
LETTER FROM THE BOARD



Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

Executive Directors:

Mr. ZENG Huansha

Mr. CHEN Bin

Ms. HU Fang

Independent Non-executive Directors:

Mr. LEE Kwok Tung Louis

Mr. LEUNG Yau Wan John

Mr. AU YEUNG Po Fung

Registered Office:

Offices of Walkers Corporate Limited

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George Town

Grand Cayman KY1-9008

Cayman Islands

Head Offices in the PRC:

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The PRC

*Place of Business in Hong Kong registered
under part 16 of the Companies Ordinance:*

Room 2612, 26/F

China Merchants Tower

Shun Tak Centre

Sheung Wan

Hong Kong

20 March 2026

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the Announcement and the announcement of the Company dated 4 February 2026. Pursuant to the requirements under the Listing Rules, the Company will seek the approval of the Independent Shareholders in relation to, *inter alia*, the Non-exempt Continuing Connected Transactions and the respective annual caps.

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The purpose of this circular is to provide you with, among other things, (i) further details of the Non-exempt Continuing Connected Transactions and the respective annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the respective annual caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the respective annual caps; and (iv) the notice of the EGM.

2. BACKGROUND

References are made to the announcements of the Company dated 8 December 2022 and 7 June 2023 respectively in relation to (i) the Existing Parking Space Sales and Leasing Agency Services Framework Agreement; (ii) the Existing Property Management Services Master Framework Agreement; and (iii) the Existing Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement entered into between the Company and Redsun Services for a term from 1 January 2023 to 31 December 2025.

It is expected that the Group will from time to time continue to enter into transactions of a nature similar to the Existing Continuing Connected Transactions after the expiry of the agreements to which the Existing Continuing Connected Transactions relate. Accordingly, the Group sought to enter into relevant new agreements on substantially the same terms and has entered into the (i) the New Parking Space Sales and Leasing Agency Services Framework Agreement; and (ii) the New Property Management Services Master Framework Agreement on 8 December 2025 (after trading hours). However, having taken into full consideration the overall business planning and other commercial factors, including potential gains from the business contemplated under the New Parking Space Sales and Leasing Agency Services Framework Agreement, and having taken into account the complexity of the actual operations and that of obtaining the required approvals under the New Parking Space Sales and Leasing Agency Services Framework Agreement, on 4 February 2026, the Company and Redsun Services mutually agreed and entered into a Termination Agreement, pursuant to which the New Parking Space Sales and Leasing Agency Services Framework Agreement shall terminate (the “**Termination**”), with effect from 4 February 2026. Following the Termination, Redsun Services shall cease to act as an agent for the sale of the parking spaces of the Company. Accordingly, the New Property Management Services Master Framework Agreement is the only New Continuing Connected Transactions of the Company and the details of the Non-exempt Continuing Connected Transaction are as follows.

I. New Property Management Services Master Framework Agreement

The principal terms of the New Property Management Services Master Framework Agreement are set out below:

- | | |
|----------|--|
| Date: | 8 December 2025 (after trading hours) |
| Parties: | (a) Redsun Services (as services provider) |
| | (b) The Company (as services recipient) |

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Term: From the day on which the independent Shareholders' approval is obtained at the EGM to 31 December 2028, subject to renewal by mutual agreement of the parties thereto and compliance with the requirements of the Listing Rules and all other applicable laws and regulations.

Scope of services: (a) **Pre-delivery property management and related services**

Members of the Redsun Services Group shall provide pre-delivery property management and related services to members of the Group, including but not limited to planning and design, equipment selection, inspection for each unit, cleaning, gardening, maintenance of public order and security in the phases of property preparation, general layout as well as construction drawings, execution, completion and delivery period in respect of the property projects of the Group.

(b) **Display units and property sales venues management services**

Members of the Redsun Services Group shall provide management and related services to the display units and property sales venues of the property projects during the sales period of the property projects of the Group, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venue.

(c) **Pre-delivery property management services for unsold properties**

Members of the Redsun Services Group shall provide pre-delivery property management services to members of the Group for unsold properties (including car parking spaces), including but not limited to security, cleaning, gardening, repair and maintenance.

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(d) Housing repair management services

Members of the Redsun Services Group shall provide routine maintenance and repair management services to the properties under warranty sold by the Group, including but not limited to housing safety management, housing repair plan management, housing repair quality management, housing repair budget management, housing repair tender management, housing repair cost management, housing repair factor management, housing repair construction management and housing repair construction supervision services.

Definitive service agreements will be entered into between the relevant members of the Group and the relevant members of the Redsun Services Group for the provision of the Property Management Services. Each definitive agreement will set out the relevant services to be provided by the relevant members of the Redsun Services Group to the relevant members of the Group and the service fees. The definitive service agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the New Property Management Services Master Framework Agreement.

Pricing policy:

The relevant members of the Redsun Services Group shall, where they are selected following the relevant tender processes and other quotation procedures for selection of services providers, provide management and related services to the Group according to the tender and quotation documents and definitive management services agreements to be entered into between relevant members of the Redsun Services Group and the Group from time to time.

The management fees payable by the Group shall be determined based on arm's length negotiation between the members of the Group and members of the Redsun Services Group, with reference to a wide range of factors including but not limited to (i) nature, age, infrastructure features, geographical location and neighborhood profile of the relevant properties; (ii) prevailing market price charged by other independent third party services providers to the Group in respect of comparable services; and (iii) any applicable rates recommended by the relevant government authorities.

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Furthermore, the Company has adopted an internal assessment and approval process to determine the management fees payable to Redsun Services. Before entering into definitive agreements, the Company requires the business department to estimate the personnel, materials and other service costs involved, while the human resources, procurement and finance departments review the underlying salary assumptions, material pricing and the accuracy of the cost calculations. Based on this assessment, the parties would negotiate an appropriate mark up rate, and the Company will only proceed where the expected profit margin for Redsun Services is considered reasonable and within the industry range by the Company. During the approval stage, the proposed pricing and settlement terms are further reviewed by the business department, the cost and procurement department and the finance department. This process ensures that the management fees agreed with Redsun Services are reasonable, commercially justifiable and no less favourable to the Company.

In particular, for adhering to the pricing policy set out above, for those services which are comparable, the Company will make reference to the prices charged by at least two other medium to large scale property management companies listed on the Stock Exchange for similar projects, which are obtained from industry experts and the business development department of the Company, the number of staff members required to complete the projects as well as the facilities required to be inspected.

The transactions contemplated under the New Property Management Services Master Framework Agreement shall be on normal commercial terms, on terms no less favorable than those offered by independent third party services providers in respect of comparable services and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment Terms:

There are different payment terms for different kinds of Property Management Services, namely,

- (a) For pre delivery property management and related services: Payments will be made in accordance with the terms of the definitive agreements to be entered into and the fees are generally settled based on service quality the following month after the relevant services are provided;

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- (b) For showroom and property sales office management services: Payments will be made pursuant to the terms of the definitive agreements to be entered into and the fees are generally settled based on service quality the following month after the relevant services are provided;
- (c) For pre delivery property management services for unsold properties: Service fees will be charged in accordance with the definitive agreements to be entered into and the fees are generally settled on a quarterly basis; and
- (d) For property repair and maintenance management services: Payments will be settled in accordance with the definitive agreements to be entered into and the fees are generally settled based on service quality the following month after the relevant services are provided.

The Board (including the Independent Board Committee), having reviewed the payment terms under the New Property Management Services Master Framework Agreement, is of the view that such terms are fair and reasonable and on normal commercial terms or better, taking into account that (i) the settlement cycles for pre delivery property management services, showroom and sales office management services, and property repair and maintenance services are consistent with or only slightly shorter than prevailing industry practice (being generally monthly, quarterly, semi annual or within three months after service completion) given the previous repayment history of the Company; (ii) the payment arrangements do not provide the Company with terms less favourable than those offered by counterparties who are independent third parties for providing comparable services; and (iii) the settlement mechanisms appropriately reflect the nature of the services provided, including the need for post service quality assessment and periodic operational review.

Historical transaction amounts

The table below sets forth the historical transaction amounts of transactions under the Existing Property Management Services Master Framework Agreement:

	Actual amount incurred (in RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the period from 1 January 2025 to 31 October 2025
The total service fees paid by the Group and its associates to the Redsun Services Group	159,131	79,756	56,705

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The actual amount for the year ended 31 December 2025 did not exceed the annual cap under the Existing Property Management Services Master Framework Agreement. As far as the Directors are aware, the transaction amount from 1 January 2026 to the Latest Practicable Date fell below the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules.

Proposed annual caps and basis of determination for annual caps

The proposed annual caps for the transactions contemplated under the New Property Management Services Master Framework Agreement for the three years ending 31 December 2028 and the basis of determination for such annual caps are set out as follows:

	For the year ending 31 December 2026 (RMB'000)	For the year ending 31 December 2027 (RMB'000)	For the year ending 31 December 2028 (RMB'000)
Expected maximum aggregate service fees paid by the Group and its associates to the Redsun Services Group pursuant to the New Property Management Services Master Framework Agreement	102,051	96,598	95,029

The annual caps under the New Property Management Services Master Framework Agreement are determined with reference to the following factors:

- (i) the historical transaction amounts in respect of the Property Management Services between the Group and the Redsun Services Group;
- (ii) the total GFA of properties developed by the Group under the management of the Redsun Services Group and the properties under development held by the Group to be managed by the Redsun Services Group based on existing service contracts as at 31 December 2025;
- (iii) the land bank held by the Group as at 31 December 2025 and its projected change for the next three years based on publicly available information;
- (iv) the estimated service fee to be charged by the Redsun Services Group in respect of pre-delivery property management and related services, display units and property sales venues management services and pre-delivery property management services for unsold properties based on historical amount and existing contracts; and

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- (v) the expected unoccupied rate for property units and car parking spaces under the management of the Redsun Services Group based on historical amount.

II. Internal Control

The Company has implemented the following internal control measures for monitoring the pricing and other terms of the continuing connected transactions, including the transactions contemplated under the New Continuing Connected Transactions and for ensuring that the transactions conducted under such agreements will be entered into based on normal commercial terms:

- (1) Before entering into the continuing connected transactions of the Group, the procurement department of the Group will review and verify whether the price is fair and reasonable. In addition, if the pricing terms in respect of the relevant agreement are applied for the first time or the pricing terms are different from those applied previously, the cost management department of the Group also reviews the above works conducted by the procurement department when settling the agreements.
- (2) The financial management department of the Group is mainly responsible for reviewing and monitoring the continuing connected transactions to ensure that the annual caps of the relevant continuing connected transactions would not be exceeded and are implemented pursuant to the pricing policy or mechanism under the respective framework agreements. The financial management department of the Group will consult the internal control units of the Group, external lawyers and compliance adviser regarding compliance issues of the continuing connected transactions.
- (3) The financial management department of the Group will prepare an annual report to the supervisor of the financial management department of the Group. The supervisor of the financial management department will report to the audit committee of the Group and submit a confirmation letter to the audit committee, confirming the continuing connected transactions of the Group (which are subject to the annual review and disclosure requirements under the Listing Rules) are all (a) entered into in the ordinary and usual course of business of the Group; (b) entered into on normal commercial terms or better; and (c) pursuant to the relevant agreements governing such transactions, entered into on the basis that the terms are fair and reasonable and are in the interests of the Shareholders as a whole; and the internal monitoring procedures of the Group regarding continuing connected transactions are adequate and effective in ensuring such transactions are conducted in such manner stated above. The audit committee will consider on such basis.

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In addition, the Company has implemented enhanced internal control measures to ensure that the pricing and payment arrangements under the New Continuing Connected Transactions remain fair, reasonable and aligned with the Company's repayment capability. At the contract approval stage, the Company's finance, operations and cost departments, together with senior management would jointly review and assess the payment capability of the relevant project companies, and the Company will not proceed with or renew service arrangements where repayment risks are assessed to be high. During the service period, the Company conducts monthly confirmations with Redsun Services on the services rendered, provides supporting documentation for completed work, and from the following month follows up on reimbursement procedures and funding plans to ensure timely settlement. The Company also acknowledges that, under the agreed arrangements, Redsun Services may scale down service personnel if no repayment is made for more than three months, and may suspend or terminate services if prolonged non payment persists. The Company considers that these internal measures, together with the contractual safeguards, ensure that the pricing and payment terms under the New Continuing Connected Transactions are fair and reasonable and manageable, thereby protecting the interests of the Company and its shareholders.

The Board is of the view that the above internal control measures can ensure that the continuing connected transactions of the Group under the New Continuing Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

III. Information on the Relevant Parties

The Company, through its subsidiaries, is a comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

Redsun Services is a company incorporated in the Cayman Islands and is principally engaged in the provision of property management services and parking space sales and leasing agency services. As at the Latest Practicable Date, it is indirectly held as to 72.77% by Mr. Zeng.

IV. Reasons for and Benefits of the Transactions

New Property Management Services Master Framework Agreement

Based on the established long-term cooperation relationship between the Redsun Services Group and the Group, Redsun Services Group has a track record of providing reliable, efficient and satisfactory property management services to the Group. As compared to other services providers who are independent third parties of the Company, it generally has better and more efficient communications with the Group and more thorough understanding of the conditions of our property projects and the Group's requirements of the services needed. Taking into account the above factors, the entering into of the New Property Management Services Master Framework Agreement and the terms and conditions thereof are in line with the business needs and commercial objectives of the Group.

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The Directors (including the independent non-executive Directors) are of the view that the terms of the New Property Management Services Master Framework Agreement were determined through arm's length negotiations amongst the parties thereto, are fair and reasonable and are based on normal commercial terms, and that the entering into of the New Property Management Services Master Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

V. Directors' Confirmation

Since Redsun Services is indirectly held as to 72.77% by Mr. Zeng (an executive Director), Mr. Zeng was considered to have a material interest in, and has abstained from voting on, the resolutions of the Board to approve the New Property Management Services Master Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in, or was required to abstain from voting on, the resolutions of the Board to approve the New Property Management Services Master Framework Agreement and the transactions contemplated thereunder.

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

VI. Implications Under the Listing Rules

As at the Latest Practicable Date, Redsun Services is indirectly held as to 72.77% by Mr. Zeng, a controlling Shareholder and an executive Director of the Company. Accordingly, Redsun Services is an associate of Mr. Zeng and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under the New Property Management Services Master Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The New Property Management Services Master Framework Agreement

Since one or more of the applicable percentage ratios in respect of the proposed annual caps in respect of the Property Management Services under the New Property Management Services Master Framework Agreement for the three years ending 31 December 2028 exceed 25% but are less than 100%, the transactions contemplated under the New Property Management Services Master Framework Agreement constitutes continuing connected transactions of the Company and are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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In order to ensure the compliance of the requirements of Chapter 14A of the Listing Rules, during the period from 1 January 2026 to the date when the independent Shareholders' approval is obtained, the amount payable by the parties pursuant to the Non-exempt Continuing Connected Transactions is expected to fall below the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules, therefore such transactions will be exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules for continuing connected transactions and such information will be disclosed in the poll results announcement to be published for the EGM.

VII. Independent Shareholders' Approval

In view of the above, the Company will seek the approval of the independent Shareholders in relation to the transactions contemplated under the Non-exempt Continuing Connected Transactions. An ordinary resolution will be proposed at the EGM to approve by way of poll the Non-exempt Continuing Connected Transactions and their annual caps.

As at the Latest Practicable Date, Redsun Properties Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 71.88% of the entire issued share capital of the Company. Redsun Properties Group (Holdings) Limited is wholly owned by Hong Yang Group Company Limited, which in turn is wholly owned by Hong Yang International Limited, which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (a company wholly owned by Mr. Zeng) and Mr. Zeng, respectively. Accordingly, Redsun Properties Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolution to be proposed at the EGM in respect of the Non-exempt Continuing Connected Transactions and their annual caps.

The Company has established the Independent Board Committee to consider whether the Non-exempt Continuing Connected Transactions are entered into on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company has appointed Merdeka Corporate Finance Limited as the Independent Financial Adviser to advise the Independent Board Committee and independent Shareholders.

3. CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 9 April 2026 to Tuesday, 14 April 2026, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 8 April 2026.

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4. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 43 to 44 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunproperty.hk). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so desire.

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

5. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the resolutions set out in the notice of EGM for Shareholders' consideration and approval is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular and the letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the Non-exempt Continuing Connected Transactions and the respective annual caps and the principal factors and reasons considered by them in arriving such recommendations set out on pages 19 to 36 of this circular.

Yours faithfully,
For and on behalf of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman