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If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Redsun Properties Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale 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)

**MAJOR TRANSACTION
DISPOSAL OF 34% EQUITY INTERESTS
IN PROJECT COMPANY**

A letter from the Board is set out on pages 4 to 10 of this circular.

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in 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 in the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Equity and Debt Transfer Agreement
“Equity and Debt Transfer Agreement”	the equity and debt transfer agreement dated 9 August 2023 entered into among PRI Real Estate, Hongzong Real Estate and the Project Company in respect of the Disposal
“Escrow Account”	the meaning ascribed under the paragraph headed “Consideration and Payment Terms” of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Yang Group Company”	Hong Yang Group Company Limited (弘陽集團有限公司), a limited liability company incorporated in Hong Kong and a controlling Shareholder
“Hong Yang Group (Holdings)”	Hong Yang Group (Holdings) Limited (弘陽集團(控股)有限公司), a limited liability company incorporated under the laws of Cayman Islands and a controlling Shareholder
“Hong Yang International”	Hong Yang International Limited (弘陽國際有限公司), a limited liability company incorporated in the British Virgin Islands and a controlling Shareholder
“Hongzong Real Estate”	Guangzhou Hongzong Real Estate Development Company Limited* (廣州市弘宗房地產開發有限公司), a company established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company

DEFINITIONS

“Latest Practicable Date”	24 April 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“PRI Real Estate”	Guangzhou Pearl River Industrial Real Estate Company Limited* (廣州珠實地產有限公司), a company established in the PRC with limited liability and a party to the Equity and Debt Transfer Agreement
“Project Company”	Guangzhou Jingrun Real Estate Development Company Limited* (廣州璟潤房地產開發有限公司), a company established in the PRC with limited liability on 22 September 2020 which is beneficially held as to 66% by PRI Real Estate and 34% by Hongzong Real Estate respectively as at the Latest Practicable Date
“Prospectus”	the prospectus of the Company dated 29 June 2018
“Redsun Properties Group (Holdings)”	Redsun Properties Group (Holdings) Limited (弘陽地產集團(控股)有限公司), a company established in the PRC with limited liability. As at the Latest Practicable Date, 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 Huansha) and Mr. Zeng Huansha (the chairman of the Company and an executive Director), respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan owed by the Project Company to Hongzong Real Estate in the amount of RMB479.3885 million as at the Latest Practicable Date
“Sale Shares”	The 34% equity interests in the Project Company held by Hongzong Real Estate as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of HK\$0.01 each

DEFINITIONS

“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

* *For identification purpose only*



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:

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Room 2612, 26/F
China Merchants Tower
Shun Tak Centre
Sheung Wan
Hong Kong

29 April 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF 34% EQUITY INTERESTS
IN PROJECT COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company in relation to the disposal of 34% equity interests in the Project Company dated 9 August 2023 (the “**Announcement**”).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; and (ii) the valuation report on the property interest held by the Project Company.

THE EQUITY AND DEBT TRANSFER AGREEMENT

The following sets forth a summary of the principal terms of the Equity and Debt Transfer Agreement:

Date

9 August 2023

Parties

- (a) Hongzong Real Estate, an indirect non-wholly-owned subsidiary of the Company;
- (b) PRI Real Estate, a company established in the PRC with limited liability; and
- (c) the Project Company, a company established in the PRC with limited liability which is held as to 66% by PRI Real Estate and 34% by Hongzong Real Estate respectively as at the Latest Practicable Date.

Subject Matter

Pursuant to the Equity and Debt Transfer Agreement, Hongzong Real Estate agreed to sell the Sale Shares, representing 34% equity interests in the Project Company, and the Sale Loan, representing the shareholder's loan owed by the Project Company to Hongzong Real Estate; and PRI Real Estate agreed to purchase the Sale Shares and the Sale Loan. Upon completion of the Disposal, the Group will cease to hold any interest in the Project Company.

Consideration and Payment Terms

Pursuant to the Equity and Debt Transfer Agreement, the consideration payable in cash by PRI Real Estate shall be RMB295 million, which consists of:

- (a) the consideration for the transfer of the Sale Shares, representing 34% equity interests in the Project Company, in the amount of RMB0; and
- (b) the consideration for the assignment of the Sale Loan in the amount of RMB295 million,

and accordingly, the aggregate consideration of the Disposal shall be RMB295 million.

PRI Real Estate shall deposit the aggregate consideration to an escrow account to be opened in the name of Hongzong Real Estate with a financial seal reserved by Hongzong Real Estate and a personal seal reserved by PRI Real Estate (the “**Escrow**”

LETTER FROM THE BOARD

Account”), within five working days after the signing of the Equity and Debt Transfer Agreement. The Disposal was not subject to any condition precedent and subsequently on 15 August 2023, the Disposal was completed and the Company has already received the consideration of RMB295 million on 15 August 2023.

In view of the fact that as at 31 December 2022, the net liability of the Project Company amount to RMB83.21 million. As the fair value of net assets equals to the equity value, the equity value of the Project Company is therefore RMB0; based on the current project sales of the Project Company and the expected arrangements for collection of sales proceeds; and taking into account the time value of the repatriation of funds and the expected losses on the Project Company’s current projects, the Company considers that the investment made by the shareholder(s) of the Project Company would not be able to be fully recovered. Therefore, there is a discount in the consideration for the Sale Loan. Accordingly, the consideration has been determined on the basis of normal commercial terms and after arm’s length negotiations with reference to, among others, (i) the estimated valuation of the Project Company’s equity of RMB0 and the amount of the Sale Loan; and (ii) the valuation of the properties of the Project Company. In essence, based on the above and taking into account the balance of the debt of the Company after the accounting adjustment for the excessive losses of approximately RMB326 million, which shall have an estimated discounted amount of future sales receipts of approximately RMB31 million, it renders the difference between therein of RMB295 million.

Completion

Completion of the Disposal shall take place on the day on which the local market supervision and administration authority issues the notice of registration of approval for the Disposal or the Project Company obtains the new business licence. Within two working days upon completion of the Disposal, PRI Real Estate shall arrange for full release of the consideration in the Escrow Account to an account designated by Hongzong Real Estate.

Among others, within three working days from the date of completion of the registration of the change of shareholding pursuant to the Equity and Debt Transfer Agreement, the Project Company shall cease the use of all the brands related to “Hongyang” and complete the renaming of the projects accordingly.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability on 22 September 2020 which is principally engaged in real estate development and operation. As at the Latest Practicable Date, the Project Company is held as to 66% by PRI Real Estate and 34% by Hongzong Real Estate, respectively.

LETTER FROM THE BOARD

The Project Company only has one property project, i.e. Zeng Cheng Times in Guangzhou, which is located in Yongning, Zengcheng District, Guangzhou City, covering an area of 53,392.15 square meters and a total construction area of 246,984.57 square meters. The main business types in the zone are high-rise residential buildings and ground floor commercial buildings. The project is currently under construction.

Financial information of the Project Company

The table below sets forth the unaudited consolidated financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the two financial years ended 31 December 2021 and 31 December 2022:

	For the year ended 31 December 2021 (unaudited) RMB'000	For the year ended 31 December 2022 (unaudited) RMB'000
Net loss before taxation	11,837	76,666
Net loss after taxation	8,889	83,704

The unaudited net liability of the Project Company as at 31 December 2022 was approximately RMB83.21 million. The unaudited net liability of the Project Company as at 30 June 2023 was approximately RMB555.63 million.

Valuation on the property interest held by the Project Company

The Company has closely negotiated and discussed with the valuer in relation to the preparation of the valuation report since the discussion for the entering into of the Equity and Debt Transfer Agreement began to procure the compliance with Rule 5.07 of the Listing Rules, and therefore the preparation of the valuation report by the valuer with the effective date of 31 July 2023, which is the closest valuation date available to the completion date of the Disposal.

Upon the entering into of the Equity and Debt Transfer Agreement on 9 August 2023, the Company had been actively seeking for a suitable financial adviser to assist the Company. However, out of the Company's expectation and planning, the process of seeking for a suitable financial adviser has caused the Company a substantial amount of time. The Company has taken extra time to engage and cooperate with the financial adviser and the difficulties encountered has inevitably prolonged the time required for the preparation of the circular despite the Company's best effort in complying with Rule 5.07 of the Listing Rules.

In order to ensure compliance with Rule 5.07 of the Listing Rules in future in similar circumstances, the Company would further improve its internal control system implemented to enhance the awareness of the senior management and core team of employees handling disclosure related matters of the Company such that the engagement process of a suitable financial adviser of relevant projects could begin in an earlier stage of the discussion process

LETTER FROM THE BOARD

of the agreement. Also, the Company would maintain a list of suitable financial advisers with whom the Company has cooperated with or would like to cooperate with such that the Company would be able to engage a suitable financial adviser earlier in any upcoming transactions of the Company.

INFORMATION ON THE PARTIES INVOLVED IN THE DISPOSAL

The Group

The Group is a leading comprehensive property developer in Jiangsu Province, the PRC, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

Hongzong Real Estate

Hongzong Real Estate, a company established in the PRC with limited liability, is principally engaged in real estate consultation; property leasing; and real estate development and operation. As at the date of the Announcement, Hongzong Real Estate is held as to 51% indirectly by the Company and 49% by Ningxia Dingxin Zhiying Equity Investment Management Company Limited* (寧夏鼎信智贏股權投資管理有限公司), which is in turn indirectly wholly-owned by Guo Ning* (郭寧).

PRI Real Estate

PRI Real Estate, a company established in the PRC with limited liability, is principally engaged in household leasing, property management and real estate development and operation. As at the Latest Practicable Date, PRI Real Estate is directly held as to 100% by Guangzhou Pearl River Industrial Group Company Limited (廣州珠江實業集團有限公司), and Guangzhou Pearl River Industrial Group Company Limited (廣州珠江實業集團有限公司) is held as to 10% by the Department of Finance of Guangdong Province and 90% by the People's Government of Guangzhou, respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, PRI Real Estate and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Upon completion of the Disposal, it will be beneficial for the Company to strengthen its cash flow, which can facilitate further development of guaranteed delivery and guaranteed operation.

The terms of the Equity and Debt Transfer Agreement have been arrived after arm's length negotiations among the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Equity and Debt Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. None of the Directors have any material interest in the Equity and Debt

LETTER FROM THE BOARD

Transfer Agreement and the transactions contemplated thereunder. Accordingly, none of the Directors are required to abstain from voting on the Board resolutions approving the Equity and Debt Transfer Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, it is estimated that the Company would record a loss on the Disposal before taxation of approximately RMB31 million, being the difference between the balance of the debt of the Company, taking into account the accounting adjustment for the excessive losses, of approximately RMB326 million and the aggregate consideration for the Disposal of RMB295 million. The actual loss as a result of the Disposal to be recorded by the Group shall be subject to final audit to be performed by the Company's auditors. The Disposal will not have a significant impact on the Company's assets and liabilities of the Group.

USE OF PROCEEDS

The Company intends to use the proceeds from the Disposal as general working capital for the business operation of the Company such that resources can be concentrated and strengthened for the Company's development and enhancement of the Company's competitiveness or other appropriate investment opportunities as and when appropriate.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 25% but are less than 75%, the entering into of the Equity and Debt Transfer Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders have any material interest in the Equity and Debt Transfer Agreement and the transactions contemplated thereunder. Accordingly, none of the Shareholders are required to abstain from voting if the Company were to convene a general meeting for approving the Equity and Debt Transfer Agreement and the transactions contemplated thereunder.

WRITTEN SHAREHOLDER'S APPROVAL

The Company has obtained written shareholders' approval from its controlling shareholder (i.e. Redsun Properties Group (Holdings)) in respect of the Disposal, for approving the Equity and Debt Transfer Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules, in lieu of convening a general meeting of the Company. As at the Latest Practicable Date, Redsun Properties Group (Holdings) directly holds 2,400,000,000 Shares, representing approximately 71.88% of the

LETTER FROM THE BOARD

issued share capital of the Company. Accordingly, no general meeting will be held for approving the Equity and Debt Transfer Agreement and the transactions contemplated thereunder.

RECOMMENDATION

This circular is despatched to Shareholders for information purposes only. Although no general meeting will be convened, the Directors are of the view that the terms of the Equity and Debt Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, and the entering into of the Equity and Debt Transfer Agreement and the transactions as contemplated thereunder is in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for approving the transactions contemplated under the Equity and Debt Transfer Agreement, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Equity and Debt Transfer Agreement and the transactions contemplated thereunder.

OTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
Redsun Properties Group Limited
Zeng Huansha
Chairman

I. FINANCIAL INFORMATION OF THE GROUP

The financial information the Group for the three years ended 31 December 2021, 2022 and 2023 are disclosed on pages 167 to 360 of the annual report of the Company for the year ended 31 December 2021, pages 154 to 353 of the annual report of the Company for the year ended 31 December 2022 and pages 153 to 352 of the annual report of the Company for the year ended 31 December 2023, respectively, all of which are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.rsunproperty.hk). Please also see below the quick links to such financial information:

The Company's 2021 annual report:

www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600709.pdf

The Company's 2022 annual report:

www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042603025.pdf

The Company's 2023 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400630.pdf>

II. INDEBTEDNESS OF THE GROUP**(1) Bank Borrowings**

As at the close of business on 31 March 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had total bank and other borrowings of approximately RMB10,710.2 million and senior notes of approximately RMB10,472.0 million, comprising secured and unsecured bank and other borrowings of approximately RMB20,205.4 million and RMB976.9 million, respectively. The secured bank and other borrowings were secured by the Group's bank deposits, property, plant and equipment, investment properties, completed properties held for sale, financial assets at fair value through profit or loss, interests in joint ventures and associate and shares charges in respect of the equity interests in certain subsidiaries of the Group.

(2) Guarantees

As at 31 March 2024, the Group had guarantees (i) given in favour of the banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of approximately RMB9,138.1 million; and (ii) given in favour of the banks and other institutions in respect of facilities granted to related parties and other parties in the amount of approximately RMB6,075.4 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or term loans, or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or mortgages and charges, and there were no other material contingent liabilities nor guarantees at the close of business on 31 March 2024.

III. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry, taking into account the present available financial resources and the estimated maximum net proceeds of approximately RMB295 million from the disposal of 34% equity interests in the Project Company, the Group would not have sufficient working capital for the next 12 months, with an estimated shortfall in working capital of approximately RMB12,290.2 million to RMB13,718.5 million.

Major assumptions and events taken into account by the Directors in preparing the working capital forecast include:

- (i) the disposal of 34% equity interests in the Project Company will be completed in February 2024 and the payment of the consideration of RMB295 million will be settled in accordance with the Equity and Debt Transfer Agreement;
- (ii) no new financing (including debt financing and/or equity financing and/or any other alternative financing) will be obtained by the Group; and
- (iii) the core business operation and asset base (including real assets, financial assets and any other forms of assets and/or liabilities and contingent liabilities) of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present, including no acquisition or disposal and/or intended acquisition or disposal (save for the Disposal) with concrete terms would be proposed, conducted and/or completed by the Group during the next 12 months.

Nevertheless, the abovementioned shortfall in working capital was mainly attributable to the full repayment of (i) the Group's bank and other borrowings and senior notes which were defaulted as at 31 March 2024 or will be due within the next twelve months amounted to approximately RMB12,477.6 million, including certain bank and other borrowings and senior notes which were defaulted as at 31 March 2024 amounted to approximately RMB7,918.8 million; (ii) the interest of certain bank and other borrowings and senior notes which were defaulted as at 31 March 2024 amounted to RMB1,285.3 million, triggering the events of default of certain senior notes amounted to RMB4,050.9 million; and (iii) certain bank and other borrowings that cross-defaults were triggered amounted to RMB790.1 million.

The Board has continuously devoted effort to resolve the shortfall in working capital mentioned above, including but not limited to:

- (i) The Group has appointed financial advisors to assist it with a holistic restructuring of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practicable;
- (ii) The Group has been actively negotiating with several banks and financial institutions on the extension for repayments of certain borrowings;
- (iii) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;
- (iv) The Group will continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (v) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;
- (vi) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and
- (vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The Board is of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2024.

IV. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the 2023 Interim Report of the Company, in the face of the continual downturn of the industry and market, the Group will adjust its sales strategy in accordance with the actual situation and actively expand its sales, taking into account the business mindset of “preserving the value of products and safeguarding assets”. On the investment side, the Group will promote cash flow through multiple channels; and on the risk control side, efforts will be made to help the Company realize cash inflow, reduce costs and increase efficiency.

The Company will ensure project delivery and continue to fulfil its delivery commitments. While ensuring the quantity of project delivery, the Company will also ensure the quality of delivery as well as the safety and stability of cash flow by controlling three major expenses, preventing risks, and keeping the expenditure within the limits of revenues. The Company will adjust the financing structure to further reduce financing costs. The Company will safeguard assets and ensure a limit for cash security, taking into account both the value of products and the preservation of assets, and revitalizing assets at the same time.

Colliers Appraisal and Advisory Services Co., Ltd.

Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District,
Beijing China



The Board of Directors
REDSUN PROPERTIES GROUP LIMITED

29 April 2024

Dear Sir or Madam,

Re: VALUATION OF SHIGUANG YAYUAN TAGANG VILLAGE AND GONGAN VILLAGE (時光雅苑), YONGNING STREET, ZENGCHENG DISTRICT, GUANGZHOU, GUANGDONG PROVINCE IN THE PEOPLE'S REPUBLIC OF CHINA (the "Property")

INSTRUCTIONS

We refer to your instructions for us to assess the Market Value of the Property in which Redsun Properties Group Limited (the "**Company**") and its subsidiaries (hereafter together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 31 July 2023 (the "**Valuation Date**"), for the purpose of incorporating in the public document.

BASIS OF VALUATIONS

Our valuations are provided on the basis of Market Value, which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION STANDARDS

These valuations have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

These valuations have been prepared by Kin Ming Woo (James Woo) (RICS Registration No.: 0837243) and Stella Ho (RICS Registration No.: 1178305), James is a Fellow member of the Royal Institution of Chartered Surveyors. James is co-head of China Valuation and Advisory Services team at Colliers. He is suitably qualified to carry out the valuation and has over 25 years' experience in the valuation of properties of this magnitude and nature in China.

Stella Ho is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors (Membership No. 3626) and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region. She is suitably qualified to carry out the valuation and has over 20 years of experience in valuing properties of this magnitude and nature in Hong Kong, China, and other Asia Pacific countries.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

VALUATION APPROACHES

In the valuation of the property which were under construction as at the Valuation Date, we have adopted market approach to assess the gross development values of the proposed developments by making reference to comparable sale transactions as available in the relevant markets. The gross development values are then adjusted with considerations of the outstanding development costs, the outstanding development periods and the potential profit margins to arrive at our opinion of values of the property interests.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Group and its legal advisor in respect of the titles of the property interests in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, statutory notices, easements, tenure, the identification of the property interests and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

TITLE DOCUMENTS

We have been provided with copies or extracts of some title documents relating to the Property and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the property interests in the PRC or any material encumbrances that might be attached to the property interests or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Commerce & Finance Law Office (通商律師事務所), regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation particulars.

ASSUMPTIONS AND CAVEATS

Our valuations have been made on the assumption that the owners can sell the property interests on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the property interests.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of any encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have conducted the valuation assuming:

- the information about the Property provided true and correct;
- the Property is free from contamination and environmental problems or hazards;
- the full and proper ownership title of the Property have been obtained, and all payable land premium or land-use rights fees have been fully settled;

- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market; and
- In valuing the Property held by the Company under development in the PRC, we have valued on the basis that it will be developed and completed in accordance with the latest development proposal provided to us. We have further assumed that all consents, approvals, and licenses from relevant government authorities for such development proposals have been or will be obtained without onerous conditions or delays.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTION

We have inspected the Property exterior and, where possible, the interior of the Property upon the instruction received. No structural surveys or environmental assessments have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services. We have assumed such are in good order for the purpose of valuation.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspections of the Property were carried out by *James Woo, Wilson Huang and Tsui Yik* from 8 May 2023 to 9 May 2023 and 25 Aug 2023.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the Property or the value reported.

Our summary of values and valuation summary reports are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services Co., Ltd. (“Colliers”)

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

Note: Mr. James Woo is a Registered Valuer with over 25 years’ experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

Contributing Valuer:

Stella Ho

BSSc (Hons) MSc MRICS MHKIS RPS(GP)

Executive Director

Valuation and Advisory Services I Hong Kong

Note: Ms. Stella Ho, MRICS MHKIS RPS(GP) is a qualified general practice surveyor and with over 20 years’ experience in valuation of properties in Hong Kong, China and other Asia Pacific countries.

VALUATION SUMMARY

PROPERTY	DESCRIPTION AND TENURE	PARTICULARS OF OCCUPANCY	MARKET VALUE IN EXISTING STATE AS AT 31 JULY 2023															
Shiguang Yayuan (時光雅苑) Tagang Village and Gongan Village, Yongning Street, Zengcheng District, Guangzhou, Guangdong Province, PRC	<p>Shiguang Yayuan is a developing residential development which comprises a piece of land of irregular-shaped with a total site area of 53,392.15 sq. m. According to the development plan, it will be developed into residential, commercial, and underground car park.</p> <p>As advised, the Property comprises the construction in progress (“CIP”), and 1,823 basement carparking spaces of the Development. Detailed GFA of the construction in progress is listed below:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Level</th> <th>GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential (Pre-sold)</td> <td>17–32</td> <td>26,084.69</td> </tr> <tr> <td>Residential</td> <td>27–33</td> <td>135,408.03</td> </tr> <tr> <td>Commercial</td> <td>B1–1</td> <td><u>465.00</u></td> </tr> <tr> <td>Total</td> <td></td> <td><u>161,957.72</u></td> </tr> </tbody> </table>	Portion	Level	GFA (sq.m.)	Residential (Pre-sold)	17–32	26,084.69	Residential	27–33	135,408.03	Commercial	B1–1	<u>465.00</u>	Total		<u>161,957.72</u>	<p>At the date of our inspection, the Development was under construction. As advised, the construction was commenced in Q4 2020 and scheduled to be completed in 2024.</p>	<p>RMB1,869,000,000 (RENMINBI ONE BILLION EIGHT HUNDRED AND SIXTY-NINE MILLION)</p> <p>(34% Interest attributable to the Group: RMB635,460,000 (RENMINBI SIX HUNDRED AND THIRTY-FIVE MILLION FOUR HUNDRED AND SIXTY THOUSAND))</p>
Portion	Level	GFA (sq.m.)																
Residential (Pre-sold)	17–32	26,084.69																
Residential	27–33	135,408.03																
Commercial	B1–1	<u>465.00</u>																
Total		<u>161,957.72</u>																
	<p>Pursuant to the Realty Title Certificate provided, the land-use rights of the Property have been granted for a period of years starting from 23 September 2020: 70 years for residential use, 40 years for commercial use, and 50 years for the other uses.</p>																	

Notes:

- i) Pursuant to the following State-owned Land-use Rights Grant Contract with its supplementary agreement dated on 9 October 2020, the land-use rights of the Property have been granted to Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Date	Usage	GFA
1	440183-2020-000045	23 September 2020	Class II residential land (R2) (compatible with commercial)	53,392.15
Total:				<u>53,392.15</u>

- ii) Pursuant to the following Realty Title Certificate, the land-use rights of the Property have been granted to Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Date	Usage	GFA
1	Yue (2021) Guangzhou Shi Bu Dong Chan Quan Di No.10047697	8 May 2021	Residential (compatible with commercial)	53,392.15
Total:				<u>53,392.15</u>

- iii) Pursuant to the following Construction Land Planning Permit, the planning of the construction land of the Property has been approved to Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Date	Usage	GFA
1	Di Zi Di No.440118202000359	19 October 2020	Class II residential land (R2)	53,392.15
Total:				<u>53,392.15</u>

- iv) Pursuant to the following Construction Work Planning Permits, the planning of the construction work of the Property has been approved to Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Jian Zi Di No.440118202006434	Block A1 (Ancillary facilities)	10 December 2020	2,271.75
2	Jian Zi Di No.440118202006435	Block K1 (kindergarten)	10 December 2020	2,960.00
3	Jian Zi Di No.440118202107488	Block 12	25 January 2021	6,646.82
4	Jian Zi Di No.440118202107489	Block 13	25 January 2021	6,645.00
5	Jian Zi Di No.440118202107491	Block 1, A0-1, A0-2, A4, 1-1, 1-2 and 1-3	25 January 2021	29,256.51
6	Jian Zi Di No.440118202107490	Block 2, 2-1, 2-2, A0, A2 and A3	25 January 2021	17,045.20

No.	Certificate No.	Project Name	Date	GFA
7	Jian Zi Di No.440118202006306	Block A4 (Ancillary facilities)	4 December 2020	150.00
8	Jian Zi Di No.440118202110103	Block 11 and 11-1	13 June 2021	12,517.77
9	Jian Zi Di No.440118202112217	Block 6, 6-1, 6-2, M1, M2, DX-1-3 and DX-2-3	17 September 2021	44,280.55
10	Jian Zi Di No.440118202112219	Block 7 and 7-1	17 September 2021	16,114.47
11	Jian Zi Di No.440118202112220	Block 8, 8-1 and 8-2	17 September 2021	15,515.86
12	Jian Zi Di No.440118202112218	Block 9 and 9-1	17 September 2021	16,114.47
13	Jian Zi Di No.440118202110106	Block 10 and 10-1	13 June 2021	15,451.69
14	Jian Zi Di No.440118202110625	Block 3, 3-1, DX-1-2 and DX-2-2	9 July 2021	37,251.60
15	Jian Zi Di No.440118202110626	Block 4, 4-1 and A0-3	9 July 2021	12,348.82
16	Jian Zi Di No.440118202110628	Block 5, 5-1, 5-2 and A0-4	9 July 2021	12,414.06
Total:				<u>246,984.57</u>

- v) Pursuant to the following Construction Work Commencement Permits, the construction work of the Property has been approved to commence by Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州景潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	No. 440183202012240101	Block 1 (Ancillary facilities)	24 December 2020	2,271.75
2	No. 440183202101060101	Block k1 (kindergarten) and A4 (Ancillary facilities)	6 January 2021	3,110.00
3	No. 440183202101210201	Underground space	21 January 2021	73,103.00
4	No. 440183202101310201	Block 1, A0-1, A0-2, A4, 1-1, 1-2, 1-3, 12 and 13	13 April 2021	42,548.33
5	No. 440183202106300301	Block 2, 2-1, 2-2, A0, A2 and A3	30 June 2021	17,045.20
6	No. 44183202107090801	Block 10, 10-1, 11 and 11-1	9 July 2017	27,969.46
Total:				<u>166,047.74</u>

- vi) Pursuant to the following Commodity Housing Pre-sale Permits, the commodity housing pre-sale of the Property has been approved to Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州璟潤房地產開發有限公司). Details are listed below:

No.	Certificate No.	Project Name	Date	GFA
1	Zeng Cheng Fang Yu (Wang) Zi Di 20210890 Hao	Block 1 Shiguang Yayuan	20 August 2021	11,813.00
2	Zeng Cheng Fang Yu (Wang) Zi Di 20211280 Hao	Block 13 Shiguang Yayuan	15 October 2021	5,952.00
3	Zeng Cheng Fang Yu (Wang) Zi Di 20211241 Hao	Block 2 Shiguang Yayuan	30 September 2021	14,543.34
4	Zeng Cheng Fang Yu (Wang) Zi Di 20220116 Hao	Block 11 Shiguang Yayuan	3 March 2022	11,641.39
5	Zeng Cheng Fang Yu (Wang) Zi Di 20220125 Hao	Block 12 Shiguang Yayuan	10 March 2022	5,772.56
6	Zeng Cheng Fang Yu (Wang) Zi Di 20220341 Hao	Block 10 Shiguang Yayuan	17 June 2022	14,407.43
Total:				<u>64,129.72</u>

- vii) Pursuant to the Business License issued by the Market Supervision Administration of Zengcheng District, Guangzhou on July 8, 2021 the basic information of Guangzhou Jingrun Real Estate Development Co., Ltd. (hereinafter referred to as “Guangzhou Jingrun”) is as follows:

Enterprise Name:	Guangzhou Jingrun Real Estate Development Co., Ltd.
Social Credit Code	91440101MA9UU8FCX9
Type	Other Limited Liability Company
Legal Representative	Lin Chuohao
Registered Capital	(RMB15,151,500)
Date of Establishment	22 September 2020
Operating Period	From September 22, 2020, to long-term
Address	廣州市增城區永寧街碧堤四街9號101房 Room 101, 9 Biti Forth Street, Yongning Street, Zengcheng District, Guangzhou
Scope of Business	Real Estate Industry

- viii) Pursuant to the Real Estate Development Enterprise Qualification Certificate 《房地產開發企業資質證書》 issued by the Guangzhou Housing and Urban- Rural Construction Bureau on July 11, 2022 (Certificate Number: Yue Fang Kai Zheng Zi Er 0100211), Guangzhou Jingrun has a Level II qualification for real estate development. The certificate is valid until July 11, 2025.

- ix) According to the revised version of the “Articles of Association of Guangzhou Jingrun Real Estate Development Co., Ltd.”《廣州璟潤房地產開發有限公司章程》in June 2021, the following information is provided regarding shareholders and their respective shareholdings:

No.	Shareholder Name	Subscribed Registered Capital (RMB)	Shareholding Percentage of Registered Capital
1	Guangzhou Zhujiang Industrial Development Co., Ltd.	1,000	66%
2	Guangzhou Hongzong Real Estate Development Co., Ltd	<u>515.15</u>	<u>34%</u>
Total		<u>1,515.15</u>	<u>100%</u>

- x) The gross development value of the CIP portion of Property as at the Valuation Date is assessed at approximately RMB2,780,000,000.
- xi) As advised, the total budget construction cost of the Property is approximately RMB1,184,000,000 and upon the valuation date, the paid-up construction cost is approximately RMB734,000,000, which has been taken into account in our valuation.
- xii) According to the information provided, as at the valuation date, CIP portion of the Property with a total GFA of 26,084.69 sq.m. have been pre-sold with a total sales amount of approximately RMB452,600,000. As instructed by the Client, we have taken it into account in our valuation.
- xiii) The general description and market information of the Property are summarized below:

Location The Property is located Tagang Village and Gongan Village, Yongning Street, Zengcheng District, Guangzhou, Guangdong Province, PRC.

Transportation Guangzhou Baiyun International Airport is located approximately 55 kilometres away from the Property. Also, taxi and bus are readily available in the locality.

Nature of Surrounding Area The subject area is a predominately residential and commercial area.

- xiv) In assessing the market value of the Property, we have made reference to sales prices of similar properties in the vicinity. Comparable properties are located in the same district with similar conditions, size and tenure, etc. Comparable that had been selected include residential ranges from RMB15,000 to RMB16,500 psm; retail (Level 1) ranges from RMB18,000 to RMB25,700 psm; and the carparking space ranges from RMB80,000 to RMB100,000 per lot. In the course of our valuation, we have considered the relevant adjustment factors such as the accessibility, size, environment, etc. to determine the unit price of the Property.

- xv) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Realty Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Commodity Housing Pre-sale Permit	Yes
Business License	Yes

- xvi) As at date of the valuation, portion of the Property is subject to mortgage to China Everbright Bank Co., Ltd., Guangzhou Branch (中國光大銀行股份有限公司廣州分行).

- xvii) We have been provided with a legal opinion on the Property prepared by the Client's PRC legal advisor, which contains, *inter alia*, the following information:

1. Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司) has obtained the real estate ownership certificate related to the land of the Shiguang Yayuan (時光雅苑) project.
2. Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司) has obtained the necessary construction permits in accordance with the actual progress of development Shiguang Yayuan (時光雅苑).
3. Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司) is entitled to pre-sell the in-progress buildings of Shiguang Yayuan (時光雅苑) within the pre-sale scope specified in the "Pre-sale Permit".
4. According to the confirmation from Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司), based on the current progress of the Shiguang Yayuan (時光雅苑) project, it has not involved matters related to environmental impact assessment approval, civil air defense projects, fire safety approval and construction, and the corresponding approval and construction certificate documents have not been obtained.
5. Upon completion of construction in accordance with the approved construction documents and obtaining the full acceptance certificate as required by law, Guangzhou Jingrun Real Estate Development Co., Ltd. (廣州環潤房地產開發有限公司) will apply for the relevant property rights documents in accordance with the relevant laws and regulations. Upon acceptance by the competent authority, there are no substantial legal obstacles to obtaining the corresponding property ownership certificates.

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 Huansha (<i>Note 1</i>)	Interest in controlled corporation	2,400,000,000	71.88%

Note:

- (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 Huansha) and Mr. Zeng Huansha, 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 2023.

Long positions 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%

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding⁽¹⁾
	Interest in controlled corporation	Nanjing Hong Life Info Tech Ltd. ⁽¹⁾	72.77%
	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%

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding ⁽¹⁾
	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 positions 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) (<i>Note 1</i>)	Beneficial owner	2,400,000,000	71.88%
Hong Yang Group Company (<i>Note 1</i>)	Interest in controlled corporation	2,400,000,000	71.88%
Hong Yang International (<i>Note 1</i>)	Interest in controlled corporation	2,400,000,000	71.88%
Hong Yang Group (Holdings) (<i>Note 1</i>)	Interest in controlled corporation	2,400,000,000	71.88%
Ms. Chen Sihong (<i>Note 2</i>)	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 Huansha) and Mr. Zeng Huansha, 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.
- (2) Ms. Chen Sihong is the spouse of Mr. Zeng Huansha and is therefore deemed to be interested in the shares in which Mr. Zeng Huansha 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 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 2023, 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 leased 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 2023, 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
Colliers Appraisal and Advisory Services Co., Ltd.	Independent property valuer

Each of the above experts 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, each of the above experts 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 2023 (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. LITIGATION

A winding-up petition against the Company (the "**Petition**") dated 14 February 2024 was filed by The Bank of New York Mellon, London Branch in the High Court of the Hong Kong Special Administrative Region (the "**High Court**"), in connection with a financial obligation in the amount of not less than USD228,500,000, being the amount of payment under the USD200,000,000 9.50% guaranteed notes due 2023 issued by the Company. The Company is seeking legal advice in respect of its appropriate response to the Petition. As at the Latest Practicable Date, no substantial hearing has taken place in relation to the Petition and no winding-up order has been made by the High Court against the Company. Please refer to the announcement of the Company dated 16 February 2024 for further details of the Petition.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

X. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the issue of this circular which are or may be material:

- (a) the Equity and Debt Transfer Agreement; and

- (b) the equity transfer agreement dated 15 August 2022 entered into among Guangzhou Hongyu Real Estate Development Co., Ltd 廣州市弘裕房地產開發有限公司 (“**Guangzhou Hongyu**”), being an indirect wholly-owned subsidiary of the Company, Guangzhou Merchants Property Development Limited 廣州招商房地產有限公司 (“**Guangzhou Merchants**”), Wuhan Dabenying Commercial Management Co., Ltd. 武漢大本營商業管理有限公司 (“**Wuhan Dabenying**”) and Guangzhou Zhaoying Real Estate Co., Ltd. 廣州招贏房地產有限責任公司, being the project company, pursuant to which Guangzhou Hongyu agreed to sell the sale shares and the sale loan, and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the sale shares and 50% of the sale loan, for an aggregate consideration of RMB856,812,677.90. Please refer to the announcement of the Company dated 15 August 2022 for details.

XI. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.rsunproperty.hk) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

- (a) the Equity and Debt Transfer Agreement;
- (b) the Letter from the Board, the text of which is set out on pages 4 to 10 of this circular;
- (c) the Property Valuation Report, the text of which is set out in Appendix II to this circular;
- (d) the letter of consent from the expert identified in the section headed “EXPERT’S QUALIFICATIONS AND CONSENTS” above in this appendix.

XII. GENERAL

- (a) The registered office of the Company is Cayman Corporate Centre, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.
- (b) The principal place of business and head office of the Company in the PRC is at 26th Floor, Hong Yang Building, No. 9 Daqiao North Road, Pukou District, Nanjing, Jiangsu Province.
- (c) The principal place of business of the Company in Hong Kong is Room 2612, 26/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Li Yonggang and Ms. Yung Mei Yee. Mr. Li Yonggang has been the head of listing office of Hong Yang Group Company since September 2016. Ms. Yung Mei Yee is a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

- (e) The Company's share registrar is Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text.