
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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



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

A letter from the Board is set out on pages 5 to 16 of this circular. A notice convening the EGM to be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, 1 March 2023 at 10:00 a.m. is set out on pages 41 to 42 of this circular. A form of proxy for use at the EGM is also sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) 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 Link Market Services (Hong Kong) Pty Limited, the branch share registrar of the Company in Hong Kong, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

PRECAUTIONARY MEASURES FOR PHYSICAL ATTENDANCE AT THE EGM

To ensure the safety of the attendees of the EGM and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM. These measures include, but are not limited to:

1. conducting compulsory body temperature checks and requiring health declarations;
2. wearing of surgical face mask at all times; and
3. not providing souvenirs and beverages.

Any attendee who (a) does not comply with the precautionary measures; (b) is subject to any HKSAR Government prescribed quarantine or has close contact with any person under quarantine; or (c) has any flu-like symptoms or is otherwise unwell will be denied entry into or be requested to leave the meeting venue.

Shareholders are strongly encouraged to appoint the Chairman of the EGM as their proxy, instead of attending the EGM in person in consideration of health and safety reasons.

10 February 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	17
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	19
APPENDIX I — GENERAL INFORMATION	35
NOTICE OF THE EXTRAORDINARY GENERAL MEETING	41

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 8 December 2022 in relation to, among other things, the Non-exempt Continuing Connected Transaction
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Redsun Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1996)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, 1 March 2023 at 10:00 a.m., or any adjournment thereof
“Existing Continuing Connected Transactions”	collectively, the transactions contemplated under the (i) the Existing Parking Space Sales and Leasing Agency Services Framework Agreement; and (ii) the Existing Property Management Services Master Framework Agreement
“Existing Parking Space Sales and Leasing Agency Services Framework Agreement”	the existing parking space sales and leasing agency services framework agreement dated 11 March 2020 entered into between Nanjing Hong Yang Property Management and the Company in relation to the provision of parking space sales and leasing agency services by Nanjing Hong Yang Property Management Group to the Group for a term from 11 March 2020 to 31 December 2022
“Existing Property Management Services Master Framework Agreement”	the existing property management services master framework agreement dated 11 March 2020 entered into between Nanjing Hong Yang Property Management and the Company in relation to the provision of property management services by Nanjing Hong Yang Property Management Group to the Group for a term from 11 March 2020 to 31 December 2022

DEFINITIONS

“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung) established for the purpose of reviewing the New Property Management Services Master Framework Agreement
“Independent Financial Adviser”	Merdeka Corporate Finance Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transaction
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules
“Latest Practicable Date”	6 February 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zeng”	Mr. Zeng Huansha (曾煥沙), the controlling Shareholder and the executive Director
“Nanjing Hong Yang Property Management”	Nanjing Hong Yang Property Management Co., Ltd. (南京弘陽物業管理有限公司), a limited liability company established in the PRC on 30 July 2003, and an indirect wholly-owned subsidiary of Redsun Services
“Nanjing Hong Yang Property Management Group”	Nanjing Hong Yang Property Management and its subsidiaries
“New Continuing Connected Transactions”	collectively, (i) the New Parking Space Sales and Leasing Agency Services Framework Agreement; and (ii) the New Property Management Services Master Framework Agreement

DEFINITIONS

“New Parking Space Sales and Leasing Agency Services Framework Agreement”	the parking space sales and leasing agency services framework agreement dated 8 December 2022 entered into between the Company and Redsun Services in relation to the provision of parking space sales and leasing agency services by Redsun Services Group to the Group for a term from 1 January 2023 to 31 December 2025
“New Property Management Services Master Framework Agreement”	the property management services master framework agreement dated 8 December 2022 entered into between the Company and Redsun Services in relation to the provision of property management services by Redsun Services Group to the Group for a term from 1 January 2023 to 31 December 2025
“Non-exempt Continuing Connected Transaction”	the transactions contemplated under the New Property Management Services Master Framework Agreement
“PRC”	the People’s Republic of China
“Property Management Services”	the scope of services contemplated to be provided by members of Redsun Services Group to the Group under the New Property Management Services Master Framework Agreement, as described in the paragraph headed “I. New Property Management Services Master Framework Agreement — Scope of Services”
“Redsun Services”	Redsun Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1971)
“Redsun Services Group”	Redsun Services Group Limited and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Substantial Shareholder(s)” has the meaning ascribed to it under the SFO

“%” per cent



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. ZENG Junkai
Mr. LUI Wai Pang

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
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Head Offices in the PRC:

26th Floor
Hong Yang Building
No. 9 Daqiao North Road
Nanjing, Jiangsu Province

*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

10 February 2023

To the Shareholders

Dear Sir/Madam,

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

1. INTRODUCTION

Reference is made to the Announcement. 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 Transaction and the respective annual caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Non-exempt Continuing Connected Transaction 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 Transaction 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 Transaction and the respective annual caps; and (iv) the notice of the EGM.

2. BACKGROUND

Reference is made to the announcement of the Company dated 11 March 2020 in relation to (i) the Existing Parking Space Sales and Leasing Agency Services Framework Agreement; and (ii) the Existing Property Management Services Master Framework Agreement, entered into between Nanjing Hong Yang Property Management and the Company for a term from 11 March 2020 to 31 December 2022.

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 now seeks to enter into relevant new agreements on substantially the same terms and has entered into (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 2022 (after trading hours). The above transactions constitute the New Continuing Connected Transactions of the Company and the details of the Non-exempted 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 2022 (after trading hours)
Parties:	(a) Redsun Services (as services provider) (b) The Company (as services recipient)
Term:	from 1 January 2023 to 31 December 2025, subject to renewal by mutual agreement of the parties thereto and compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

(d) Commercial properties management services

Members of the Redsun Services Group shall provide management and related services to the commercial properties including office areas, hotels and shopping malls owned or operated by the Group and relevant common areas, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues.

(e) 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.

LETTER FROM THE BOARD

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.

Where the service providers are not selected through tender, the service fee rates are mainly determined with reference to the comparable service fee rates charged by independent third parties. Such service fee rates shall be determined through arm's length negotiation with reference to factors including (i) the staffing of the service provider; (ii) the service standards of the personnel of the service provider; (iii) the service scope and coverage of the service provider; (iv) the management proposal of the service provider; (v) the work products and the professionalism of the service provider; and (vi) the previous work cooperation (if any) with the service provider.

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.

LETTER FROM THE BOARD

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	For the year ended	For the period from
	31 December	31 December	1 January
	2020	2021	2022 to
			30 September
			2022
The total service fees payable by the Group and its associates to the Redsun Services Group	205,670	241,985	142,284

As far as the Directors are aware, it is expected that the actual amount payable for the year ended 31 December 2022 would not exceed the annual cap under the Existing Property Management Services Master Framework Agreement.

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 2025 and the basis of determination for such annual caps are set out as follows:

	For the year ending	For the year ending	For the year ending
	31 December	31 December	31 December
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected maximum aggregate service fees payable by the Group and its associates to the Redsun Services Group pursuant to the New Property Management Services Master Framework Agreement	232,919	214,734	183,323

LETTER FROM THE BOARD

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 additional scope of management services which may be required by the Group from the Redsun Services Group, including housing repair management services;
- (iii) 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 2022;
- (iv) the land bank held by the Group as at 31 December 2022 and its projected change for the next three years based on publicly available information;
- (v) 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;
- (vi) the expected unoccupied rate for property units and car parking spaces under the management of the Redsun Services Group based on historical amount; and
- (vii) the expected number of contracts in respect of the commercial properties held by the Group for which the Redsun Services Group had been or was expected to be engaged to provide property management services as at 31 December 2022.

LETTER FROM THE BOARD

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.

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.

LETTER FROM THE BOARD

III. Reasons for and Benefits of the Transaction

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 pre-delivery 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.

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.

IV. Information on the Relevant Parties

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

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 (a controlling Shareholder and an executive Director).

V. Directors' Confirmation

Since Redsun Services is indirectly held as to 72.77% by Mr. Zeng (an executive Director), each of Mr. Zeng and Mr. Zeng Junkai, the son of Mr. Zeng and an executive Director, 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 New Parking Space Sales and Leasing Agency Services 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 New Parking Space Sales and Leasing Agency Services Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Directors (excluding Mr. Zeng and Mr. Zeng Junkai) are of the view that the terms of the New Parking Space Sales and Leasing Agency Services Framework Agreement was determined through arm's length negotiations amongst the parties thereto, are based on normal commercial terms, and that the entering into of the New Parking Space Sales and Leasing Agency Services Framework Agreement is in the ordinary and usual course of business of the Group, and together with the proposed annual caps under the New Parking Space Sales and Leasing Agency Services Framework Agreement, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding Mr. Zeng, Mr. Zeng Junkai and the independent non-executive Directors who will form their view after taking into account recommendations of the independent financial adviser) are of the view that the terms of the Non-exempt Continuing Connected Transaction was determined through arm's length negotiations amongst the parties thereto, are based on normal commercial terms, and that the entering into of the Non-exempt Continuing Connected Transaction 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 Company 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. 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 Continuing Connected Transactions 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 2025 exceed 5%, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

In order to ensure the compliance of the requirements of Chapter 14A of the Listing Rules, during the period from 1 January 2022 to the date when the independent Shareholders' approval is obtained, the amount payable by the parties pursuant to the Non-exempt Continuing Connected Transaction 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 exempt 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 Transaction. Ordinary resolution will be proposed at the EGM to approve by way of poll the Non-exempt Continuing Connected Transaction and its 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 Transaction and its annual caps.

The Company has established the Independent Board Committee to consider whether the Non-exempt Continuing Connected Transaction is 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. The Company will convene a general meeting in due course.

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 Friday, 24 February 2023 to Wednesday, 1 March 2023, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Thursday, 23 February 2023.

LETTER FROM THE BOARD

4. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 41 to 42 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 Link Market Services (Hong Kong) Pty Limited, the branch share registrar of the Company in Hong Kong, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, 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, no Shareholder is required to abstain from voting at the EGM.

5. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the resolution 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 resolution 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 Transaction and the respective annual caps and the principal factors and reasons considered by them in arriving such recommendations set out on pages 19 to 34 of this circular.

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



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)

The Independent Board Committee:

Mr. Lee Kwok Tung Louis

Mr. Leung Yau Wan John

Mr. Au Yeung Po Fung

10 February 2023

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 10 February 2023 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Non-exempt Continuing Connected Transaction and the respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned, whether such transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM.

Having taken into account the recommendations from Merdeka Corporate Finance Limited, the Independent Financial Adviser, and in particular the principal factors set out in the letter from the Independent Financial Adviser, we consider that the terms of the Non-exempt Continuing Connected Transaction and the respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned, such transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the best interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Non-exempt Continuing Connected Transaction and the respective annual caps.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The letter from the Independent Financial Adviser containing its recommendations to us and the Independent Shareholders, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at such recommendations is set out on pages 19 to 34 of the Circular.

Yours faithfully,
The Independent Board Committee of
Redsun Properties Group Limited

Mr. Lee Kwok Tung Louis
*Independent non-executive
Director*

Mr. Leung Yau Wan John
*Independent non-executive
Director*

Mr. Au Yeung Po Fung
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Merdeka Corporate Finance Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Property Management Services Master Framework Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.



Room 1108–1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

10 February 2023

*To: Independent Board Committee and the Independent Shareholders of
Redsun Properties Group Limited*

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the provision of the Property Management Services by Redsun Services Group to the Group under the New Property Management Services Master Framework Agreement (the “**Continuing Connected Transactions**”) and the proposed annual caps of the Continuing Connected Transactions for the three years ending 31 December 2025 (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular issued by the Company to its Shareholders dated 10 February 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As mentioned in the Board Letter, it is expected that the Group will from time to time continue to enter into transactions of a nature similar to the Existing Property Management Services Master Framework Agreement after the expiry of the aforesaid agreements on 31 December 2022. Accordingly, the Group now seeks to enter into relevant new agreements on substantially the same terms and has entered into the New Property Management Services Master Framework Agreement on 8 December 2022 (after trading hours).

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. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since one or more of the applicable percentage ratios in respect of the Proposed Annual Caps under the New Property Management Services Master Framework Agreement for the three years ending 31 December 2025 exceed 5%, the transactions contemplated thereunder will be subject to the reporting, annual review, announcement, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (the “**IBC**”), comprising Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung, all being independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Continuing Connected Transactions. We, Merdeka Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the IBC and the Independent Shareholders in this regard.

OUR INDEPENDENCE

We are not connected with the directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and do 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. In the last two years, there was no engagement between the Group and Merdeka Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the IBC and the Independent Shareholders, we have relied on the statements, information, opinion and representations contained or referred to in the Circular and the statements, information, opinion and representations provided to us by the management of the Company (the “**Management**”) and the representatives of the Company (the “**Representatives**”) and the Directors (excluding IBC members). We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Management, the Representatives and the Directors (excluding IBC members), for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the EGM, and the Shareholders will be informed of any material change of information in the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Management, the Representatives and the Directors (excluding IBC members) as set out in the Circular were reasonably made after due and careful inquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and representations contained in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Continuing Connected Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing and arriving at our advice and recommendation with regard to the Continuing Connected Transactions and the Proposed Annual Caps, we have taken into account the principal factors and reasons set out below.

I. Background information of the parties involved in the Continuing Connected Transactions

a. Information on the Company and the Group

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

We set out below a summary of the key financial information of the Group for the years ended 31 December 2020 (the “**FY2020**”) and 2021 (the “**FY2021**”) and six months ended 30 June 2021 (the “**HY2021**”) and 2022 (the “**HY2022**”) as extracted from the annual report of the Company for FY2021 (the “**2021 Annual Report**”) and the interim report of the Company for HY2022 (the “**2022 Interim Report**”), respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the six months ended		For the year ended	
	30 June		31 December	
	2022	2021	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	12,609,317	12,964,452	26,666,979	20,158,701
— <i>Property development</i>	12,287,267	12,650,071	26,041,292	19,615,845
— <i>Commercial property investment and operations</i>	310,073	291,773	583,545	505,224
— <i>Hotel operations</i>	11,977	22,608	42,142	37,632
Gross profit	1,824,708	2,730,166	5,081,288	4,507,742
Profit before tax for the period/year	80,822	1,725,647	3,124,812	3,159,337
(Loss)/Profit for the period/year	(405,466)	989,969	1,865,651	1,854,940
	As at	As at	As at	
	30 June	31 December	31 December	
	2022	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	(unaudited)	(audited)	(audited)	
Total assets	119,874,928	132,748,834	119,045,170	
Total liabilities	89,387,550	101,002,979	91,641,586	
Net asset value	30,487,378	31,745,855	27,403,584	

FY2020 and FY2021

The Group's revenue amounted to approximately RMB26,667.0 million for FY2021, representing an increase of approximately 32.3% from approximately RMB20,158.7 million for FY2020. The revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales increased by approximately 32.8% to approximately RMB26,041.3 million as compared to FY2020, accounting for approximately 97.6% of the total recognised revenue; (ii) commercial operations increased by approximately 15.5% to approximately RMB583.5 million as compared to FY2020; and (iii) hotel operations increased by approximately 12.0% to approximately RMB42.1 million as compared to FY2020.

The Group's gross profit for FY2021 was approximately RMB5,081.3 million, representing an increase of approximately 12.7% from approximately RMB4,507.7 million for FY2020. Such increase was primarily attributable to the increased number of projects delivered during the year. The gross profit margin was approximately 19.1% for FY2021, as compared to approximately 22.4% for

FY2020. As disclosed in the 2021 Annual Report, the decrease in gross profit margin was mainly due to the decrease in the percentage of revenue recognised for products with higher gross profit margin as compared with FY2020.

The Group's profit before tax decreased by approximately 1.1% to approximately RMB3,124.8 million for FY2021 from approximately RMB3,159.3 million for FY2020. The net profit for FY2021 amounted to RMB1,865.7 million, representing an increase of approximately 0.6% as compared with FY2020.

The total assets of the Group amounted to approximately RMB132,748.8 million as at 31 December 2021, representing an increase of approximately 11.5% as compared to approximately RMB119,045.2 million as at 31 December 2020. In addition, the Group's total liability increased by approximately 10.2% from approximately RMB91,641.6 million as at 31 December 2020 to approximately RMB101,003.0 million as at 31 December 2021. The net asset value of the Group increased by approximately 15.9% to approximately RMB31,745.9 million as at 31 December 2021 from approximately RMB27,403.6 million as at 31 December 2020.

HY2021 and HY2022

The Group's revenue for HY2022 amounted to approximately RMB12,609.3 million, representing a decrease of approximately 2.7% from approximately RMB12,964.5 million for HY2021. As disclosed in the 2022 Interim Report, the revenue mainly included income generated from property sales, commercial operations and hotel operations, of which income generated from: (i) property sales decreased by approximately 2.9% to approximately RMB12,287.3 million as compared to HY2021, accounting for approximately 97.4% of the total recognised revenue; (ii) commercial operations increased by approximately 6.3% to approximately RMB310.1 million as compared to HY2021; and (iii) hotel operations decreased by approximately 47.0% to approximately RMB12.0 million as compared to HY2021.

The Group's gross profit for HY2022 was approximately RMB1,824.7 million, representing a decrease of approximately 33.2% from approximately RMB2,730.2 million for HY2021. Such decrease was primarily attributable to the lower gross profit of the projects delivered during the period and the provision for impairment of some projects. The gross profit margin for HY2022 was approximately 14.5%, a decrease from 21.1% for HY2021. Such decrease was due to the lower gross profit of the property projects delivered during HY2022.

The Group's profit before tax amounted to approximately RMB80.8 million for HY2022, representing a decrease of approximately 95.3% as compared with approximately RMB1,725.6 million for HY2021. For HY2022, net loss amounted to approximately RMB405.5 million, as compared with net profit amounting to approximately RMB990.0 million for HY2021.

The total assets of the Group amounted to approximately RMB119,874.9 million as at 30 June 2022, representing a decrease of approximately 9.7% as compared to approximately RMB132,748.8 million as at 31 December 2021. Meanwhile, the Group's total liability reduced by approximately 11.5% to approximately RMB89,387.6 million as at 30 June 2022 from approximately RMB101,003.0 million as at 31 December 2021. The net asset value of the Group decreased by approximately 3.96% to approximately RMB30,487.4 million as at 30 June 2022 from approximately RMB31,745.9 million as at 31 December 2021.

b. Information on Redsun Services

As disclosed in the Board Letter, 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 (a controlling Shareholder and an executive Director).

As noted from the Board Letter, Nanjing Hong Yang Property Management is a limited liability company established in the PRC on 30 July 2003, and an indirect wholly-owned subsidiary of Redsun Services.

II. Reasons for and benefits of the New Property Management Services Master Framework Agreement

As referred to the Board Letter, in view of (i) the long established relationship between Redsun Services Group and the Group since 2003; (ii) Redsun Services Group's prudent track record of providing reliable, efficient and satisfactory services to the Group; (iii) more efficient communications between Redsun Services Group and the Group compared to other independent services providers; and (iv) Redsun Service Group's better understanding and familiarity on the standards and conditions of the Group's property projects as well as the Group's requirements of the services needed, the Board considers 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.

Having considered that (i) the Group is a comprehensive property developer in the PRC with the principal business of development of residential properties and the development, operation and management of commercial and comprehensive properties; (ii) Redsun Services Group provides the stability and reliability of the supply of the services to the Group due to their long established relationship; and (iii) the New Property Management Services Master Framework Agreement offers the Group an option, but not an obligation, to procure Redsun Services Group for the Property Management Services, we concur with the Directors' view 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.

III. The Continuing Connected Transactions

a. Principal terms of the New Property Management Services Master Framework Agreement

The following principal terms of the New Property Management Services Master Framework Agreement are extracted from the Board Letter:

- Date: 8 December 2022 (after trading hours)
- Parties:
- i. Redsun Services (as services provider)
 - ii. The Company (as services recipient)
- Term: from 1 January 2023 to 31 December 2025, subject to renewal by mutual agreement of the parties thereto and compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.
- Scope of services:
- (a) Pre-delivery property management and related services (the “**Pre-delivery Property Management Services**”)
 - (b) Display units and property sales venues management services (the “**Sales Assistance Services**”)
 - (c) Pre-delivery property management services for unsold properties (the “**Unsold Property Management Services**”, together with Pre-delivery Property Management Services and Sales Assistance Services as the “**Residential Property Management Services**”)
 - (d) Commercial properties management services (the “**Commercial Property Management Services**”, together with the Residential Property Management Services as the “**Existing Property Management Services**”)
 - (e) Housing repair management services (the “**Housing Repair Management Services**”)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Definitive service agreements will be entered into between the relevant members of the Group and the relevant members of 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 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 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 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 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Where the service providers are not selected through tender, the service fee rates are mainly determined with reference to the comparable service fee rates charged by independent third parties. Such service fee rates shall be determined through arm's length negotiation with reference to factors including (i) the staffing of the service provider; (ii) the service standards of the personnel of the service provider; (iii) the service scope and coverage of the service provider; (iv) the management proposal of the service provider; (v) the work products and the professionalism of the service provider; and (vi) the previous work cooperation (if any) with the service provider.

The transactions contemplated under the New Property Management Services Master Framework Agreement shall be on normal commercial terms, on terms no less favourable 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.

We have obtained and reviewed both the Existing Property Management Services Master Framework Agreement and the New Property Management Services Master Framework Agreement, and understood that the principal terms of the two agreements are substantially the same.

We have enquired with the Management and understand that the fees to be charged for the Property Management Services will be determined after taking into account factors such as, the historical transaction amount, the scope of services, the prevailing property management fees of similar services provided by independent third parties as well as the location and class of the managed properties. The Management confirmed that such pricing basis is equally applicable to all of the Group's service providers, regardless of their relationship with the Group and it also adheres to the general pricing policy of the Group.

In assessing the fairness and reasonableness of pricing policies for the Residential Property Management Services, we have obtained and reviewed a total of five sample contracts with relatively large transaction amount which were entered into between the Group and Redsun Services Group during the period from 1 January 2020 till 30 September 2022 (the "**Review Period**"). As confirmed by the Management, given the prolonged cooperation between the Group and Redsun Services Group, the Group did not procure other services provider for the Residential Property Management Services, therefore, no comparable contracts between the Group and the independent third parties for the Residential Property Management Services during the Review Period are available to us. Alternatively, we have obtained and reviewed two comparable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

contracts for the Residential Property Management Services between Redsun Services Group and independent third parties during the Review Period. Based on the sample contacts and the discussion with the Management, we understood the fees charged to the Group by Redsun Services Group for the Residential Property Management Services were not favourable than the fees which were charged by Redsun Services Group to the independent third parties for similar services.

In assessing the fairness and reasonableness of pricing policies for the Commercial Property Management Services, we understood from the Management that the service fees will be determined on “cost-plus” basis with reference to (i) the actual operational costs and (ii) the prevailing market price for similar services. We accordingly obtained and reviewed a total of 18 sample contracts between the Group and Redsun Services Group during the Review Period and understood that the relevant services fee are generally derived on the aforesaid “cost-plus” basis. As confirmed by the Management, the Group did not engage other independent third parties for the provision of the Commercial Property Management Services and Redsun Services Group did not provide the Commercial Property Management Services to independent third parties during the Review Period. The Management further advised, the Group follows the internal control policies to review and verify whether the price is fair and reasonable before entering the continuing connected contracts to ensure the service fee is not less favourable than those offered by independent third parties in respect of relevant services.

As the Housing Repair Management Services is a new service under the New Property Management Services Master Framework Agreement and the Group did not engage Redsun Services Group to provide the relevant service during the Review Period, no historical transaction is available to us for assessment. We made enquiry with the Management on the pricing policy of the Housing Repair Management Services and we were advised that the service fee will be determined with reference to the prevailing market rate for similar service to be provided by independent third parties. We obtained and reviewed the summary table of pricing rates of independent third parties and noted the adopted service unit rate is within the range of comparable pricing rates. Given the abovementioned, we consider the pricing policy for the Housing Repair Management Services under the New Property Management Services Master Framework Agreement is comparable to the service price of similar services to be charged by the independent third parties.

In view of the above and having also considered (i) the terms of the New Property Management Services Master Framework Agreement are substantially the same as the Existing Property Management Services Master Framework Agreement; (ii) the service fees for the Existing Property Management Services charged by Redsun Services Group to the Group are not less favourable than those of similar services to be charged by the independent third parties; (iii) the pricing policy for the Housing Repair Management Services is similar to that used for similar services provided by the independent third parties to the Group; and (iv) the internal control procedures in place to monitor the transactions to be contemplated under the New Property Management Services Master Framework Agreement as discussed in the section

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

headed “IV. Internal control measures” below, we consider the terms of the New Property Management Services Master Framework Agreement are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

b. Historical actual transactions amount

As stated in the Board Letter, the table below sets out: (i) the historical actual transaction amounts of the Existing Property Management Services for FY2020, FY2021 and for the nine months ended 30 September 2022 (“9M2022”); (ii) the annual caps for each of FY2020, FY2021 and FY2022 in respect of the Existing Property Management Services Master Framework Agreement; and (iii) the respective utilization rates of the annual caps for each of FY2020, FY2021 and FY2022 in respect of the Existing Property Management Services Master Framework Agreement.

	FY2020	FY2021	9M2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The total service fees payable by the Group to Redsun Services Group	205,670	241,985	142,284
Existing approved annual caps	226,933	284,171	325,973
Utilization rate (%)	90.7%	85.2%	43.7%

As illustrated above, the historical actual transaction amount of the Existing Property Management Services increased by approximately 17.7% from approximately RMB205.7 million for FY2020 to approximately RMB242.0 million for FY2021. The utilization rates of the Existing Property Management Services for the historical annual caps for FY2020 and FY2021 are relatively high in general, amounting to approximately 90.7% and 85.2% respectively. The historical actual transaction amount of the Existing Property Management Services for 9M2022 amounted to approximately RMB142.3 million, representing a utilization rate of approximately 43.7% of the existing annual cap of RMB325.9 million for FY2022. Should the historical actual transaction amount of the Existing Property Management Services for 9M2022 be annualised, the projected transaction amount of the Existing Property Management Services for FY2022 would amount to approximately RMB189.7 million, representing an utilization rate of approximately 58.2%.

As advised by the Management, the relatively low utilisation rate for 9M2022 was mainly due to the impacts of the COVID-19 pandemic, which lead to certain cities where the Group has business operations in have been under lockdown, resulting in less Existing Property Management Services received from Redsun Services Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

c. The Proposed Annual Caps and the basis of determination

As stated in the Board Letter, the table below sets out the Proposed Annual Caps in respect of the Property Management Services for each of the three years ending 31 December 2023 (“FY2023”), 31 December 2024 (“FY2024”) and 31 December 2025 (“FY2025”), respectively.

	FY2023	FY2024	FY2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected maximum aggregate service fees payable by the Group to Redsun Services Group pursuant to the New Property Management Services Master Framework Agreement	<u>232,919</u>	<u>214,734</u>	<u>183,323</u>

As set out in the Board Letter, the Proposed Annual Caps are determined with reference to: (i) the historical transaction amounts in respect of the Property Management Services between the Group and Redsun Services Group; (ii) the additional scope of management services which may be required by the Group from Redsun Services Group, including Housing Repair Management Services; (iii) the total gross floor area (“GFA”) of properties developed by the Group under the management of Redsun Services Group and the properties under development held by the Group to be managed by Redsun Services Group based on existing service contracts as at 31 December 2022; (iv) the land bank held by the Group as at 31 December 2022 and its projected change for the next three years based on publicly available information; (v) the estimated service fee to be charged by Redsun Services Group in respect of the Residential Property Management Services based on historical amount and existing contracts; (vi) the expected unoccupied rate for property units and car parking spaces under the management of Redsun Services Group based on historical amount; and (vii) the expected number of contracts in respect of the commercial properties held by the Group for which Redsun Services Group had been or was expected to be engaged to provide property management services as at 31 December 2022.

As advised by the Management, discussions have been held with the Group and Redsun Services Group in connection with the property management projects which are currently undertaken or proposed to be undertaken by Redsun Services Group for the three years ending 31 December 2025. It is anticipated that the Group will continue to procure the Property Management Services from Redsun Services Group, while Redsun Services Group is capable to provide such services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the Management on the basis and underlying assumptions for the purpose of setting the Proposed Annual Caps. We have also obtained and reviewed from the Management the computation worksheets for the Proposed Annual Caps (the “**Caps Computation**”) which is mainly based on the followings:

- i. as mentioned under the sub-section headed “(b) Historical actual transactions amount”, the historical actual transaction amounts of the Existing Property Management Services for FY2020 and FY2021 amounted to approximately RMB205.7 million and RMB242.0 million with the utilization rate of the proposed annual cap of approximately 90.7% and 85.2%, respectively. The historical transaction amount for 9M2022 amounted to approximately RMB142.3 million with utilisation rate of approximately 43.7%. As the Proposed Annual Caps, which is determined with reference to the factors including but not limited to historical transaction amount, are approximate to the historical actual transaction amounts, on this basis, the Proposed Annual Caps are considered to be reasonable;
- ii. as advised by the Management, the estimated demand of Property Management Services of the Group is mainly driven by the progress, development and delivery of the relevant property projects of the Group at the relevant time. In this connection, we have conducted research on information of property projects of the Group. With reference to the 2022 Interim Report, as at 30 June 2022, the Group was engaged in a total of 199 property development projects, with a total GFA of land bank of approximately 16.8 million sq.m., including completed properties totaled approximately 2.0 million sq.m., rentable area held for investment totaled approximately 1.0 million sq.m. and properties under development totaled approximately 13.8 million sq.m.. As disclosed in the 2021 Annual Report, as at 31 December 2021, the Group was engaged in a total of 196 property development projects, with the total GFA of land bank of the Group as at 31 December 2021 of approximately 18.8 million sq.m., including completed properties totaled approximately 1.9 million sq.m., rentable area held for investment totaled approximately 1.0 million sq.m. and properties under development totaled approximately 15.9 million sq.m.. The GFA of completion projects of the Group as of 30 June 2022 slightly increased by approximately 5.3% in comparing to 31 December 2021 while the GFA of properties under development as at 30 June 2022 decreased by approximately 13.2% compared to 31 December 2021, which result in the total GFA of the land bank of the Group as at 30 June 2022 decreased by approximately 10.6% compared to 31 December 2021; and

- iii. based on our discussion with the Management, we understood the Proposed Annual Caps were principally projected based on the historical transaction amounts of the Existing Property Management Services, and the respective transaction amounts of the Property Management Services for deriving the Proposed Annual Caps were determined as follows:

For the Pre-delivery Property Management Services, the estimated transaction amounts was made principally reference to (i) the GFA of properties held or developed by the Group that have being or will be managed by Redsun Services Group under the Existing Property Management Services Master Framework Agreement as of 31 December 2022; (ii) the expected service fees referring to the prevailing market rate for similar services; (iii) the expected time of completion and delivery of the property according to the best estimates from the Board; and (iv) the Group's future property development plan.

For the Sales Assistance Services, the estimated transaction amount was referred to (i) historical transaction amounts for 9M2022; (ii) the future potential investment in property development according to the development plan of the Group; and (iii) the prevailing market rate for similar services.

For the Unsold Property Management Services, the transaction amount was estimated based on (i) the estimated vacancy rate based on the historical figures and current market condition; and (ii) applicable rate(s) recommended by the relevant government authorities or prevailing market rate for similar services.

For the Commercial Property Management Services, the transaction amount was estimated based on (i) the expected number of contracts in respect of the commercial properties held by the Group for which Redsun Services Group had been or was expected to be engaged to provide property management services as at 31 December 2022; (ii) the historical transaction amount; and (iii) prevailing market rate for similar services.

For the Housing Repair Management Services, the transaction amount was estimated based on (i) the estimated unit service fee to be charged by Redsun Services according to the prevailing market rate; and (ii) the current market condition.

Having considered that (i) the Proposed Annual Caps were determined primarily based on existing contracts signed between the Group and Redsun Services Group; (ii) the basis on which the Proposed Annual Caps were determined as described above; and (iii) the Group has the right but not the obligation to procure Redsun Services Group for the Property Management Services, we are of the view that Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

IV. Internal control measures

The Company has implemented the following internal control measures for monitoring the pricing and other terms of the Continuing Connected Transactions:

- (i) 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.
- (ii) 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.
- (iii) 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.

We consider that the abovementioned measures are in the interests of the Independent Shareholders as their interests are safeguarded by (a) performing market research and verification on the service fees to be charged by connected person as compared to independent third parties; and (b) the monitoring and reviewing processes to be carried out (including those to be carried out by the financial management, senior management and/or the audit committee) to ensure the terms of the continuing connected transactions are fair and reasonable and are in the interests of the Shareholders and no less favourable to the Group than those available to the Group from independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group; and (ii) the terms of Continuing Connected Transactions contemplated under the New Property Management Services Master Framework Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of Company and the Independent Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM in this regard.

Yours Faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Director

Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

I. RESPONSIBILITY STATEMENT

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

II. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

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

Long position in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Percentage of shareholding
Mr. Zeng (<i>Note 1</i>)	Interest in controlled corporation	2,400,000,000	71.88%

Note:

- (1) Redsun Properties Group (Holdings) Limited (“Redsun Properties Group (Holdings)”) is wholly owned by Hong Yang Group Company Limited (“Hong Yang Group Company”), which in turn is wholly owned by Hong Yang International Limited (“Hong Yang International”), which in turn is owned as to 50% and 50% by Hong Yang Group (Holdings) Limited (“Hong Yang Group (Holdings)”) (a company wholly owned by Mr. Zeng) and Mr. Zeng, respectively. Accordingly, each of Hong Yang Group Company, Hong Yang International, Hong Yang Group (Holdings) and Mr. Zeng Huansha is deemed to be interested in the Shares held by Redsun Properties Group (Holdings) by virtue of the SFO.

Long position in Underlying Shares

Name of Director	Nature of interest	Number of underlying Shares subject to the Pre-IPO Share Options	Approximate percentage of shareholding
Mr. Zeng Junkai (Note 1)	Beneficial owner	18,900,500	0.57%

Note:

- (1) As at the Latest Practicable Date, Mr. Zeng Junkai was interested in 18,900,500 underlying shares in respect of share options granted by the Company pursuant to the Pre-IPO Share Option Scheme, details of which are set out in the section headed “Share Option Schemes” in the interim report of the Company for the six months ended 30 June 2022.

Long position in the shares of Associated Corporations

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding⁽¹⁾
Mr. Zeng Huansha	Interest in controlled corporation	Redsun Properties Group (Holdings)	100%
	Interest in controlled corporation	Hong Yang Group Company	100%
	Interest in controlled corporation	Hong Yang International	100%
	Interest in controlled corporation	Hong Seng Limited ⁽¹⁾	100%
	Interest in controlled corporation	Huaibei Hong Yang Furniture Management Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Hong Yang Commercial (Group) Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Life Real Estate Consulting Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Qingdao Hong Yang Furniture Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Red Sun Industrial Raw Materials City Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Chuzhou Hong Yang Furniture Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Yang Furniture Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Hong Life Property Management Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Life Investment Management Co., Ltd. ⁽¹⁾	72.77%
Interest in controlled corporation	Nanjing Hong Life Info Tech Ltd. ⁽¹⁾	72.77%	

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding ⁽¹⁾
	Interest in controlled corporation	Nanjing Hong Life Pension Service Corporation Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Jiaozuo Hong Yang Furniture Co., Ltd.	100%
	Interest in controlled corporation	Bengbu Hong Bao Commercial Management Co., Ltd.	100%
	Interest in controlled corporation	Tianjin Hong Yang Furniture Market Management Co., Ltd.	100%
	Interest in controlled corporation	Wuhu Hong Yang Commercial Management Co., Ltd.	100%
	Interest in controlled corporation	Shanghai Hong Yang Info Tech Development Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Zhi Cheng Info Tech Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Hong Yang Commercial Factoring (Shenzhen) Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Bang Enterprise Management and Consulting Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Feng He Construction Management Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Cheng Property Management Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Zhejiang Hong Han Marketing Services Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Jiangsu Hong Yang Small Town Operation and Development Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Yang E-Commerce Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Hong Yang Property Service Group Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Nanjing Hong Yang Life Commercial Management Co., Ltd. ⁽¹⁾	100%
	Interest in controlled corporation	Nanjing Hong Yang Property Management Co., Ltd. ⁽¹⁾	72.77%
	Interest in controlled corporation	Wuxi Hong Yang Commercial Management Co., Ltd. ⁽¹⁾	100%

Note:

(1) These companies are subsidiaries of Hong Yang Group Company.

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

III. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

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

Long position in the Shares of the Company

Name of Substantial Shareholder	Nature of interest	Number of shares interested	Approximate percentage of shareholding
Redsun Properties Group (Holdings) (Note 1)	Beneficial owner	2,400,000,000	71.88%
Hong Yang Group Company (Note 1)	Interest in controlled corporation	2,400,000,000	71.88%
Hong Yang International (Note 1)	Interest in controlled corporation	2,400,000,000	71.88%
Hong Yang Group (Holdings) (Note 1)	Interest in controlled corporation	2,400,000,000	71.88%
Ms. Chen Sihong (Note 2)	Interest of spouse	2,400,000,000	71.88%

Notes:

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

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

IV. INTEREST OF DIRECTORS IN COMPETING BUSINESS

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

V. SERVICE CONTRACTS OF DIRECTORS

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

VI. DIRECTORS' INTEREST IN ASSET OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had: (i) any direct or indirect interests in any asset which had been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; and (ii) any subsisting material interest in any contract or arrangement as at the Latest Practicable Date which is significant in relation to the business of the Group.

VII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there is no material adverse change in the financial or trading positions of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

VIII. EXPERT'S QUALIFICATIONS AND CONSENTS

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

Name	Qualification
Merdeka Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Merdeka Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Merdeka Corporate Finance Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

IX. DOCUMENTS ON DISPLAY

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

1. Existing Parking Space Sales and Leasing Agency Services Framework Agreement;
2. Existing Property Management Services Master Framework Agreement;
3. New Parking Space Sales and Leasing Agency Services Framework Agreement;
4. New Property Management Services Master Framework Agreement;
5. the Letter from the Board, the text of which is set out on pages 5 to 16 of this circular;
6. the Letter from the Independent Board Committee, the text of which is set out on pages 17 to 18 of this circular;
7. the Letter from the Independent Financial Adviser, the text of which is set out on pages 19 to 34 of this circular;
8. the consent letter from the Independent Financial Adviser; and
9. this circular.

X. GENERAL

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



Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Redsun Properties Group Limited (the “Company”) will be held at Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong on Wednesday, 1 March 2023 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

1. The New Property Management Services Master Framework Agreement and the transactions contemplated thereunder and the respective annual caps be and are hereby approved, confirmed and ratified and any one director or the company secretary of the Company be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the New Property Management Services Master Framework Agreement and the transactions and matters contemplated thereunder.

By Order of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman

Hong Kong, 10 February 2023

Notes:

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Limited (“**Link Market**”) at Suite 1601,

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

16/F., Central Tower, 28 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. Where there are joint holders of any share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
5. The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rsunproperty.hk) in accordance with the Listing Rules.

6. 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 Friday, 24 February 2023 to Wednesday, 1 March 2023, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Link Market at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30p.m. on Thursday, 23 February 2023.

As of the date of this notice, Mr. Zeng Huansha, Mr. Zeng Junkai and Mr. Lui Wai Pang are the executive Directors; and Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung are the independent non-executive Directors.