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If you have sold or transferred all your shares in Cherish Sunshine International Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CHERISH SUNSHINE INTERNATIONAL LIMITED 承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

CONTINUING CONNECTED TRANSACTIONS PROCUREMENT SERVICES FRAMEWORK AGREEMENT AND NOTICE OF SPECIAL GENERAL MEETING

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



A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 32 of this circular.

A notice convening the SGM to be held at Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 29 September 2023 at 9:30 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM (i.e. by 9:30 a.m. on Wednesday, 27 September 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Whether or not you are able to attend at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. by 9:30 a.m. on Wednesday, 27 September 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

All times and dates specified herein refer to Hong Kong local times and dates.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

13 September 2023

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DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	Cherish Sunshine International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of Directors consisting of Mr. Zhong Dengyu, Ms. Yang Xiaoyan and Ms. Deng Hua, who are independent non-executive Directors, which is formed to advise on the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap)

DEFINITIONS

“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap)
“Independent Shareholders”	the Shareholders other than Eastmount Global Limited and its associates
“Latest Practicable Date”	7 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Ms. Liu’s Associates”	companies which are associates of Ms. Liu Luoxiu, a controlling Shareholder
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, the Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“Procurement Services Framework Agreement”	the Procurement Services Framework Agreement dated 14 August 2023 between the Company and Ms. Liu Luoxiu, pursuant to which the Company and/or its subsidiaries agreed to provide procurement services to Ms. Liu’s Associates
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Award Plan”	the share award plan adopted by the Company on 29 April 2022
“Share Option(s)”	the share option(s) to subscribe for Share(s) under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 3 August 2022
“Special General Meeting” or “SGM”	a special general meeting of the Company to be held at Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 29 September 2023 at 9:30 a.m., the notice of which is set out on pages SGM-1 to SGM-3 of this circular, or any adjournment thereof, to consider and, if thought fit, approve, among other things, the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD



CHERISH SUNSHINE INTERNATIONAL LIMITED
承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

Executive Director:

Ms. Wu Siyuan (*Chairman*)

Mr. Shi Qiang (*Chief Executive*)

Ms. He Qian

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-executive Directors:

Ms. Liu Qian

Mr. Li Shun

Mr. Li Guanghua

Principal place of business

in Hong Kong:

Unit 705, 7/F

Nam Wo Hong Building

148 Wing Lok Street

Sheung Wan

Hong Kong

Independent non-executive Directors:

Mr. Zhong Dengyu

Ms. Yang Xiaoyan

Ms. Deng Hua

13 September 2023

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
PROCUREMENT SERVICES FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 14 August 2023 in relation to the Company's entering into of the Procurement Services Framework Agreement on 14 August 2023.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) information in relation to the Procurement Services Framework Agreement and the proposed annual cap; (ii) a letter of recommendation from the Independent Board Committee containing its opinion and recommendation on the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its opinion and recommendation on the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iv) a notice of the SGM.

PROCUREMENT SERVICES FRAMEWORK AGREEMENT

On 14 August 2023, the Company entered into the Procurement Services Framework Agreement pursuant to which the Group shall provide procurement services to Ms. Liu's Associates subject to and upon the terms and conditions set out in the Procurement Services Framework Agreement for a period up to 31 March 2024.

Details of the Procurement Services Framework Agreement are set out below:

Date:	14 August 2023
Parties:	(i) the Company (for itself and on behalf of its subsidiaries); and (ii) Ms. Liu Luoxiu (for herself and her associates)
Nature of transactions:	The Company and/or its subsidiaries agreed to provide procurement services to Ms. Liu's Associates with regards to procuring equipment and/or materials in EPC (Engineering, Procurement and Construction) projects that are concerned with new energy.

LETTER FROM THE BOARD

Term: Subject to the fulfillment of the condition precedent set out below, the Procurement Services Framework Agreement shall have a term commencing from the date on which the Company obtained approval of the Independent Shareholders at the SGM in respect of, inter alia, the Procurement Services Framework Agreement and the transactions contemplated thereunder and ending on 31 March 2024.

Condition precedent: The Procurement Services Framework Agreement is conditional upon the resolution regarding the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) being approved by the Independent Shareholders at the SGM.

Pricing policy: The prices for the services under the Procurement Services Framework Agreement shall be determined based on the agreed prices between the parties. The agreed prices will be calculated based on the actual costs incurred in providing such services, such as the cost of the goods procured, labour and other expenses (e.g. travel and accommodation expenses, entertainment expenses and general disbursements such as telephone call expenses), plus a profit margin as agreed between the parties that is no less favourable to the Group than the profit margin charged to independent third party customers of the Group in recent transactions of similar nature, by referencing to at least three transactions with independent third party customers, taking into account factors such as the duration of provision of services, types and volume of goods to be procured, etc. Based on past transactions with independent third party customers where the profit margin was generally in the range of 1% to 5%, the profit margin to be charged by the Group was expected to be in the range of 1% to 5% as at the Latest Practicable Date.

The Board is of the view that such pricing policy is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Payment term: The payment terms will be agreed and stated in the transaction-specific agreements and will be no less favourable to the Group than terms available to independent third party customers of the Group. Based on recent transactions with third party customers, payments should be made to the Group in installments. This includes an initial payment of 10% to 20% upon entering into the transaction-specific agreement, 40% to 60% before goods delivery, 40% to 70% within 30 days after passing goods inspection upon delivery and, where applicable, a final payment of 10% after the end of the warranty period.

PROPOSED ANNUAL CAP

The proposed annual cap for the year ending 31 March 2024 under the Procurement Services Framework Agreement is HK\$120 million.

BASIS OF PROPOSED ANNUAL CAP

In arriving at the above proposed annual cap, the Company has considered the following factors:

- (i) the expected types and volume of procurement services that the Group may provide in EPC projects. As at the Latest Practicable Date, Ms. Liu's Associates had secured at least 3 EPC projects in which the Group could be selected to provide procurement services, which involve procurement of construction equipment and materials such as modules, inverters, cables and box transformers for photovoltaic power plants, and on the basis of the aforementioned, the transaction amount between Ms. Liu's Associates and the Group could reach an aggregate of approximately RMB99 million;
- (ii) the expected project timetable of the EPC projects. As at the Latest Practicable Date, based on the EPC projects as described in (i) above, the EPC projects generally have duration ranging from 3 months to 1.5 years and commencing in the second half of 2023 and the first half of 2024, and procurement services will be required over the duration of the projects; and

LETTER FROM THE BOARD

- (iii) a buffer of 10% for the fluctuations in project progress of the EPC projects and the actual market price movements of the goods procured given the past experience of the Group in providing similar procurement services to independent third party customers which caused the transaction amounts to differ from the expected amounts by approximately 10%.

The proposed annual cap was not determined with reference to historical transactions as no historical transactions of provision of procurement services had been conducted by the Group with Ms. Liu's Associates as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

One of the Group's principal businesses is providing online and off-line procurement services to governmental institutions and private enterprises which involves procuring the required goods for the clients. As disclosed in the annual report of the Company for the year ended 31 March 2023, the 20th National Congress of the Communist Party of China (CPC) held in October 2022 emphasised the active promotion of carbon peak and carbon neutrality. This has resulted in a booming new energy market in the PRC, particularly in wind and solar power generation where the EPC (Engineering, Procurement and Construction) model is widely adopted. Against this backdrop, the Group stepped up its effort in exploring the procurement opportunities in new energy industry since the financial year ended 31 March 2023. The business exploration has made a great contribution to the revenue increase of the Group, which brought confidence to the management of the Group to continue its servicing in the new energy market. To further boost the revenue contribution from procurement services in EPC projects concerning new energy, to accumulate further experience in providing procurement services to private enterprises and to enhance its market share particularly in the new energy market, hence supporting its business growth, the Group has entered into the Procurement Services Framework Agreement with Ms. Liu Luoxiu with regards to the provision of procurement services to Ms. Liu's Associates. "Ms. Liu's Associates" is intended to cover associates (as defined under Chapter 14A of the Listing Rules) of Ms. Liu Luoxiu, and as at the Latest Practicable Date, the relevant Ms. Liu's Associates were Suzhou Aikang Energy Group Co., Ltd.* (蘇州愛康能源集團股份有限公司), a 30%-controlled company (as defined under Chapter 14A of the Listing Rules) of Mr. Zou Yuwen (the spouse of Ms. Liu Luoxiu) and its subsidiaries, which are engaged in business activities including acting as the principal in EPC projects related to photovoltaic power plant construction. Based on discussions with the relevant Ms. Liu's Associates, the Directors understand that such companies have already secured some EPC projects, with more potential projects in business negotiation, which could allow the Group to have further opportunities to provide procurement services in order to achieve substantial business growth. Although the value of the annual cap of HK\$120 million for the transactions contemplated under the Procurement Services Framework Agreement represents

LETTER FROM THE BOARD

approximately 44.2% of the total revenue of the financial year ended 31 March 2023 of approximately HK\$271.7 million, it would only account for approximately 30.6% of the total revenue of the financial year ending 31 March 2024, assuming the Group could generate the same amount of revenue in the financial year ending 31 March 2024 as the year ended 31 March 2023 without the effect of the annual cap, and the annual cap could be utilised in full during the year and contribute an additional \$120 million revenue to the Group on top of the HK\$271.7 million of revenue. Other than providing services pursuant to the Procurement Services Framework Agreement, the Group would continue to actively pursue opportunities to provide procurement services to independent third party customers in order to expand its customer base and market share in provision of procurement services in the new energy market as well as other markets such as customers in the logistics industry.

The Board (including the independent non-executive Directors whose views is set out in the section headed “Letter from the Independent Board Committee” of this circular after taking into account the advice of the Independent Financial Adviser) is of the view that the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are fair and reasonable, entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the Procurement Services Framework Agreement are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Procurement Services Framework Agreement, the Group has adopted the following internal control measures:

- (i) the Group has and will maintain an up-to-date list of connected persons. Such a list has also been imported to the Group’s online operational management information system to assist the Group in identifying potential connected transactions and carrying out internal assessment and approval procedures designated for connected transactions;
- (ii) for each transaction-specific contract to be entered into with connected persons identified, the Group shall go through an internal contract approval process via its online operational management information system that involves various departments, such as the project procurement department (工程採購部), the project business operation department (工程商務部), the business finance department (業務財務部), the compliance and risk control department (合規風控部) and the company secretarial department (董事會辦公室). The Chief Executive of the Group will make the decision before entering into the contract. For contracts of value of over RMB40 million (a

LETTER FROM THE BOARD

monetary threshold regarded as significant to the Group according to the terms of reference and articles of the operational management committee (經營管理委員會) per contract, they will be submitted to the operational management committee (經營管理委員會), which consists of the chairman of the Board, the Chief Executive and other management officers from various departments, for ultimate approval. The contract, if approved, will then be entered into, and the executed contract, along with all relevant documents recording the approval process, will be filed for archival purposes;

- (iii) the company secretarial department and the business finance department will also conduct quarterly checks to monitor, review and assess the transactions contemplated under the Procurement Services Framework Agreement and report to the Board, in particular, including but not limited to the following: (a) reviewing the prices and terms offered by the Group to ensure they are consistent with the pricing policies and connected transaction policies of the Group and the terms of the Procurement Services Framework Agreement; (b) monitoring the transactions under the Procurement Services Framework Agreement to ensure the transaction amounts will not exceed the annual cap; and (c) ensure the pricing and terms of the connected transactions are in line with the market trend so that the transactions are carried out in a fair and reasonable manner;
- (iv) the audit committee of the Group, with the assistance of the internal auditor, will convene meetings, when necessary, to discuss and assess the implementation and internal control procedures of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Services Framework Agreement and the annual cap);
- (v) the independent non-executive Directors will conduct at least an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Services Framework Agreement and the annual cap) and provide annual confirmations that the relevant transactions that have been entered into are in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the relevant agreement, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole;
- (vi) the Company's external auditors will also conduct an annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Procurement Services Framework Agreement and the annual cap) to confirm the relevant transactions that have been approved by the Board, are in accordance with the pricing policies of the Group and the relevant agreements, and have not exceeded the relevant annual cap; and

LETTER FROM THE BOARD

(vii) the Group will provide trainings and written materials for its newly recruited employees to increase their awareness and understanding of the rules for connected transactions and the relevant policies of the Group.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in provision of procurement services and other IT services, trading of different kinds of products, leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC and provision of energy management contracting services in the PRC.

Ms. Liu Luoxiu

As at the Latest Practicable Date, Ms. Liu Luoxiu is a controlling Shareholder, as she is the settlor of a discretionary trust whose trustee indirectly trustee indirectly holds approximately 45.63% of the total issued shares capital of the Company and therefore is a connected person of the Company.

LISTING RULES IMPLICATIONS

As Ms. Liu Luoxiu is a connected person of the Company as set out above as at the Latest Practicable Date, the transactions contemplated under the Procurement Services Framework Agreement constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio for the proposed annual cap for the year ending 31 March 2024 under the Procurement Services Framework Agreement is more than 5% and the aggregate consideration is more than HK\$10 million, the transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

As Ms. Wu Siyuan, the chairman of the Board and an executive Director, is a beneficiary of the discretionary trust of which Ms. Liu Luoxiu is the settlor and may have conflict of interests in respect of the Procurement Services Framework Agreement and the transactions contemplated thereunder, for good corporate governance, she has abstained from voting from the relevant Board

LETTER FROM THE BOARD

resolution. Save as disclosed, none of the Directors has any material interest in the transactions contemplated under the Procurement Services Framework Agreement and therefore had to abstain from voting on such Board resolution.

SPECIAL GENERAL MEETING

The SGM will be held by the Company at Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 29 September 2023 at 9:30 a.m. at which an ordinary resolution will be put forward for the Independent Shareholders to consider and, if thought fit, to approve the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap). A notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap). The Independent Financial Adviser, Red Sun Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

Eastmount Global Limited, which holds approximately 45.63% of the total issued share capital of the Company as at the Latest Practicable Date, is indirectly wholly held by the trustee of the discretionary trust of which Ms. Liu Luoxiu is the settlor. Eastmount Global Limited will be required to abstain from voting on the resolution at the SGM with respect to the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap). Save as disclosed, to the best of the Directors' knowledge, information and belief, no other Shareholder has any material interest in the transactions under the Procurement Services Framework Agreement and therefore will be required to abstain from voting to approve the relevant resolution at the SGM.

In order to be eligible to attend and vote at the SGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 28 September 2023.

LETTER FROM THE BOARD

Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at the aforementioned address as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. by 9:30 a.m. on Wednesday, 27 September 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

RECOMMENDATION

The Board of Directors (including all the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into account the advice of the Independent Financial Adviser) considers that the terms and the transactions contemplated under the Procurement Services Framework Agreement (including the proposed annual cap) are fair and reasonable, entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 14 to 15 of this circular which contains its advice to the Independent Shareholders regarding the terms of and the transactions contemplated under the Procurement Services Framework Agreement (including the proposed annual cap), the letter from the Independent Financial Adviser set out in pages 16 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the terms of and the transactions contemplated under the Procurement Services Framework Agreement (including the proposed annual cap).

Yours faithfully,

For and on behalf of the Board

Cherish Sunshine International Limited

Wu Siyuan

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap).



CHERISH SUNSHINE INTERNATIONAL LIMITED

承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

13 September 2023

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROCUREMENT SERVICES FRAMEWORK AGREEMENT

We refer to the circular dated 13 September 2023 issued by the Company (the “**Circular**”) to the Shareholders of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider whether the terms of the Procurement Services Framework Agreement, and the transactions contemplated thereunder (including the proposed annual cap) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the SGM. The Independent Financial Adviser, Red Sun Capital Limited, has been appointed by the Company to advise us and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 13 of the Circular, which contains, inter alia, information on the Procurement Services Framework Agreement, and the letter from the Independent Financial Adviser, as set out on pages 16 to 32 of the Circular, which contains its advice to us and the Independent Shareholders in connection with the Procurement Services Framework Agreement.

Having considered, among other things, the principal factors and reasons for entering into the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap), as well as the advice of the Independent Financial Adviser as set out in the Circular, we consider that the terms of the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Procurement Services Framework Agreement.

Yours faithfully,

For and on behalf of the
Independent Board Committee

Cherish Sunshine International Limited

Zhong Dengyu

Yang Xiaoyan

Deng Hua

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in relation to the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Cap) for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 310, Floor 3,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

13 September 2023

To: The Independent Board Committee and the Independent Shareholders of Cherish Sunshine International Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS PROCUREMENT SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Procurement Services Framework Agreement and the transactions contemplated thereunder (the “**Continuing Connected Transactions**”) (including the proposed annual cap for the year ending 31 March 2024) (the “**Proposed Annual Cap**”), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 13 September 2023 (the “**Circular**”). Unless otherwise specified, terms defined in the Circular have the same meanings in this letter.

As disclosed in the Letter from the Board, as at the Latest Practicable Date, Ms. Liu Luoxiu is a controlling Shareholder, as she is the settlor of a discretionary trust whose trustee indirectly holds approximately 45.63% of the total issued shares capital of the Company and therefore is a connected person of the Company. The transactions contemplated under the Procurement Services Framework Agreement constitute continuing connected transactions of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the highest applicable percentage ratio for the proposed annual cap for the year ending 31 March 2024 under the Procurement Services Framework Agreement is more than 5% and the aggregate consideration is more than HK\$10 million, the transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors namely Mr. Zhong Dengyu, Ms. Yang Xiaoyan and Ms. Deng Hua, has been formed to advise the Independent Shareholders in respect of the Procurement Services Framework Agreement and transactions contemplated thereunder (including the Proposed Annual Cap). We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Procurement Services Framework Agreement (including the Proposed Annual Cap), as to whether (i) the terms thereunder are on normal commercial terms and fair and reasonable; and (ii) 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, and how the Independent Shareholders should vote the relevant resolution to approve the Procurement Services Framework Agreement and transactions contemplated thereunder (including the Proposed Annual Cap) at the SGM.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or Ms. Liu Luoxiu (“**Ms. Liu**”) and her associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the Procurement Services Framework Agreement (including the Proposed Annual Cap).

In the last two years, save for our appointment as the independent financial adviser for the connected transaction in relation to proposed grant of awarded shares to connected persons under the share award plan pursuant to a specific mandate, details of which are set out in the circular of the Company dated 6 October 2022, we have not acted as independent financial adviser to independent board committee and/or independent shareholders of the Group.

Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser and the engagement as stated above as the independent financial adviser, no arrangements exist whereby we have received or will receive any

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fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS OF OUR ADVICE

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

We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular.

In addition, pursuant to the relevant Listing Rules, we have taken reasonable steps to enable ourselves to reach an informed view so as to provide a reasonable basis for our opinion, which included, among others (i) obtained the Procurement Services Framework Agreement and reviewed the terms thereunder; (ii) reviewed the contents as set out in the Letter from the Board, including the background of the Continuing Connected Transactions and the reasons for and benefits of entering the Procurement Services Framework Agreement; (iii) reviewed the information as set out in the 2022/23 Annual Report (defined hereafter) for our analysis on the background and historical financial performance of the Group; (iv) obtained sampled transactions for the purpose of our fairness and reasonableness analysis; and (v) conducted our analysis on the fairness and reasonableness of the Procurement Services Framework Agreement and transactions contemplated thereunder (including the Proposed Annual Cap).

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group or Ms. Liu and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

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This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the transactions contemplated under the Procurement Services Framework Agreement (including the Proposed Annual Cap), 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 purposes, without our prior written consent.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background and financial information of the Group

As disclosed in the Letter from the Board, the Group is principally engaged in provision of procurement services and other IT services, trading of different kind of products, leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC and provision of energy management contracting services in the PRC.

Set out below is the summary of the Group's audited consolidated statements of profit or loss and consolidated statements of financial position for the fifteen months ended 31 March 2022 ("15M2022") (as the Company changed its financial year end date from 31 December to 31 March as announced by the Company on 30 November 2021), and for the year ended 31 March 2023 ("FY2022/23") as set out in the annual report of the Group for the year ended 31 March 2023 (the "2022/23 Annual Report"):

Summary of consolidated statements of profit or loss

	15M2022	FY2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Revenue		
— Provision of procurement services and other IT services (Note 1)	29,169	78,075
— trading business	85,141	169,969
— rental income	24,654	17,032
— energy management contracting business	1,292	6,643
Total Revenue	140,256	271,719
Gross profit	24,219	37,635
(Loss)/profit before income tax	(41,363)	(3,401)
(Loss)/profit for the year/period attributable to the owners of the Company	(31,923)	13,282

Note: As set out in the 2022/23 Annual Report, the reporting operating segments of the provision of procurement services and the provision of corporation IT solution are combined as a single reporting operating segment.

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Please note that the analysis on the financial performance of the Group set out below is based on the fluctuations of the amount of the relevant figures. Shareholders should take note that the financial information for 15M2022 was related to a fifteen-month accounting period, while the financial information for FY2022/23 was related to a twelve-month accounting period. On this basis, our analysis on the fluctuations of balances as set out below is for illustration purpose only and should not be taken as a direct comparison of financial performance of the Group between the subject accounting periods.

FY2022/23 compared to 15M2022

According to the 2022/23 Annual Report, the revenue of the Group was approximately HK\$140.3 million for 15M2022 compared to approximately HK\$271.7 million for FY2022/23.

The fluctuation in revenue of the Group was mainly attributable to the increase in revenue generated from (i) the provision of procurement services and other IT services; (ii) trading business; and (iii) energy management contracting business, for FY2022/23 compared to 15M2022. As set out in the 2022/23 Annual Report, revenue from the provision of procurement services and other IT services amounted to approximately HK\$29.2 million for 15M2022 compared to approximately HK\$78.1 million for FY2022/23. Such fluctuation in revenue from the provision of procurement services was mainly attributable to the Group's exploitation of business opportunities brought by the engineering, procurement and construction ("EPC") business model widely adopted within the new energy industry.

Revenue from trading business amounted to approximately HK\$85.1 million for 15M2022 compared to approximately HK\$170.0 million for FY2022/23. Such fluctuation in revenue from the trading business was partly attributed to the Group's promotion of the bidding software technical services to customers in the trade sector and partly attributed to the recovery of the economy after the relaxation of the coronavirus disease 2019 control measures in the PRC which had been in place since November 2022. Revenue from energy management contracting business amounted to approximately HK\$1.3 million for 15M2022 compared to approximately HK\$6.6 million for FY2022/23. The fluctuation in revenue from energy management contracting business was mainly attributable to the Group's ability to satisfy the demands from quality large power corporate clients.

According to the 2022/23 Annual Report, the gross profit of the Group totalled to approximately HK\$24.2 million for 15M2022 compared to approximately HK\$37.6 million for FY2022/23. The fluctuation in gross profit of the Group was mainly attributable to the fluctuation in revenue as discussed above. The gross profit margin for FY2022/23 was approximately 13.9%, as compared to approximately 17.3% for 15M2022.

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It is noted that the Group's financial performance improved from a loss attributable to the owners of the Company of approximately HK\$31.9 million for 15M2022 to a profit attributable to the owners of the Company of approximately HK\$13.3 million for FY2022/23, which was mainly due to the combined effects of (i) the higher revenue and gross profit recorded by the Group for FY2022/23, details of which are set out in our analysis above; (ii) reversals of impairment loss on trade and other receivables; (iii) reversals of impairment loss on intangible assets; and (iv) reversal of a tax provision.

Summary of consolidated statement of financial position

	As at	As at
	31 March	31 March
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Non-current assets	322,247	321,303
Current assets	46,971	272,121
Total assets	369,218	593,424
Non-current liabilities	88,589	59,846
Current liabilities	85,970	223,211
Total liabilities	174,559	283,057
Net assets	194,659	310,367

Financial position of the Group as at 31 March 2023 compared to 31 March 2022

The Group's total assets increased by approximately HK\$224.2 million or 60.7% from approximately HK\$369.2 million as at 31 March 2022 to approximately HK\$593.4 million as at 31 March 2023.

It is noted that the Group's non-current assets of approximately HK\$322.2 million as at 31 March 2022 is largely stable compared to approximately HK\$321.3 million as at 31 March 2023. The movement in non-current assets was primarily attributable to the net effects of (i) the decrease in investment properties from approximately HK\$294.5 million as at 31 March 2022 to approximately HK\$267.1 million as at 31 March 2023; (ii) the increase in intangible assets from approximately HK\$13.8 million as at 31 March 2022 to approximately HK\$26.3 million as at 31 March 2023; (iii) the derivative component of convertible bonds of approximately HK\$10.0

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million as at 31 March 2023 (as at 31 March 2022: nil); and (iv) the increase in property, plant and equipment from approximately HK\$3.8 million as at 31 March 2022 to approximately HK\$7.6 million as at 31 March 2023.

It is noted that the Group's current assets increased by approximately HK\$225.1 million or 478.9% from approximately HK\$47.0 million as at 31 March 2022 to approximately HK\$272.1 million as at 31 March 2023. Such increase was primarily attributable to (i) the increase in trade and other receivables from approximately HK\$18.5 million as at 31 March 2022 to approximately HK\$257.2 million as at 31 March 2023; and (ii) the increase in contract assets from approximately HK\$0.8 million as at 31 March 2022 to approximately HK\$6.4 million as at 31 March 2023, and partially offset by the decrease in bank and cash balances from approximately HK\$27.6 million as at 31 March 2022 to approximately HK\$8.5 million as at 31 March 2023.

As at 31 March 2023, assets of the Group mainly comprised of (i) investment properties of approximately HK\$267.1 million; (ii) trade and other receivables of approximately HK\$257.2 million; and (iii) intangible assets of approximately HK\$26.3 million, which accounted for approximately 45.0%, 43.3% and 4.4% of the total assets, respectively.

The Group's total liabilities increased by approximately HK\$108.5 million or 62.1%, from approximately HK\$174.6 million as at 31 March 2022 to approximately HK\$283.1 million as at 31 March 2023.

It is noted that the Group's non-current liabilities decreased by approximately HK\$28.8 million or 32.5% from approximately HK\$88.6 million as at 31 March 2022 to approximately HK\$59.8 million as at 31 March 2023. Such decrease was mainly attributable to (i) the decrease in other payable of approximately HK\$22.5 million from approximately HK\$22.5 million as at 31 March 2022 to nil as at 31 March 2023; (ii) the decrease in bank borrowing of approximately HK\$21.0 million from approximately HK\$21.0 million as at 31 March 2022 to nil as at 31 March 2023; and (iii) the decrease in deferred tax liabilities of approximately HK\$7.6 million from approximately HK\$41.3 million as at 31 March 2022 to approximately HK\$33.7 million as at 31 March 2023, and partially offset by the increase in convertible bonds of approximately HK\$22.6 million from nil as at 31 March 2022 to approximately HK\$22.6 million as at 31 March 2023.

It is noted that the Group's current liabilities increased by approximately HK\$137.2 million or 159.5% from approximately HK\$86.0 million as at 31 March 2022 to approximately HK\$223.2 million as at 31 March 2023. Such increase was primarily attributable to (i) the increase in bank and other borrowings of approximately HK\$108.9 million from approximately HK\$4.9 million as at 31 March 2022 to approximately HK\$113.8 million as at 31 March 2023; (ii) the increase in trade and other payables of approximately HK\$30.7 million from approximately HK\$40.8 million

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as at 31 March 2022 to approximately HK\$71.5 million as at 31 March 2023; and (iii) the derivative component of convertible bonds of approximately HK\$14.7 million as at 31 March 2023 (as at 31 March 2022: nil).

As at 31 March 2023, liabilities of the Group mainly comprised of (i) bank and other borrowings of approximately HK\$113.8 million; (ii) trade and other payables of approximately HK\$71.5 million; (iii) deferred tax liabilities of approximately HK\$33.7 million; and (iv) convertible bonds of approximately HK\$22.6 million, which accounted for approximately 40.2%, 25.3%, 11.9% and 8.0% of the total liabilities, respectively.

2. Reasons for and benefits of the transactions under the Procurement Services Framework Agreement

Based on information as set out in the Letter from the Board, we have summarised the reasons for and benefits of the entering into the Procurement Services Framework Agreement.

One of the Group's principal businesses is providing online and offline procurement services to governmental institutions and private enterprises which involves procuring the required goods for the clients. As disclosed in the annual report of the Company for the year ended 31 March 2023, the 20th National Congress of the Communist Party of China (CPC) held in October 2022 emphasised the active promotion of carbon peak and carbon neutrality. This has resulted in a booming new energy market in the PRC, particularly in wind and solar power generation where the EPC (Engineering, Procurement and Construction) model is widely adopted. Against this backdrop, the Group stepped up its efforts in exploring the procurement opportunities in new energy industry since the financial year ended 31 March 2023. The business exploration has contributed towards the revenue increase of the Group, which brought confidence to the management of the Group to continue its servicing in the new energy market. To further boost the revenue contribution from procurement services in EPC projects concerning new energy, to accumulate further experience in providing procurement services to private enterprises and to enhance its market share particularly in the new energy market, hence supporting its business growth, the Group has entered into the Procurement Services Framework Agreement with Ms. Liu Luoxiu with regards to the provision of procurement services to Ms. Liu's Associates. "Ms. Liu's Associates" is intended to cover associates (as defined under Chapter 14A of the Listing Rules) of Ms. Liu Luoxiu, and as at the Latest Practicable Date, the relevant Ms. Liu's Associates were Suzhou Aikang Energy Group Co., Ltd.* (蘇州愛康能源集團股份有限公司), a 30%- controlled company (as defined under Chapter 14A of the Listing Rules) of Mr. Zou Yuwen (the spouse of Ms. Liu Luoxiu) and its subsidiaries, which are engaged in business activities including acting as the principal in EPC projects related to photovoltaic power plant construction. Based on discussions with the relevant Ms. Liu's

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Associates, the Directors understand that such companies have already secured some EPC projects, with more potential projects in business negotiation, which could allow the Group to have further opportunities to provide procurement services in order to achieve substantial business growth.

Although the value of the annual cap of HK\$120 million for the transactions contemplated under the Procurement Services Framework Agreement represents approximately 44.2% of the total revenue of the financial year ended 31 March 2023 of approximately HK\$271.7 million, it would only account for approximately 30.6% of the total revenue of the financial year ending 31 March 2024, assuming the Group could generate the same amount of revenue in the financial year ending 31 March 2024 as the year ended 31 March 2023 without the effect of the annual cap, and the annual cap could be utilised in full during the year and contribute an additional HK\$120 million revenue to the Group on top of the HK\$271.7 million of revenue. Other than providing services pursuant to the Procurement Services Framework Agreement, the Company would continue to actively pursue opportunities to provide procurement services to independent third party customers in order to expand its customer base and market share in provision of procurement services in the new energy market as well as other markets such as customers in the logistics industry.

For reasons set out in the Letter from the Board, the Directors are of the view that the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Cap), are fair and reasonable, entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Taking into account the principal activities of the Group as set out above, the Management considered that the Group possesses the expertise and experience in undertaking the procurement services under the Procurement Services Framework Agreement.

Having considered that approximately 30% of the Group's revenue for FY2022/23 was contributed by the segment of provision of procurement services and other IT services and the provision of the procurement services contemplated under the Procurement Services Framework Agreement is a continuance of the Group's current business, we concur with the Management that the entering into of Procurement Services Framework Agreement and the transactions contemplated thereunder adhere to the business strategy of the Company and would further broaden the Group's revenue, which will be beneficial to the Group and its Shareholders as a whole.

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3. Procurement Services Framework Agreement

3.1 Principal terms of the Procurement Services Framework Agreement

The principal terms of the Procurement Services Framework Agreement have been extracted and summarised from the Letter from the Board and set out below:

Date:	14 August 2023
Parties:	(i) the Company (for itself and on behalf of its subsidiaries); and (ii) Ms. Liu Luoxiu (for herself and her associates).
Nature of transactions:	The Company and/or its subsidiaries agreed to provide procurement services to Ms. Liu's Associates with regards to procuring equipment and/or materials in EPC (Engineering, Procurement and Construction) projects that are concerned with new energy.
Term:	Subject to the fulfillment of the condition precedent set out below, the Procurement Services Framework Agreement shall have a term commencing from the date on which the Company obtained approval of the Independent Shareholders at the SGM in respect of, inter alia, the Procurement Services Framework Agreement and the transactions contemplated thereunder and ending on 31 March 2024.
Condition precedent:	The Procurement Services Framework Agreement is conditional upon the resolution regarding the Procurement Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Cap) being approved by the Independent Shareholders at the SGM.

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Pricing policy:

The prices for the services under the Procurement Services Framework Agreement shall be determined based on the agreed prices between the parties. The agreed prices will be calculated based on the actual costs incurred in providing such services, such as the cost of the goods procured, labour and other expenses (e.g. travel and accommodation expenses, entertainment expenses and general disbursements such as telephone call expenses), plus a profit margin as agreed between the parties that is no less favourable to the Group than the profit margin charged to independent third party customers of the Group in recent transactions of similar nature, by referencing to at least three transactions with independent third party customers, taking into account the duration of provision of services, types and volume of goods to be procured, etc. Based on past transactions with independent third party customers where the profit margin was generally in the range of 1% to 5%, the profit margin to be charged by the Group was expected to be in the range of 1% to 5% as at the Latest Practicable Date.

The Board is of the view that such pricing policy is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Payment term:

The payment terms will be agreed and stated in the transaction-specific agreements and will be no less favourable to the Group than terms available to independent third party customers of the Group. Based on recent transactions with third party customers, payments should be made to the Group in installments. This includes an initial payment of 10% to 20% upon entering into the transaction-specific arrangement, 40% to 60% before goods delivery, 40% to 70% within 30 days after passing goods inspection upon delivery and, where applicable, a final payment of 10% after the end of the warranty period.

3.2 Our analysis on the pricing basis, payment terms and internal control procedures of the Group in respect of the Procurement Services Framework Agreement

In assessing the fairness and reasonableness of the pricing policy and payment terms under the Procurement Services Framework Agreement (the “**Pricing Policy**”), we noted that when determining the agreed price, which shall be calculated based on the actual costs incurred in

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providing the procurement services as set out in the Letter from the Board, the agreed prices will be calculated based on the actual costs incurred in providing such services, such as the cost of the goods procured, labour and other expenses, plus a profit margin as agreed between the parties that is no less favourable than the profit margin charged to an independent third party customer of the Group in recent transactions of similar nature, taking into account factors such as the duration of provision of services, types and volume of goods to be procured, etc. under the Procurement Services Framework Agreement.

Work performed in relation to Sample Procurement Transactions

With a view to assess the relevant internal control procedures of the Group in connection with the Pricing Policy, we have selected and obtained sampled transactions from the Management based on the following selection criteria, namely (i) the nature and work scope fall within sourcing equipment and/or materials for EPC, engineering and/or construction projects in the PRC; and (ii) the subject sourcing contract and/or transaction was entered into by member(s) of the Group with positive gross margin recently, i.e. in or after 2021 (together the “**Selection Criteria**”).

Based on the Selection Criteria, on an exhaustive basis, given the nature of the procurement services, which is more commonly provided together with engineering and construction services as a whole under a typical EPC contract rather than a standalone contract, the Management confirmed that the Group had entered into 10 comparable procurement transactions which fulfilled the Selection Criteria since 2021 (the “**Sampled Procurement Transactions**”), and thus we have obtained and performed our analysis on the Sampled Procurement Transactions.

For our work performed, we have obtained and reviewed the services contracts for the Sampled Procurement Transactions, which the Group entered into with independent third parties as well as the calculation of the gross profit margin. Based on the information obtained from the Management, the gross profit margin of the Sampled Procurement Transactions ranged from approximately 0.57% to approximately 3.85%. It is noted that the Group has been adopting a pricing policy for the Sampled Procurement Transactions which is similar to the stated Pricing Policy in connection with the Continuing Connected Transactions, which sets out that the Management will assess the profit margin of the subject contract/transaction based on the subject costs of the goods to be procured, labour and other relevant expenses prior to entering into such contract/transaction, therefore we consider the range of gross profit margin as set out above to be a useful reference of the subject pricing policy and internal approval procedures, which we performed further work on, details of which are set out under section headed “Internal control procedures” in this letter below.

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Although it is noted that the subject equipment or materials may vary from contract to contract, and that no contracts are entirely identical. Nonetheless, given the nature of the procurement services and the Selection Criteria applied to identify the Sampled Procurement Transactions, we considered the above to be a useful reference to assess the internal control procedures in relation to the Pricing Policy.

Work performed in relation to payment terms

Based on our review of the Sampled Procurement Transactions, we noted that the payment terms of each of the Sampled Procurement Transactions are on a milestone and/or instalment basis. Given that the payment terms under the Procurement Services Framework Agreement shall also be on a milestone basis, which is in line with the payment terms of the Sampled Procurement Transactions, we considered that the payment terms under the Procurement Services Framework Agreement to be fair and reasonable.

Internal control procedures

With a view to safeguard the interests of the Company and its Shareholders as a whole, we understand from the Management that prior to entering any contracts, the Company will determine whether the contractual counter party of the subject contract is an independent third party or a connected party.

We further understand that the internal control procedures adopted by the Group has also adopted the following procedures for the Continuing Connected Transactions, which are similar to those for transactions with the independent third parties of a similar nature, namely, the project procurement department (工程採購部) and the project business operation department (工程商務部) of the Group will initiate and submit an application to the Group's system, which includes, the background of the client, the scope and description of the subject procurement service contract and the relevant price quotation. Subsequent to the completion of details as required in the system application, responsible personnel of other departments of the Group will review such details prior to providing their respective approval including the project business operation department (工程商務部), the business finance department (業務財務部), the compliance and risk control department (合規風控部), the company secretarial department (董事會辦公室) and the chief executive. For significant material contracts, such contract will be submitted to the operational management committee (經營管理委員會), members of which consisted the chairman, the chief executive and other management officers from various departments and will be entered into after the approval of the operational management committee, and the corresponding contract work will commence thereafter.

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In this connection, we have (i) obtained and reviewed the internal control procedures, which govern the procedures for evaluating and approving connected transactions of this nature; and (ii) requested for internal approval records/documents based on internal control procedures. Given the Management confirmed that the Group had not conducted similar connected transactions in the past two years, and that the internal approval procedures for the procurement services transactions with connected person(s) and independent third party(ies) are similar, we have obtained and reviewed sample internal control procedures for the Sampled Procurement Transactions, which consisted of 10 procurement services transactions. In addition, we also obtained and reviewed the relevant internal control procedures conducted by the Company for another six EPC transactions.

Based on our review of the internal approval records and documents obtained from the Management, we noted that the procedures were in line with the applicable internal control procedures of the Group. Furthermore, we considered the effective implementation and execution of the applicable internal control procedures of the Group shall ensure that the Continuing Connected Transactions are conducted on terms which are no less favourable than those offered to Independent Third Parties and fair and reasonable.

3.3 Proposed Annual Cap for the transactions contemplated under the Procurement Services Framework Agreement

The Proposed Annual Cap for the year ending 31 March 2024 under the Procurement Services Framework Agreement is HK\$120 million.

Basis for determining the Proposed Annual Cap

As set out in the Letter from the Board, in arriving at the above Proposed Annual Cap, the Company has considered (i) the expected types and volume of procurement services that the Group may provide in EPC projects; (ii) the expected project timetable of the EPC projects; and (iii) a buffer of 10% for the fluctuations in project progress of the EPC projects and the actual market price movements of the goods procured given the past experience of the Group in providing similar procurement services to independent third party customers which caused the transaction amounts to differ from the expected amounts by approximately 10%. The Proposed Annual Cap was not determined with reference to historical transactions as no historical transactions of provision of procurement services had been conducted by the Group with Ms. Liu's Associates as at the Latest Practicable Date.

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3.4 Our analysis and work performed on the Proposed Annual Cap

In assessing the reasonableness of the Proposed Annual Cap, we have discussed with the Management and was advised that the Proposed Annual Cap was determined with reference to, among others, (i) three potential procurement projects; and (ii) estimated planned schedule and size of such projects. In this connection, we have obtained a project schedule prepared by the Management, which sets out information on the estimated planned schedule for the subject potential projects (the “**Project Schedule**”) to support the basis of the Proposed Annual Cap. As per the Project Schedule, each of the three potential projects is expected to be completed by the fourth quarter of 2023, the fourth quarter of 2023 and the end of 2025, respectively.

The Project Schedule sets out, among others, (i) the details of the location of the subject project; (ii) the project name; (iii) type of the subject project; (iv) scope of works, such as description of the materials and/or machineries to be procured under the subject contract; (v) name of the counterparty; and (vi) the estimated contract sum. The contract sums of the potential projects ranged from approximately RMB19.1 million to RMB100.0 million above. Based on information provided by the Management, the procurement services with the contract sum of RMB100.0 million above will be carried out over time during the year ending 31 March 2024 and the year ending 31 March 2025 with the initial phase commencing during the time period cover by the Proposed Annual Cap. We have further reviewed the estimated planned schedule of the potential projects and noted that two of the projects are expected to be completed before end of December 2023 and the procurement services to be provided by the Company for the potential project with the contract sum of RMB100.0 million above is expected to be completed before 31 March 2025. According to information as set out in the Project Schedule provided by the Management, a portion of the aforesaid contract sum is expected to be recognised during the year ending 31 March 2024 (the “**2023/2024 Portion**”) and the remaining portion of the awarded contract sum will be recognised subsequent to the year ending 31 March 2024. The 2023/2024 Portion of the aforesaid contract sum expected to be recognised by the Group during the year ending 31 March 2024 is in line with relevant expected revenue contribution by such contract under the Proposed Annual Cap. Having considered the above factors, we considered that the Proposed Annual Cap as mentioned above to be fair and reasonable. Nevertheless, it should be noted that the estimated planned schedule as set out in the Project Schedule may vary from the actual progress of the subject project given the exact timing of the procurement services by the Group depends on the actual progress of the overall construction/EPC project and subject to the completion of prior stage(s), where applicable.

We noted that the two of the corresponding contracts as per the Project Schedule, including the contract with contract sum of RMB100.0 million above, have already been secured by the connected person, which should engage the Group for procurement services, subject to successful

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negotiation and the approval of the Procurement Services Framework Agreement. While the other potential contract with a contract sum of approximately RMB19.1 million is under tender by the connected person as at the Latest Practicable Date.

In assessing the reasonableness of the buffer of 10% in the Proposed Annual Cap, we have conducted research on the buffers incorporated into annual caps of framework agreements as set out in circulars issued by other companies listed on the Stock Exchange based on the following criteria: (i) framework agreement entered into by member of listed group on the Main Board of the Stock Exchange in 2023; and (ii) the subject agreement is entered into for the provision of services/products by the subject listed company to connected person(s). In this connection, we have identified no less than eight transactions which fulfilled the aforesaid criteria (the “**Annual Cap Market Precedents**”). We considered the Annual Cap Market Precedents, selected on a non-exhaustive basis, to be a useful reference for general market practice to assess whether a buffer of 10% under the Proposed Annual Cap is in line with general market practice. We noted that the proposed buffer of 10% under the Proposed Annual Cap is within the range of buffer (i.e. 2% to 28.5%) under the Annual Cap Market Precedents. On this basis, we considered the buffer of 10% in the Proposed Annual Cap to be justifiable.

Having considered the above factors, we considered the Proposed Annual Cap to be reasonable.

3.5 Summary of analysis

Having considered that (i) the provision of procurement services under the Continuing Connected Transactions falls within the principal business activities of the Group and that the Continuing Connected Transactions shall further broaden the revenue base of the Group; (ii) the terms of the Procurement Services Framework Agreement, including the Pricing Policy, and our work performed and analysis thereto; (iii) our analysis on the internal control procedures as set out under paragraph headed “Internal control procedures”; (iv) the Proposed Annual Cap, if approved, should facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek independent Shareholders’ approval on a transaction-by-transaction basis; and (v) while the Procurement Services Framework Agreement is binding to the Company and Ms. Liu and her associates, the Group has the right but not the obligation to provide the relevant services to Ms. Liu and/or her associates at terms determined in accordance with the Pricing Policy as the Group will enter into separate contract with Ms. Liu and/or her associates under the Procurement Services Framework Agreement to govern the detailed terms of the respective projects, we are of the view that entering into of the Procurement Services Framework Agreement is on normal and commercial terms, in the ordinary and usual course of business of the Group, and that the terms of the Procurement Services Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular:

- (i) the reasons for and benefits of entering into the Procurement Services Framework Agreement;
- (ii) our analysis on the Pricing Policy and internal control procedures of the Group as set out under paragraph headed “3.2 Our analysis on the pricing basis, payment terms and internal control procedures of the Group in respect of the Procurement Services Framework Agreement” in this letter; and
- (iii) our work and analysis on the basis for determining the Proposed Annual Cap,

we consider that in respect of the Procurement Services Framework Agreement, (a) the terms thereunder (including the Proposed Annual Cap) are on normal commercial terms and are fair and reasonable; and (b) the transactions contemplated thereunder (including the Proposed Annual Cap) 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. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Procurement Services Framework Agreement (including the Proposed Annual Cap).

Yours faithfully,

For and on behalf of

Red Sun Capital Limited

Jimmy Chung

Lewis Lai

Managing Director

Managing Director

Mr. Jimmy Chung is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Jimmy Chung has over 25 years of experience in the corporate finance industry. Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Lewis Lai has over 16 years of experience in the corporate finance industry.

* *For identification purposes only*

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. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Company were made up.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would require disclosure under the Listing Rules.

4. DISCLOSURE OF INTERESTS**(i) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations**

As at the Latest Practicable Date, the interests and the short positions the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the ordinary Shares

Name	Capacity	Number of Shares	Approximate percentage of issued share capital of the Company(%) (Note 1)
Ms. Wu Siyuan	Discretionary beneficiary of a discretionary trust	225,291,903 (Note 2)	45.63
	Beneficial owner	3,348,024 (Note 3)	0.68
Mr. Shi Qiang	Beneficial owner	3,571,732 (Note 4)	0.72
Ms. Liu Qian	Beneficial owner	4,221,856 (Note 5)	0.86
Mr. Li Shun	Beneficial owner	1,955,020 (Note 6)	0.40
Mr. Li Guanghua	Beneficial owner	1,530,184 (Note 7)	0.31

Notes:

- As at the Latest Practicable Date, the number of issued shares of the Company was 493,760,678 Shares.
- These Shares were held by Eastmount Global Limited, the entire issued share capital of which was indirectly held by Trident Trust Company (Singapore) Pte Limited as trustee of a family trust founded by Ms. Liu Luoxiu. Given Ms. Wu Siyuan was a discretionary beneficiary under the family trust, she was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.
- These Shares comprised of (i) 314,500 Shares directly held by Ms. Wu Siyuan; (ii) 522,506 Shares which may be allotted and issued to Ms. Wu Siyuan upon the exercise of the vested Share Options granted to her under the Share Option Scheme; and (iii) 943,500 awarded Shares and 1,567,518 Shares which may be allotted and issued to Ms. Wu Siyuan pursuant to the exercise of 1,567,518 Share Options, respectively granted to her under the Share Award Plan and Share Option Scheme which shall later vest in equal tranches subject to the fulfilment of certain vesting conditions.
- These Shares comprised of (i) 314,500 Shares directly held by Mr. Shi Qiang; (ii) 578,433 Shares which may be allotted and issued to Mr. Shi Qiang upon the exercise of the vested Share Options granted to him under the Share Option Scheme; and (iii) 943,500 awarded Shares and 1,735,299 Shares which may be allotted and issued to Mr. Shi Qiang pursuant to the exercise of 1,735,299 Share Options, respectively granted to him under the Share Award Plan and Share Option Scheme which shall later vest in equal tranches subject to the fulfilment of certain vesting conditions.

5. These Shares comprised of (i) 679,250 Shares directly held by Ms. Liu Qian; (ii) 376,214 Shares which may be allotted and issued to Ms. Liu Qian upon the exercise of the vested Share Options granted to her under the Share Option Scheme; and (iii) 2,037,750 awarded Shares and 1,128,642 Shares which may be allotted and issued to Ms. Liu Qian pursuant to the exercise of 1,128,642 Share Options, respectively granted to her under the Share Award Plan and Share Option Scheme which shall later vest in equal tranches subject to the fulfilment of certain vesting conditions.
6. These Shares comprised of (i) 314,500 Shares directly held by Mr. Li Shun; (ii) 174,255 Shares which may be allotted and issued to Mr. Li Shun upon the exercise of the vested Share Options granted to him under the Share Option Scheme; and (iii) 943,500 awarded Shares and 522,765 Shares which may be allotted and issued to Mr. Li Shun pursuant to the exercise of 522,765 Share Options, respectively granted to him under the Share Award Plan and Share Option Scheme which shall later vest in equal tranches subject to the fulfilment of certain vesting conditions.
7. These Shares comprised of (i) 76,500 Shares directly held by Mr. Li Guanghua; (ii) 306,046 Shares which may be allotted and issued to Mr. Li Guanghua upon the exercise of the vested Share Options granted to him under the Share Option Scheme; and (iii) 229,500 awarded Shares and 918,138 Shares which may be allotted and issued to Mr. Li Guanghua pursuant to the exercise of 918,138 Share Options, respectively granted to him under the Share Award Plan and Share Option Scheme which shall later vest in equal tranches subject to the fulfilment of certain vesting conditions.

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

(ii) Substantial Shareholders and other persons' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had, or deemed to have, interests or short positions in the Shares and underlying shares of the Company 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Positions in ordinary Shares

Name	Capacity	Number of Shares	Approximate percentage of issued share capital of the Company (%) (Note 1)
Eastmount Global Limited	Beneficial owner	225,291,903 (Note 2)	45.63
Trident Trust Company (Singapore) Pte Limited	Trustee of a discretionary trust	225,291,903 (Note 2)	45.63
Liu Luoxiu	Founder of a discretionary trust	225,291,903 (Note 2)	45.63
Jiangxi Bank Co., Ltd* (江西銀行股份有限公司)	Person having a security interest in Shares	63,964,200 (Note 3)	12.95

Notes:

1. As at the Latest Practicable Date, the issued share capital of the Company was 493,760,678 Shares.
2. These Shares were held by Eastmount Global Limited, which was wholly-owned by Fu Ze Ventures Limited, which was in turn wholly-owned by Eshay Investments Limited. Eshay Investments Limited was wholly-owned by Frandor Limited, which in turn was wholly-owned by Trident Trust Company (Singapore) Pte Limited, the trustee of a discretionary trust of which Ms. Liu Luoxiu is the settlor and certain family members of Ms. Liu Luoxiu, including Ms. Wu Siyuan, the chairman of the Board, and an executive Director, are discretionary beneficiaries. Each of aforementioned persons and entities was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.

3. These Shares were pledged to Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) under a share pledge agreement between Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) and Eastmount Global Limited dated 15 July 2022.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person had any 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or 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 other members of the Group, or held any options in respect of such capital.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors are materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to any member of the Group, or had been proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' SERVICE CONTRACTS

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

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion and advice which are included in this circular:

Name	Qualification
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Red Sun did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Red Sun did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Group were made up.

Red Sun has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its opinion or report and the references to its name and/or its opinion or report in the form and context in which they are included.

8. DOCUMENT ON DISPLAY

Copy of the following document will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunshine1094.com) for display from the date of this circular up to and including the date of the SGM for at least 14 days:

- (1) the Procurement Services Framework Agreement.

9. MISCELLANEOUS

The English text of this circular shall prevail over its Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



CHERISH SUNSHINE INTERNATIONAL LIMITED 承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**SGM**”) of Cherish Sunshine International Limited (the “**Company**”) will be held at Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong on Friday, 29 September 2023 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolution as an ordinary resolution of the Company. Terms defined in the circular of the Company dated 13 September 2023 bear the same meanings herein unless the context otherwise requires.

ORDINARY RESOLUTION

1. “**To consider and approve**

- (a) the procurement services framework agreement (the “**Procurement Services Framework Agreement**”) dated 14 August 2023 entered into between the Company and Ms. Liu Luoxiu (“**Ms. Liu**”) in relation to the provision of procurement services by the Company and/or its subsidiaries to associates (as defined under the Listing Rules) of Ms. Liu, with regards to procuring equipment and/or materials in EPC (Engineering, Procurement and Construction) projects that are concerned with new energy for a period from the date of passing of this resolution no. 1 and ending on 31 March 2024;
- (b) the proposed annual cap (the “**Proposed Annual Cap**”) for the year ending 31 March 2024 for transactions under the Procurement Services Framework Agreement; and

NOTICE OF SPECIAL GENERAL MEETING

- (c) any one or more directors of the Company (“**Director**”) be and is/are hereby authorised to sign, seal, execute, perfect, deliver all such documents and to do all such acts or things as he/she/they may in his/her/their discretion consider necessary, expedient or desirable to give effect to the Procurement Services Framework Agreement and the transactions contemplated thereunder, including the Proposed Annual Cap.”

By Order of the Board
Cherish Sunshine International Limited
Wu Siyuan
Chairman

Hong Kong, 13 September 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:
Unit 705, 7/F
Nam Wo Hong Building
148 Wing Lok Street
Sheung Wan
Hong Kong

Notes:

1. Any shareholder of the Company (“**Shareholders**”) entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more shares of the Company (“**Shares**”) may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, must be deposited at the Company’s Hong Kong Branch Share Registrar (i.e. Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong) as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 9:30 a.m. on Wednesday, 27 September 2023) or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and, in such event, the form of proxy shall be deemed to be revoked.
3. In order to qualify for attending and voting at the SGM, unregistered holders of Shares should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Union Registrars Limited (at its address shown in Note 2 above), for registration no later than 4:00 p.m., on Thursday, 28 September 2023.
4. References to time and dates in this notice are to Hong Kong time and dates.

NOTICE OF SPECIAL GENERAL MEETING

5. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the SGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.sunshine1094.com and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.
6. In case of discrepancy between the English version and the Chinese version of this notice of the SGM, the English version shall prevail.
7. The resolution proposed to be approved at the SGM will be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement will be made by the Company on the poll results of the SGM as soon as possible after the meeting.

As at the date hereof, the Board comprises three executive Director, namely Ms. Wu Siyuan, Mr. Shi Qiang and Ms. He Qian; three non-executive Directors, namely Ms. Liu Qian, Mr. Li Shun and Mr. Li Guanghua; and three independent non-executive Directors, namely Mr. Zhong Dengyu, Ms. Yang Xiaoyan and Ms. Deng Hua.