



20 March 2026

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

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 20 March 2026 (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 requires otherwise.

References are made to the announcements of the Company dated 8 December 2022 and 7 June 2023 respectively in relation to the Existing Property Management Services Master 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, on 8 December 2025, the Group has entered into the New Property Management Services Master Framework Agreement.

LISTING RULES IMPLICATIONS

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 Non-exempt Continuing Connected Transactions constitute continuing connected transactions of the Company.

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 constitute 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.

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 the respective annual caps.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Ms. Wang Fen, Mr. Li Xiaohang and Mr. Zhao Xianbo, being all the independent non-executive Directors, was established to consider and to advise the Independent Shareholders on Non-exempt Continuing Connected Transactions. We, Ignite Capital, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Ignite Capital was engaged as independent financial adviser in respect of the very substantial acquisition and connected transaction as set out in the Company's circular dated 30 April 2025. Notwithstanding the aforesaid engagement, we were not aware of any relationship or interest between Ignite Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Ignite Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) New Property Management Services Master Framework Agreement;
- (ii) the Company's interim report for the six months ended 30 June ("HY") 2025 (the "**2025 Interim Report**");
- (iii) the Company's annual report for the year ended 31 December ("FY") 2024 (the "**2024 Annual Report**"); and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement therein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Non-exempt Continuing Connected Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Non-exempt Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Information of the 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.

2. Reasons for and benefits for the Non-exempt Continuing Connected Transactions

With reference to the Letter from the Board, 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.

Our assessment

We noted from the 2024 Annual Report and the 2025 Interim Report that the Group's property management services segment contributed more than 80% of the Group's total revenue for FY2024 and HY2025 and has consistently been the Group's largest business segment since listing.

As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Redsun Properties Group has not defaulted on its payment obligations to date. With reference to the Redsun Properties Group's interim report for HY2025, as at 30 June 2025, the Redsun Properties Group recorded total current assets of approximately RMB36.5 billion, net assets of approximately RMB4.8 billion and net current liability of approximately RMB6.8 billion.

The Company has conducted credit risk assessment work on Redsun Properties and its associates on an ongoing basis. 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 (i.e. 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.

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.

As disclosed in the Letter from the Board, 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.

- (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.

Having considered (1) that entering into the New Property Management Services Master Framework Agreement will allow the Group to continue providing property management related services to Redsun Properties and its associates; (2) that the Redsun Properties Group has not defaulted on its payment obligations to date; (3) the Redsun Properties Group’s financial position; (4) the Group’s ongoing credit risk assessment work on the Redsun Properties Group; (5) the Group’s continued efforts in effectively monitoring the realisable assets and cash position of Redsun Properties and the relevant project companies, and its progress in facilitating the settlement of historical outstanding receivables; (6) the Group’s successful expansion in third-party projects driven by its strengthened service quality and brand positioning; and (7) that the pricing policies and payment terms of the New Property Management Services Master Framework Agreement are fair and reasonable, as illustrated in sub-sections headed “3. Principal Terms of the New Property Management Services Master Framework Agreement – 3.1. Principal terms – Pricing policy” and “3. Principal Terms of the New Property Management Services Master Framework Agreement – 3.1. Principal terms – Payment terms” below in this letter, we are of the view that it is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

3. Principal Terms of the New Property Management Services Master Framework Agreement

3.1. Principal terms

Set out below are the key terms of the New Property Management Services Master Framework Agreement, details of which are set out under the section headed “1. New Property Management Services Master Framework Agreement” of the Letter from the Board.

Agreement date

8 December 2025 (after trading hours)

Parties

The Company and Redsun Properties

Term

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

Scope of services

(a) Pre-delivery property management and related services

Members of the 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.

(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.

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. 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 level of profit and are no less favourable to the Company than to independent third parties.

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.

Our assessment

To assess the fairness and reasonableness of the pricing mechanism, we randomly obtained and reviewed six sets of sample transactions, where available, relating to the provision of property management services by the Group offered to Redsun Properties and independent third parties, covering the following categories during the Review Period: (a) pre-delivery property management and related services; (b) display units and property sales venues management services; (c) pre-delivery property management services for unsold properties; and (d) housing repair management services for the Review Period (collectively the “**Property Management Samples**”). Having considered that the Property Management Samples (i) were selected on a random basis; (ii) covered all types of property management services contemplated under the Existing Property Management Services Master Framework Agreement; and (iii) covered each semi-year during the Review Period, we consider the Property Management Samples to be sufficient, fair and representative.

Pre-delivery property management and related services

We understand from the Management that the service fees for the provision of the pre-delivery property management and related services are determined based on the applicable service fee rates and gross floor area of the relevant property projects.

Based on our review of the Property Management Samples, we note that the calculation of such service fees is consistent with the above pricing policy and that the service fee rates charged by the Group to Redsun Properties Group are no less favourable than those charged to independent third parties.

Display units and property sales venues management services

We understand from the Management that the service fees for the provision of the display units and property sales venues management services were determined on a “cost-plus” basis, with reference to the costs incurred for staff and other costs incurred for the provision of such services, together with an additional service fee rate.

Based on our review on Property Management Samples, we note that the calculation of such service fees is consistent with the aforesaid pricing policy, and that the service fee rates charged by the Group to Redsun Properties Group are no less favourable than those charged to independent third parties.

Pre-delivery property management services for unsold properties

We understand from the Management that the property management fees for provision of the pre-delivery property management services for unsold properties were determined with reference to prevailing market price. For each residential property project, the same applicable property management service fee rates are charged to all owners, irrespective of whether the owner is a connected person or an independent third party. Where certain units remain unsold and undelivered, the property management fees attributable to such units are charged by the Group to Redsun Properties Group at the same rates applicable to independent third-party owners of other units.

Based on our review on Property Management Samples, we note the above pricing policy was adopted and the property management fees charged by the Group to Redsun Properties Group are no less favourable than those charged to independent third parties.

Housing repair management services

We understand from the Management that the service fees for the provision of the housing repair management services were determined based on the applicable service fee rates and gross floor area of the relevant property projects.

Based on our review on Property Management Samples, we note that the calculation of such service fees is consistent with the aforesaid pricing policy, and that the service fee rates charged by the Group to Redsun Properties Group are no less favourable than those charged to independent third parties.

In light of the above, we are of the view that the pricing policies of the Property Management Services are fair and reasonable.

Payment terms

As stated in the Letter from the Board, 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 based on service quality the following month after the relevant services are provided.

Our assessment

Based on our discussion with the Management, we understand that, for the pre-delivery property management services for unsold properties, the service fees will be charged in accordance with the terms of the corresponding definitive agreements entered into between the property developers and the Group. As the residential communities in which these vacant units are located have already been fully delivered, the Company is required to provide property management services to both third-party owners of the sold units and the unsold properties within the same community at the same time. Accordingly, the Company conducts quarterly reconciliations with Redsun Properties on the fees relating to such pre-delivery property management services and, in accordance with the corresponding definitive agreements, applies a unified quarterly settlement credit period. Having taken into account the above limitation and the level of historical property management service fee receivables, apart from the pre-delivery property management services for unsold properties, the credit period for the New Property Management Services Master Framework Agreement (the “**Credit Period**”) has been adjusted to one month, representing a shorter period than that under the existing framework agreement. Our independent research indicates that the Credit Period is shorter than or broadly consistent with that adopted in comparable property management services agreements announced and procured by Hong Kong-listed companies.

In addition, we noted from the Property Management Samples that the payment terms therein were comparable to, or no less favourable to the Group than, those offered to independent third parties for similar types of property management services.

In light of the above, we are of the view that the payment terms of the Property Management Services are fair and reasonable.

Section conclusion

Based on the analysis set out under this section, we are of the view that the terms of the transactions contemplated under the New Property Management Services Master Framework Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

3.2. Historical transaction amounts and the new annual caps

The table below sets out (i) the historical transaction amounts; (ii) the existing annual caps; and (iii) the respective utilisation rates of the Property Management Services for FY2023, FY2024 and the ten months ended 31 October 2025 (“10M2025”):

	FY2023	FY2024 <i>(RMB'000)</i>	FY2025
The total service fees paid by Redsun Properties and its associates to the Group (the “Service Fees”)			
Historical transaction amounts	159,131	79,756	56,705 <i>(Note)</i>
Existing annual caps	232,919	214,734	183,323
Utilisation rates	68.3%	37.1%	30.9% <i>(Note)</i>

Note: Historical transaction amounts and utilisation rates for 10M2025.

As stated in the Letter from the Board, as far as the Directors are aware, it is expected that the actual amount for FY2025 will not exceed the annual cap under the Existing Property Management Services Master Framework Agreement. The transaction amount from 1 January 2026 to the Latest Practicable Date is expected to fall below the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules.

As illustrated above, the historical transaction amounts for the Service Fees amounted to approximately RMB159.1 million, RMB79.8 million and RMB56.7 million for FY2023, FY2024 and 10M2025, respectively, representing utilisation rates of approximately 68.3%, approximately 37.1% and approximately 30.9%, respectively. Based on the unaudited figure of historic transaction amount for 10M2025, the annualised transaction amount for FY2025 would be approximately RMB68.0 million (the “**Annualised Transaction Amount**”), representing a theoretical utilisation rate of approximately 37.1%.

We understand from the Management that the low utilisation of the Service Fees recorded in FY2024 and 10M2025 was mainly attributable to overall downturn in the upstream real estate sector in the PRC and withdrawal from the Group’s commercial property management business in FY2024.

Set out below are the new annual caps for the Property Management Services:

	FY2026	FY2027 <i>(RMB'000)</i>	FY2028
<i>New annual caps</i>			
The Service Fees	102,051	96,598	95,029

As stated in the 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 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.

Our assessment

According to the Letter from the Board, set out below the factors considered by the Company to determine the annual caps of the New Property Management Services Master Framework Agreement and our work done:

- (1) the historical transaction amounts in respect of the Property Management Services between Redsun Properties and its associates and the Group;

We have reviewed the Caps Calculation Materials and note that the new annual caps for the Services Fee for FY2026 were estimated based on the average of the historical transaction amounts of the Service Fees for FY2023 and FY2024, together with the Annualised Transaction Amount (the “**Average Historical Transaction Amount**”).

- (2) 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;

We reviewed the information relating to the property projects developed by Redsun Properties and its associates that are relevant to the provision of the Property Management Services for FY2025 and as at 31 December 2025, and note that the Group is expected to continue providing the respective Property Management Services to these projects in FY2026.

- (3) 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;

As advised by the Management, in determining the new annual caps of the Service Fees for FY2027 and FY2028, reference was made to the historical changes in the land bank held by Redsun Properties. In this regard, we have reviewed Redsun Properties' interim report for HY2025 and annual report for FY2024 and note that its land bank (i) as at 30 June 2025 amounted to approximately 7.5 million square meters, representing a decrease of approximately 5% as compared to 31 December 2024; and (ii) as at 31 December 2024 amounted to approximately 7.9 million square meters, representing a decrease of approximately 1.0% as compared to 31 December 2023. We note that the decreasing trend reflected in the new annual caps of the Service Fees for FY2027 and FY2028 is consistent with the above historical reduction in the land bank held by Redsun Properties.

- (4) the estimated service fee 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;

We understand from the Management that, having regard to prevailing market conditions, the service fee rates for the provision of the Property Management Services are not anticipated to have material change, and in any event, the service fees charged by the Group to Redsun Properties Group will be no less favourable than those charged to independent third parties.

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

As advised by the Management, based on prevailing market information and historical project data, the expected unoccupied rates for property units and car parking spaces of property projects developed by Redsun Properties and its associates under the management of the Group are not expected to change materially.

We understand from the Management that, in determining the new annual caps for the Property Management Services for the three years ending 31 December 2028, consideration was given to the potential stabilisation of the PRC real estate market, and that the new annual caps were determined with reference to the average transaction amounts for the three years ended 31 December 2025, at a level that would allow the Group to capture potential business opportunities arising from any market stabilisation. Therefore, we consider that it is reasonable to determine the new annual caps for the Property Management Services with reference to the Average Historical Transaction Amount and to set the new annual caps based on such level.

Based on the analysis set out under this section, we are of the view that the terms of the new annual caps for the Property Management Services for the three years ending 31 December 2028 are fair and reasonable.

4. Internal control procedures

As set out in the Letter from the Board, the Group has implemented certain internal control measures for monitoring the pricing and other terms of the Non-exempt Continuing Connected Transactions and for ensuring that the transactions conducted under such agreement will be entered into based on normal commercial terms. Details of the internal controls are set out under the section headed “II. INTERNAL CONTROL” of the Letter from the Board.

Our assessment

We note from the 2024 Annual Report that the independent non-executive Directors confirmed that the continuing connected transactions, including those relating to the Existing Property Management Services Master Framework Agreement, were entered into (i) either (a) on normal commercial terms or better; or (b) on terms no less favourable to the Company than the terms available to or from independent third parties, where applicable; and (ii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. Furthermore, the auditor of the Company reported and confirmed that, amongst other things, for the continuing connected transactions disclosed in the 2024 Annual Report, nothing came to their attention indicating that (1) such transactions were not, in all material respects, conducted in accordance with the pricing policies of the Company; and (2) such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions (collectively the “**INEDs and Auditor Confirmation**”).

Taking into account the INEDs and Auditor Confirmation, and to further assess the effectiveness of the internal control procedures for the Existing Property Management Services Master Framework Agreement, we obtained from the Company and reviewed three records of the monthly monitoring of the historical transaction amounts in respect of the Property Management Services during the Review Period. Our review indicates that the Group conducted monthly monitoring procedures to ensure that the historical transaction amounts did not exceed the relevant annual caps.

Taking into account the above observations, together with our assessment of the relevant pricing policies and payment terms as discussed in sub-sections headed “3. Principal Terms of the New Property Management Services Master Framework Agreement – 3.1. Principal terms – Pricing policy” and “3. Principal Terms of the New Property Management Services Master Framework Agreement – 3.1. Principal terms – Payment terms” above in this letter, nothing has come to our attention that would cast doubt on the effectiveness of the implementation of the internal control measures.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we are of the view that the terms of the Non-exempt Continuing Connected Transactions and the respective annual caps, are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company, and in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to approve the Non-exempt Continuing Connected Transactions and the respective annual caps to be proposed at the EGM.

Yours faithfully,

For and on behalf of

Ignite Capital (Asia Pacific) Limited



Li Lan

Managing Director



Tin Ming Kit

Director

Mr. Li Lan is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 19 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

Mr. Tin Ming Kit is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Tin has over 18 years of investment banking and corporate finance experience in Hong Kong and has participated in and completed various initial public offerings, corporate financial advisory and independent financial advisory transactions.