 million for the six months ended 30 June 2023 to approximately RMB407.5 million for 6M2024, primarily attributable to (a) the new property management service agreement entered into in the second half of 2023 for hospitals and public properties; and (b) the growth of public properties business brought about by the recovery after the COVID-19. In terms of the Group’s property management sector, approximately 93.9% of its revenue for 6M2024 came from non-residential properties (such as hospitals, public properties and commercial and other non-residential properties) and the remaining 6.1% came from residential properties. As such, the Group’s property management services have been and will continue to strategically focus on non-residential properties in the PRC.

In the future, in view of the sustained growth of China’s economy and urbanisation, as well as the expected increase in the number of new properties (residential and non-residential), in addition to achieving business growth through organic growth measures, the Group plans to increase its market share in cities within Shandong Province where it has already conducted business through acquisitions and business partnerships, and to enter other nearby developed markets such as the Yangtze River Delta and the Beijing-Tianjin-Hebei region through the acquisition of well-known local property management companies.

(ii) The Connected Parties

As disclosed in the Letter from the Board, Runhua Group Company, a company incorporated with limited liability in the PRC on 18 June 1993, is owned as to approximately 54% by Mr. Luan Tao (樂濤) and approximately 46% by independent third parties. Each of the independent third parties holds less than 5% of Runhua Group Company. The principal business activities of Runhua Group Company include sale and service of motor vehicles, car rental, finance investment and other comprehensive business.

Hang Qian Holdings, a limited liability company incorporated in Hong Kong on 18 December 2007, which is wholly owned by Mr. Luan Hangqian (樂航乾). The principal business activities of Hang Qian Holdings include property development, property marketing and hotel operation.

Runhua Insurance, a company incorporated with limited liability in the PRC on 23 September 2004 whose shares are listed on the NEEQ (Stock Code: 839373), is beneficially owned as to approximately 50.42% by Mr. Luan Tao (樂濤) and approximately 26.11% by Mr. Luan Hangqian (樂航乾). The principal business activities of Runhua Insurance include selling insurance products as an agent, and acting as an agent for loss survey and claims settlement in related businesses as entrusted by the insurance company.

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2. The 2024 Property Management Services Framework Agreement

(i) *Background and reasons*

Property management services business is the largest operating segment of the Group and its revenue accounted for approximately 93.2% of the Group's total revenue for 6M2024. On the other hand, the Connected Parties are principally engaged in, among other things, sale and service of motor vehicles, car rental, finance investment and other comprehensive business and property development business and thus have business demand on the Group's property management service. It has been the Group's intention to continue to expand its portfolio of GFA under management in the PRC. The Group has been providing property management services to the Connected Parties for years and the provision of which is in the ordinary course of business of the Group. On 14 December 2022, the Company entered into the Existing Property Management Services Framework Agreement with the Connected Parties, pursuant to which the Group agreed to provide property management services to the Connected Parties, including but not limited to (a) cleaning and disinfection services; (b) security services; (c) general repair and maintenance services; and (d) customers services, commencing from the Listing Date to 31 December 2024.

As the Existing Property Management Services Framework Agreement has been expired on 31 December 2024, with a view to facilitate the continuous provision of such property management services to the Connected Parties, on 24 December 2024, the Company entered into the 2024 Property Management Services Framework Agreement with the Connected Parties to renew the term for further three years from 1 January 2025 to 31 December 2027 (both days inclusive). The entering into of the 2024 Property Management Services Framework Agreement could generate stable income stream to the Group, which could further promote the business growth of the Group.

Based on the above, we concur with the Directors that the entering into of the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) *Principal terms*

Details of the terms of the 2024 Property Management Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

Date	: 24 December 2024
Parties	: The Company; Runhua Group Company, Hang Qian Holdings and Runhua Insurance
Term	: From 1 January 2025 until 31 December 2027 (both days inclusive)

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Nature of transactions : The Group agreed to provide the property management services to Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates, including but not limited to (a) cleaning and disinfection services; (b) security services; (c) general repair and maintenance services; and (d) customers services, commencing from 1 January 2025 to 31 December 2027 (both days inclusive).

Pricing basis : The services to be provided under the 2024 Property Management Services Framework Agreement will be charged on a monthly basis. The service fees will be determined after arm's length negotiations between the Group and Runhua Group Company, Hang Qian Holdings and Runhua Insurance based on the following factors:

- (a) the size, location and type of the properties;
- (b) the expected standards for the Group's property management services and the frequency of performing the Group's services;
- (c) budgeted operational expenses (including but not limited to labour, materials and administrative expenses);
- (d) targeted profit margins;
- (e) pricing of comparable properties; and
- (f) the potential growth of business of the Group in general.

Pricing terms : The service fees shall be generally payable on a quarterly basis. Such payment terms are in essence the same as those under the Existing Property Management Services Framework Agreement and determined with reference to the Group's standard payment terms offered to the Independent Third Parties under similar conditions and the market practice. The Board has conducted a thorough assessment regarding the payment terms. This assessment was based on various criteria, including service fees, payment timelines, and overall service quality. Typically, payment terms offered to the Independent Third Parties are subject to payment terms that are also on a quarterly or semi-annual basis. Based on the aforesaid, the Directors consider that the payment terms of the 2024 Property Management Services Framework Agreement shall be no more favourable than those available to the Independent Third Parties for similar contracts.

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In assessing whether the terms of the 2024 Property Management Services Framework Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed (a) 15 samples of property management services contracts between the Group and the Connected Parties; and (b) 15 samples of property management services contracts between the Group and the independent third parties during the period from 2022 to 2024. Based on our review, we noted that the terms of the property management services contracts with the Connected Parties, including payment terms, were no more favourable than those with the independent third parties. In particular, regarding the payment terms, we noted that the service fees payable by the Connected Parties to the Group were on a monthly or quarterly basis while the service fees payable by the independent third parties to the Group were on a monthly, quarterly, semi-annual or annual basis. As such, the payment terms under the 2024 Property Management Services Framework Agreement and the payment terms of the historical property management services contracts with the Connected Parties were no more favourable than those with the independent third parties. Taking into account (a) the similarity of services covered under the aforesaid sample contracts, all being providing property management services; (b) the sample contracts were effective under the period of the Existing Property Management Services Framework Agreement; and (c) a total of 30 sample contracts were selected, obtained and reviewed, we are of the view that the aforesaid samples we have reviewed are adequate and representative.

In addition, we have compared the terms of the 2024 Property Management Services Framework Agreement with those of the Existing Property Management Services Framework Agreement and noted that except for the term, other principal terms of the Existing Property Management Services Framework Agreement and the 2024 Property Management Services Framework Agreement generally remain the same. As such, we consider the terms of the 2024 Property Management Services Framework Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section headed “3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

(iii) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the Group’s provision of property management services to the Connected Parties under the Existing Property Management Services Framework Agreement for the periods indicated:

	For the year ended 31 December 2022 RMB’000 (audited)	For the year ended 31 December 2023 RMB’000 (audited)	For the eleven months ended 30 November 2024 RMB’000 (unaudited)
Annual caps	35,300	40,100	40,900 (for the year ended 31 December 2024)
Actual transaction amounts	32,457	25,100	34,076
Utilisation rate	91.9%	62.6%	83.3%

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As shown in the table above, the actual transaction amounts regarding the Group's provision of property management services to the Connected Parties under the Existing Property Management Services Framework Agreement amounted to approximately RMB32.5 million, RMB25.1 million and RMB34.1 million for the two years ended 31 December 2023 and the eleven months ended 30 November 2024, respectively, representing approximately 91.9%, 62.6% and 83.3% of the total annual caps in 2022, 2023 and 2024, respectively. As advised by the management of the Group, such low utilisation rate in 2023 was primarily attributable to the decrease in management area of certain projects.

Assessment of the proposed annual caps

The proposed annual caps for fees payable by the Connected Parties to the Group under the 2024 Property Management Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

	For the year ending 31 December		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed annual caps	39,346	43,280	47,608

In assessing the reasonableness of the proposed annual caps of the Group's provision of property management services to the Connected Parties under the 2024 Property Management Services Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2027, the Directors have taken into account, among other things, (a) the historical transaction amounts during the two years ended 31 December 2023; (b) the volume of the current property management services projects that the Connected Parties require from the Group will remain steady; (c) the historical success in securing property management projects for the properties operated/developed by the Connected Parties; (d) the historical success in renewing all property management projects with the Connected Parties; and (e) an annual growth of 10% for the three years ending 31 December 2027 with reference to the Group's sale forecast and future growth prospects.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. Based on our review and discussion with the management of the Group, such estimated property management services fees payable by the Connected Parties are determined based on the expected transaction amount for the year ended 31 December 2024 and an annual growth rate of 10%. Based on our review on a total of 15 samples of property management services contracts between the Group and the Connected Parties entered into from 2022 to 2024, we noted that the Group has successfully renewed its property management services contracts with the Connected Parties for each year from 2022 to 2024. As the Connected Parties are principally engaged in, among other things, sale and service of motor vehicles, car rental, finance investment and other comprehensive business and property development business and thus have stable business demand on property management service, it is expected that the Group will be able to renew the existing contracts with the Connected Parties annually and there will be a continual need by the Connected Parties in the following years.

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As disclosed above, the actual transaction amounts regarding the Group's provision of property management services to the Connected Parties under the Existing Property Management Services Framework Agreement amounted to approximately RMB32.5 million, RMB25.1 million and RMB34.1 million for the two years ended 31 December 2023 and the eleven months ended 30 November 2024, respectively. By annualising the actual transaction amount for the eleven months ended 30 November 2024, the full-year transaction amount for the Group's provision of property management services to the Connected Parties is expected to be approximately RMB37.2 million for the year ended 31 December 2024. In other words, the historical amount of the property management services fees paid by the Connected Parties to the Group has increased from approximately RMB32.5 million for the year ended 31 December 2022 to approximately RMB37.2 million for the year ended 31 December 2024, representing a compound annual growth rate ("CAGR") of approximately 7.0% from 2022 to 2024. As advised by the management of the Group, the decrease in actual transaction amount in 2023 was primarily attributable to the decrease in management area of certain projects. As the Company has managed to secure more projects from the Connected Parties, the actual transaction amount increased in 2024. In addition, according to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB28,228 in 2018 to approximately RMB39,218 in 2023, representing a CAGR of approximately 6.8% during the period. Taking into account that the potential upward adjustments on the service fees for the Group's property management services attributable to inflation and the increase in labour costs, we consider it is fair and reasonable to adopt a growth rate of 10% per annum in projecting the property management services fees in the coming three years.

Although we have not reviewed any future project plan between the Company and the Connected Parties for the three years ending 31 December 2027, taking into account that (a) based on our review on a total of 15 samples of property management services contracts between the Group and the Connected Parties entered into from 2022 to 2024, we noted that the Group has successfully renewed its property management services contracts with the Connected Parties for each year from 2022 to 2024. As such, it is justifiable to expect that there will be a continual need by the Connected Parties for the three years ending 31 December 2027; (b) it is reasonable to consider the potential upward adjustments on the service fees for the Group's property management services attributable to inflation and the increase in labour costs; and (c) it is reasonable to adopt a buffer to cater for any unexpected increase in demand from the Connected Parties on the Group's property management services in the coming three years, we consider the historical transaction amounts to be a representative benchmark in determining the proposed annual caps for the three years ending 31 December 2027.

Taking into account that (a) the estimated property management services fees payable by the Connected Parties have been arrived at after considering the historical transaction amount incurred as well as an annual growth rate of 10%; and (b) the basis of the annual growth rate, we consider the proposed annual caps for the three years ending 31 December 2027 under the 2024 Property Management Services Framework Agreement to be fair and reasonable.

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Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders to determine the proposed annual caps in a way that can accommodate the potential growth of the Group's business. Provided that the Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under the Listing Rules, the Group would have desirable flexibility in conducting its businesses if the proposed annual caps are tailored to future business growth. In assessing the reasonableness of the proposed annual caps, we have discussed with the management of the Group the factors taken into account as stated earlier in this section. We consider it reasonable for the Company to use the above factors in determining the proposed annual caps.

3. Internal control policies of the Group

In order to protect the interests of the Shareholders, the Group has adopted the following internal control policies to regulate the respective individual transactions to be conducted within the framework of the 2024 Property Management Services Framework Agreement:

- (i) the Board and internal departments of the Company regularly monitor to ensure its compliance of the Listing Rules and transaction updates under the 2024 Property Management Services Framework Agreement. In addition, the management of the Company also regularly reviews the pricing policies of the 2024 Property Management Services Framework Agreement on a monthly basis;
- (ii) when considering the products fees, service fees, and other fees provided by the Company to the connected persons, the Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between the Company and independent third parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favourable than those offered by independent third parties; and
- (iii) the independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the 2024 Property Management Services Framework Agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the continuing connected transactions are conducted in accordance with the terms of the 2024 Property Management Services Framework Agreement, on normal commercial terms, in accordance with the pricing policy, are fair and reasonable and in the interests of the Shareholders as a whole.

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In assessing whether the above internal control procedures are put in place and effectively implemented, we have reviewed the relevant documentation regarding the approval of the separate agreements entered between the Group and the Connected Parties under the Existing Property Management Services Framework Agreement and noted that the transactions contemplated thereunder were properly authorised and monitored. In addition, as discussed in the sub-section headed “2. The 2024 Property Management Services Framework Agreement — (ii) Principal terms” above, based on our review of the sample contracts between the Group and the Connected Parties as well as the sample contracts between the Group and the independent third parties for similar transactions during the period from 2022 to 2024, we noted that the terms for transactions contemplated under the Existing Property Management Services Framework Agreement are equal to or no more favourable to the Connected Parties than the terms for similar transactions between the Group and the independent third parties. As such, we consider the Group’s internal control measures have been effectively implemented. Having considered the above, in particular (i) the above internal control procedures which include the Company’s regular review to keep abreast of the prevailing fee level in the market to ensure the adherence of the pricing policy for the Transactions; and (ii) the clear segregation of duties of executing and monitoring the Transactions by designating different personnel or teams for the assessment, review and approval of the Transactions and the ongoing monitoring thereof, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the 2024 Property Management Services Framework Agreement will be appropriately monitored by the Company to ensure that services fees charged to the Company are on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

4. Reporting requirements and conditions of the Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company’s auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company’s annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;

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- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
- (d) have exceeded the proposed annual caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

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

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the 2024 Property Management Services Framework Agreement are conducted in the ordinary and usual course of the Group; and (ii) the terms of the 2024 Property Management Services Framework Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the 2024 Property Management Services Framework Agreement (including the proposed annual caps).

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

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

1 RESPONSIBILITY STATEMENT

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

2 DISCLOSURE OF INTERESTS

(1) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which were required to be 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 were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code under the Listing Rules, are set out below:

Director	Nature of Interests ⁽¹⁾	Number of issued Shares held	Percentage of interest
Mr. Luan Tao ⁽²⁾	Interest held jointly with another person	164,706,700	54.90%
Mr. Luan Hangqian ⁽²⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	164,706,700	54.90%
Mr. Yang Liqun ⁽³⁾	Interest in a controlled corporation	9,467,821	3.16%
Mr. Fei Zhongli ⁽⁴⁾	Interest in a controlled corporation	2,896,039	0.97%
Mr. Cheng Xin ⁽⁵⁾	Interest in a controlled corporation	5,569,306	1.86%

Notes:

- All the interests disclosed above represent long positions in the Shares.
- On 14 October 2024, Mr. Luan Hangqian informed that the transactions in relation to the establishment of an irrevocable discretionary family trust was completed. In which, Mr. Luan Hangqian is as the settlor for the benefit of Mr. Luan Hangqian, Mr. Luan Tao, Ms. Liang Yuefeng and the other close relatives of Mr. Luan Hangqian.

As 164,706,700 Shares (representing approximately 54.90% of the total number of the Shares) which were previously owned by Springrain Investment Limited have been transferred to Skywind Investment Limited, Skywind Investment Limited is owned as to 1% by Springrain Investment Limited and 99% by Sailing Investment International Limited while Sailing Investment International Limited is wholly owned by the CMB Wing Lung (Trustee) Limited as trustee of the trust. Mr. Luan Hangqian is also the sole director of Skywind Investment Limited. Mr. Luan Hangqian is deemed to be interested in the 164,706,700 Shares where Skywind Investment Limited is interested in under the SFO.

Pursuant to the concert parties confirmatory deed dated 18 June 2021, and entered into by Mr. Luan Hangqian, Mr. Luan Tao and Ms. Liang Yuefeng to acknowledge and reaffirm, amongst other things, that they were parties acting in concert in respect of the Company. As such, pursuant to the parties acting in concert arrangement, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng are deemed to be interested in approximately 54.90% of the issued share capital of the Company.

3. Shares in which Mr. Yang Liqun is interested consist of 9,467,821 Shares held by Yangliqun Ltd, a company wholly-owned by Mr. Yang Liqun, in which Mr. Yang Liqun is deemed to be interested under the SFO.
4. Shares in which Mr. Fei Zhongli is interested consist of 2,896,039 Shares held by Feizhongli run heart service Ltd, a company wholly-owned by Mr. Fei Zhongli, in which Mr. Fei Zhongli is deemed to be interested under the SFO.
5. Shares in which Mr. Cheng Xin is interested consist of 5,569,306 Shares held by Chengxin & Susan Ltd, a company wholly-owned by Mr. Cheng Xin, in which Mr. Cheng Xin is deemed to be interested under the SFO.

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

(2) Substantial Shareholders' interests and short positions in the Shares and underlying Shares

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Nature of Interests ⁽¹⁾	Number of issued Shares held	Percentage of interest
Mr. Luan Tao ⁽²⁾	Interest held jointly with another person	164,706,700	54.90%
Mr. Luan Hangqian ⁽²⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	164,706,700	54.90%

Name	Nature of Interests ⁽¹⁾	Number of issued Shares held	Percentage of interest
Ms. Liang Yuefeng ⁽²⁾	Interest held jointly with another person	164,706,700	54.90%
Skywind Investment ⁽²⁾	Beneficial owner	164,706,700	54.90%
Sailing Investment International Limited ⁽²⁾	Interest of corporation controlled by you	164,706,700	54.90%
CMB Wing Lung (Trustee) Limited ⁽²⁾	Trustee	164,706,700	54.90%
Jina Huaiyin Urban Construction Investment Group Co., Ltd.* (濟南槐蔭城市建設投資集團有限公司) ⁽³⁾	Beneficial owner	25,478,000	8.49%

Notes:

- All the interests disclosed above represent long positions in the Shares.
- On 14 October 2024, Mr. Luan Hangqian informed that the transactions in relation to the establishment of an irrevocable discretionary family trust was completed. In which, Mr. Luan Hangqian is as the settlor for the benefit of Mr. Luan Hangqian, Mr. Luan Tao, Ms. Liang Yuefeng and the other close relatives of Mr. Luan Hangqian.

As 164,706,700 Shares (representing approximately 54.90% of the total number of the Shares) which were previously owned by Springrain Investment Limited have been transferred to Skywind Investment Limited, Skywind Investment Limited is owned as to 1% by Springrain Investment Limited and 99% by Sailing Investment International Limited while Sailing Investment International Limited is wholly owned by the CMB Wing Lung (Trustee) Limited as trustee of the trust. Mr. Luan Hangqian is also the sole director of Skywind Investment Limited. Mr. Luan Hangqian is deemed to be interested in the 164,706,700 Shares where Skywind Investment Limited is interested in under the SFO.

Pursuant to the concert parties confirmatory deed dated 18 June 2021, and entered into by Mr. Luan Hangqian, Mr. Luan Tao and Ms. Liang Yuefeng to acknowledge and reaffirm, amongst other things, that they were parties acting in concert in respect of the Company. As such, pursuant to the parties acting in concert arrangement, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng are deemed to be interested in approximately 54.90% of the issued share capital of the Company.

- Jinan Huaiyin Urban Construction Investment Group Co., Ltd.* (濟南槐蔭城市建設投資集團有限公司) is wholly-owned by Development and Reform Bureau of Huaiyin District, Jinan City* (濟南市槐蔭區發展和改革局).

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group. The Directors and the chief executive of the Company also were not aware any Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into, a service contract with any member of the Group which is expiring or be terminable by the Group within one year without payment of compensation, other than statutory compensation.

4 COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the business of the Group.

5 INTEREST OF DIRECTORS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

Since 31 December 2023, being the date to which the latest published audited accounts of the Group have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group.

6 LITIGATION

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

7 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

8 EXPERTS AND CONSENTS

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

Name	Qualification
Rainbow Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, Rainbow Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and reference to its name and statements in the form and context in which it appears.

As at the Latest Practicable Date, Rainbow Capital was not beneficially interested in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Rainbow Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2023, being the date up to which the latest published audited consolidated accounts of the Company were made up.

The letters, recommendation and/or reports given by Rainbow Capital are given as at of the date of this circular for incorporation herein.

9 MISCELLANEOUS

- (a) The registered office the Company is located at Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands and the head office and principal place of business in the PRC is at 6th Floor, Building No. 1, Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, PRC.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Ms. Ng Ka Man.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10 DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.sdrhwy.cn) for 14 days from the date of this circular:

- (i) The 2024 Property Management Services Framework Agreement;
- (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
- (iii) a letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from Rainbow Capital” in this circular;
- (iv) the written consent referred to the paragraph headed “8. Experts and Consents” in this appendix;
and
- (v) this circular.

NOTICE OF EGM



Runhua Living Service Group Holdings Limited

润华生活服务集团控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2455)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Runhua Living Service Group Holdings Limited (the “**Company**”) will be held at 6th Floor, Building No. 1, Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, PRC at 10 a.m. on 12 February 2025 to consider and, if thought fit, approve with or without modifications, the following resolution as ordinary resolution of the Company:

1. “**THAT:**

- (a) The 2024 Property Management Services Framework Agreement dated 24 December 2024 entered into between the Company and Runhua Group Company, Hang Qian Holdings and Runhua Insurance, details of which are described in the circular of the Company dated 20 January 2025 (the “**Circular**”) and a copy of which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, and the terms and conditions thereof, the proposed annual cap amounts related thereof, all the transactions contemplated thereunder and the implementation thereof be and are hereby confirmed, ratified and approved; and
- (b) Any one director of the Company or any other person authorised by the directors of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company, and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the 2024 Property Management Services Framework Agreement and the transactions contemplated thereunder.”

By Order of the Board
Runhua Living Service Group Holdings Limited
Yang Liqun
Chairman

Hong Kong, 20 January 2025

NOTICE OF EGM

Registered office:

Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Island

*Headquarters office and principal place of business
in the PRC:*

6th Floor, Building No. 1
Lemeng Center
No. 28988 Jingshi Road
Jinan City
Shandong Province
PRC

Principal place of business in Hong Kong:

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall, for the purposes of the bye-laws of the Company, be deemed joint holders thereof.
3. In order to be valid, the form of proxy, and if the proxy is signed by a person under a power of attorney or other authority (if any) on behalf of the appointor, a notarially certified copy of such power of attorney or authority, shall be delivered 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 not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be) at which the person named in the form of proxy proposes to vote. Completion and return of the form of proxy appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the form of proxy previously submitted shall be deemed to be revoked.
4. The Register of Members of the Company will be closed from Friday, 7 February 2025 to Wednesday, 12 February 2025 (both days inclusive), during which period no transfer of Shares can be registered. Shareholders whose names appear in the Register of Members of the Company on Friday, 7 February 2025 are eligible to attend and vote at the EGM. All properly completed transfer forms accompanied by relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 6 February 2025.
5. The resolution will be voted by way of poll as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this notice, Mr. Yang Liqun and Mr. Fei Zhongli are executive Directors; Mr. Luan Tao, Mr. Luan Hangqian and Mr. Cheng Xin are non-executive Directors; and Ms. Wang Yushuang, Ms. Bao Ying and Ms. He Murong are independent non-executive Directors.