
LETTER FROM THE BOARD



Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

Executive Directors:

Mr. JIA Hongbo (*Chairman*)

Mr. CHEN Yichun

Independent Non-executive Directors:

Ms. WANG Fen

Mr. LI Xiaohang

Mr. ZHAO Xianbo

Registered Office:

Offices of Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

Principal Place of Business and

Head Office in the PRC:

25th Floor

Hong Yang Building

No. 9 Daqiao North Road

Nanjing, Jiangsu Province

the PRC

Place of Business in Hong Kong

registered under part 16

of the Companies Ordinance:

Room 2612, 26/F

China Merchants Tower

Shun Tak Centre

Sheung Wan

Hong Kong

20 March 2026

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE EXTRAORDINARY GENERAL MEETING

INTRODUCTION

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

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

1. BACKGROUND

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

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

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I. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. New Property Management Services Master Framework Agreement

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

- Date: 8 December 2025 (after trading hours)
- Parties: (a) the Company (as services provider)
- (b) Redsun Properties (as services recipient)
- Term: From the day on which the the independent Shareholders' approval is obtained at the EGM to 31 December 2028, subject to renewal by mutual agreement of the parties thereto and compliance with the requirements of the Listing Rules and all other applicable laws and regulations.
- Scope of services: (a) **Pre-delivery property management and related services**
- Members of the Group shall provide pre-delivery property management and related services to Redsun Properties and its associates, 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 Redsun Properties and its associates.
- (b) **Display units and property sales venues management services**
- Members of the 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 Redsun Properties and its associates, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venue.

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

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

(d) Housing repair management services

Members of the Group shall provide routine maintenance and repair management services to the Properties under warranty sold by Redsun Properties and its Associates, 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 Redsun Properties and its associates 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 Group to Redsun Properties and its associates and the service fees. The definitive service agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the New Property Management Services Master Framework Agreement.

Pricing policy:

The relevant members of the 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 Redsun Properties and its associates according to the tender and quotation documents and definitive management services agreements to be entered into between relevant members of the Group and Redsun Properties and its associates from time to time.

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The management fees payable by Redsun Properties and its associates shall be determined based on arm's length negotiation between Redsun Properties and its associates and members of the 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 Redsun Properties and its associates in respect of comparable services; and (iii) any applicable rates recommended by the relevant government authorities.

Furthermore, the Company has adopted an internal assessment and approval to determine the management fees. Before the signing of definitive agreements, the business department would estimate the personnel and materials required and other service costs; while the human resources, procurement and finance departments would concurrently review the salary assumptions, material pricing and the accuracy of the cost calculations. Based on this assessment, the parties would negotiate a mark up rate, and the Company will only proceed if the expected profit meets its required level. During the approval stage, the proposed pricing and settlement terms are further reviewed by the business department, the cost and procurement department and the finance department. This process ensures that the management fees allow the Company to earn an acceptable profit and are no less favourable to the Company.

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

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

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

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

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Reasons for and Benefits of the Transaction

The Group has been providing quality property management services to Redsun Properties and its associates for many years and therefore the parties are more familiar with each other in respects of communication, coordination and service standards, which have certain advantage. As the Existing Property Management Services Master Framework Agreement entered into between the Group and Redsun Properties in 2022 will expire on 31 December 2025, the Group decides to enter into the New Property Management Services Master Framework Agreement so that the Group will continue to provide property management services to Redsun Properties and its associates and create certain synergies accordingly. Through providing services to the owners and owners' committees of properties developed by Redsun Properties and its associates and other property developers, the Group enhances its brand image and recognition, which will in turn promote its property management business.

Historical transaction amounts

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

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

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

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Proposed annual caps and basis of determination for annual caps

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

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

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

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

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As at the Latest Practicable Date, Redsun Properties owes the Company approximately RMB502 million, including property management service fees receivable of approximately RMB203 million and the balance of deposits for parking spaces receivable of approximately RMB299 million. Based on the aging analysis, (i) for the property management service fees receivable, approximately RMB26 million is aged within one year, approximately RMB78 million is aged between one to two years and approximately RMB99 million is aged between two to three years; while (ii) for the balance of deposits for parking spaces receivable, approximately RMB13 million is aged within one year, approximately RMB21 million is aged between one to two years and approximately RMB265 million is aged between two to three years.

The Company has conducted credit risk assessment work on Redsun Properties and its associates on an ongoing basis. While Redsun Properties has, during past periods, not always made payments strictly in accordance with the agreed schedules, it has not defaulted on its payment obligations to date. The Company performs monthly reconciliations of outstanding balances with the relevant entities and, for those entities with slower repayment progress, the Company requires Redsun Properties to provide financial statements for review. The Company also monitors the monthly funding plans and cash flow positions of the relevant project companies, including tracking matters such as tax refund arrangements and the progress of regulatory fund releases, with a view to securing priority repayment of amounts due to the Company and maximising cash recovery. With the overriding objective of safeguarding the interests of the Group and its shareholders as a whole, in circumstances where an individual project company no longer has sufficient cash or assets available for settlement, the Company will initiate legal proceedings to pursue recovery of the outstanding amounts.

In particular, for the balance of deposits for parking spaces receivable of approximately RMB299 million, the Company entered into the equity transfer agreements with respective indirect wholly-owned subsidiaries of the Redsun Properties in February 2025 involving three respective project companies to help settle the outstanding receivables (the “**Equity Transfer Agreements**”). For further details, please refer to the announcement and circular of the Company dated 17 February 2025 and 30 April 2025 respectively. As at the Latest Practicable Date, transfer of one of the project companies has been completed and approximately RMB100 million of the outstanding receivables has been settled accordingly. Upon completion of transactions contemplated under the Equity Transfer Agreements, it is expected that approximately RMB100 million of the outstanding receivables will be settled accordingly and the remaining outstanding receivables is expected to be reduced to no more than RMB99 million. The Company will continue to monitor the realizable assets of Redsun Properties, including real estate, commercial units, parking spaces, and equity interests, and actively pursue further offset agreements to maximize recovery.

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Meanwhile, for the property management service fees receivable of approximately RMB203 million, the Company continues to receive payments on a monthly basis as operations remain ongoing. For projects with larger or more aged receivables, the Company is actively reviewing the asset positions of the relevant project companies, identifying approximately RMB64 million in assets (including parking spaces, commercial units, and residential properties) that may be used for offsetting the outstanding receivables. The Company will continue to monitor these asset positions and pursue recovery through asset offset agreements where possible, and make further announcements in compliance with the requirements under the Listing Rules where applicable.

The Independent Board Committee is of the view that the abovementioned measures and action plans has been effective in ensuring the repayment obligations of Redsun Properties. In particular, the Company's ongoing monitoring of the asset positions of the relevant project companies enables timely identification of realizable assets for offset.

II. INTERNAL CONTROL

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

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

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In addition to the above, the Company has further put in place enhanced internal control measures to ensure that Redsun Properties and its associates are able to fulfil their repayment obligations under the New Continuing Connected Transactions. At the contract approval stage, the finance department, operations department, cost department and senior management of the Group jointly review and assess the payment capability of the relevant property companies, and the Company will not renew or enter into service arrangements for projects where repayment risks are considered high. During the service period, the Company conducts monthly confirmations with Redsun Properties on the services rendered, obtains supporting documentation evidencing service completion, and from the following month closely follows up on the reimbursement and payment procedures as well as its funding plans. If no repayment is received for more than three months, the Company will scale down service personnel and strictly control related costs; if no repayment is received for more than six months, the Company will conduct a detailed assessment of whether the counterparty entity is able to honour its repayment obligations under the New Continuing Connected Transactions. In such circumstances, the Company will suspend the provision of services, and if the suspension exceeds six months, the Company will consider terminating the service contract. Based on the above internal control measures, the Company considers that Redsun Properties and its associates are expected to be able to fulfil their repayment obligations under the New Continuing Connected Transactions, thereby safeguarding the interests of the Company and its Shareholders as a whole to the greatest extent practicable.

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. Meanwhile, the Independent Board Committee, having considered the Company's credit risk assessment procedures and the enhanced internal control measures applicable to Redsun Properties and its associates, is also of the view that the New Continuing Connected Transactions are on normal commercial terms or better and are in the interests of the Company and its shareholders as a whole as the Company has strengthened its approval and monitoring mechanisms to manage repayment risks, and that clear escalation measures, including monthly reconciliations, follow up on funding plans, service level adjustments, suspension of services and potential contract termination will be carried out in the event of slow or non-repayment. The Board (including the Independent Board Committee) believes that such measures provide a robust framework to safeguard cash recovery and mitigate credit risk of the Company.

Furthermore, the Company has implemented the following measures in order to enhance customer satisfaction and strengthen the brand image of the Company:

1. Tailored, High-Quality Services: The Company has developed a tiered service product system, A-Class (Honghui Service (弘輝服務)), B-Class (Hongyue Service (弘悅服務)), C-Class (Hongxiang Service (弘享服務)), and D-Class (Honghui Service (弘匯服務)), to provide differentiated and scenario-based services tailored to various customer needs. This approach emphasizes the principle of "customer first" and integrates quality with service excellence.

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2. **Community Experience Enhancement:** The Company is committed to creating “safe, comfortable, and warm” (「安心、舒心、暖心」) community environments. It has undertaken optimization and upgrades in delivered residential projects, focusing on four key themes: “Warm Home”, “Children’s Dream Home”, “Active Living”, and “Neighborly Fun”, to enrich residents’ living experiences and in turn gain more support and satisfaction from its clients.
3. **Community Renewal Initiatives:** The Group continues to implement community revitalization programs, including improvements in landscaping, equipment upgrades, and community engagement activities, to elevate service quality.

Leveraging upon the long-term cooperation with Redsun Properties under the Existing Property Management Services Master Framework Agreement which the Company has provided high-quality Property Management Services and making use of the growing brand influence of the Company as illustrated above, the Company has achieved significant expansion in independent third party projects signing 23 new projects in 2023, 45 new projects in 2024, and 77 new projects in 2025. These projects span various sectors, including high-end commercial offices and healthcare services, marking a leap in the Group’s non-residential property management portfolio and broadening its urban service offerings.

III. INFORMATION ON THE RELEVANT PARTIES

The Group

The Group is a well-recognized comprehensive community service provider in Jiangsu Province, the PRC. It is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

Redsun Properties

Redsun Properties is a comprehensive property developer established in the Yangtze River Delta region and operating in the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

IV. DIRECTORS’ CONFIRMATION

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

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Since Redsun Properties is an associate of Mr. Zeng, Mr. Zeng Junkai (who resigned on 14 January 2026), the son of Mr. Zeng and a non-executive Director, was deemed to have material interests in, and has abstained from voting on, the resolutions passed by the Board to approve the New Property Management Services Master Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in, or was required to abstain from voting on the resolutions passed by the Board to approve each of the New Continuing Connected Transactions and their respective proposed annual caps.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, Mr. Zeng is the controlling Shareholder. Redsun Properties is indirectly held as to 71.88% by Mr. Zeng. Accordingly, Redsun Properties is an associate of Mr. Zeng and therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the New Continuing Connected Transactions constitute continuing connected transactions of the Company.

The New Property Management Services Master Framework Agreement

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

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

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VI. INDEPENDENT SHAREHOLDERS' APPROVAL

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

As at the Latest Practicable Date, Redsun Services Group (Holdings) Limited is a controlling Shareholder, directly holding approximately 72.77% of the entire issued share capital of the Company. Redsun Services 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 Huansha, respectively. Accordingly, Redsun Services Group (Holdings) Limited and its associates will be required to abstain from voting on the ordinary resolution to be proposed at the EGM in respect of the Non-exempt Continuing Connected Transactions and their respective annual caps.

The Company has established the Independent Board Committee to consider whether the Non-exempt Continuing Connected Transactions are entered into on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Company has appointed Ignite Capital (Asia Pacific) 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.

2. CLOSURE OF REGISTER OF MEMBERS

To attend and vote at the EGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 9 April 2026 to Tuesday, 14 April 2026, both days inclusive. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with Computershare at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 8 April 2026.

3. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 42 to 43 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.

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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.rsunservice.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 Computershare, the branch share registrar of the Company in Hong Kong, 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM if you so desire.

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

4. 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 20 to 21 of this circular and the letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the Non-exempt Continuing Connected Transactions and the respective annual caps and the principal factors and reasons considered by them in arriving such recommendations set out on pages 22 to 37 of this circular.

Yours faithfully,
For and on behalf of the Board
Redsun Services Group Limited
Jia Hongbo
Chairman