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Redsun Services Group Limited

弘陽服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1971)

CONNECTED TRANSACTION ASSUMPTION OF CAR PARKING SPACES USE RIGHTS

INTRODUCTION

On 13 December, 2021, Hong Life Real Estate Consulting (an indirect wholly-owned subsidiary of the Company) and Redsun Properties (Group) Co. entered into the Car Parking Spaces Use Right Agreement, pursuant to which Redsun Properties (Group) Co. has agreed to assign, and Hong Life Real Estate Consulting has agreed to assume, the right to use the Car Parking Spaces from Redsun Properties (Group) Co. for a consideration of RMB14,629,979. The Car Parking Spaces are located in the Projects.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zeng is the controlling Shareholder. Redsun Properties (Group) Co. is an indirect wholly-owned subsidiary of Redsun Properties, which is in turned owned as to 72.03% by Mr. Zeng. Accordingly, Redsun Properties (Group) Co. is an associate of Mr. Zeng and in turn a connected person of the Company. As such, the Car Parking Spaces Use Right Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Car Parking Spaces Use Right Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the transactions contemplated under the Car Parking Spaces Use Right Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 13 December, 2021, Hong Life Real Estate Consulting (an indirect wholly-owned subsidiary of the Company) and Redsun Properties (Group) Co. entered into the Car Parking Spaces Use Right Agreement, pursuant to which Redsun Properties (Group) Co. has agreed to assign, and Hong Life Real Estate Consulting has agreed to assume, the right to use the Car Parking Spaces from Redsun Properties (Group) Co. for a consideration of RMB14,629,979. The Car Parking Spaces are located in the Projects.

THE CAR PARKING SPACES USE RIGHT AGREEMENT

Date

13 December 2021

Parties

- (a) Hong Life Real Estate Consulting as the assignee; and
- (b) Redsun Properties (Group) Co. as the assignor.

Right to be assigned by Redsun Properties (Group) Co. and to be assumed by Hong Life Real Estate Consulting

The entitlement of the right to use (including but not limited to the right to manage, lease or receive revenue) the 265 Car Parking Spaces located in the Projects within each of the right-of-use terms of the following car parking spaces:

Xiangyu Lanting Project* (襄御瀾庭項目)	From 13 December 2021 until the expiry of the land use right of such project on 14 February 2089
Wuhan Yinyuefu Project* (武漢印月府項目)	From 13 December 2021 until the expiry of the land use right of such project on 15 March 2085
Zhongyi Huyan Lanfu Project* (中意湖燕瀾府項目)	From 13 December 2021 until the expiry of the land use right of such project on 18 May 2087
Wuzhen Xinyuetang Project* (烏鎮昕悅棠項目)	From 13 December 2021 until the expiry of the land use right of such project on 2 March 2090

Redsun Properties (Group) Co. shall not withdraw the rights assumed by Hong Life Real Estate Consulting pursuant to the Car Parking Spaces Use Right Agreement during the term of the Car Parking Spaces Use Right Agreement, and the Car Parking Spaces Use Right Agreement is subject to renewal upon negotiation by both parties by the end of its term.

Consideration

The consideration under the Car Parking Spaces Use Right Agreement of RMB14,629,979 was determined after arm's length negotiations between Redsun Properties (Group) Co. and Hong Life Real Estate Consulting, having taken into account, among other things, the prevailing market prices of car parking spaces located near the Projects.

Payment and Completion

The consideration under the Car Parking Spaces Use Right Agreement will be funded by internal resources of the Group and shall be payable in cash in RMB within 15 days from the date of the Car Parking Spaces Use Right Agreement. Completion of the Car Parking Spaces Use Right Agreement shall take place on the same day upon payment of the consideration.

REASONS FOR AND BENEFITS OF THE CAR PARKING SPACES USE RIGHT AGREEMENT

The Group has already stationed in the Projects as it continuously provides property management services to property owners therein. Along with the subsequent increasing occupancy rates of the Projects, the demand for car parking spaces from property owners will continue to rise. Therefore, by the assumption of the use rights of the Car Parking Spaces pursuant to the Car Parking Spaces Use Right Agreement, the Group will be able to provide more services to the property owners of the Projects under our management (through transferring or leasing) and generate a good return on the investment.

By entering into the Car Parking Spaces Use Right Agreement, the Group can further promote the growth of its business and expand its car parking space service business, which is in line with the overall development strategy of the Group.

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

FINANCIAL INFORMATION ON THE CAR PARKING SPACES

As at 13 December, 2021, there was no original acquisition cost allocated to the relevant Car Parking Spaces, as the Car Parking Spaces were developed by the Redsun Properties (Group) Co. Group.

As at 13 December 2021, the book value of the Car Parking Spaces was RMB14,629,979. For the years ended 31 December 2019 and 2020, there was no rental income for the Car Parking Spaces.

INFORMATION ON THE PARTIES

Hong Life Real Estate Consulting is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Hong Life Real Estate Consulting and its subsidiaries are principally engaged in sales of parking space and the provision of leasing agency services.

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 (Group) Co. is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Redsun Properties. Redsun Properties (Group) Co. and its subsidiaries are principally engaged in property development and are the developers of the Projects.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zeng is the controlling Shareholder. Redsun Properties (Group) Co. is an indirect wholly-owned subsidiary of Redsun Properties, which is in turned owned as to 72.03% by Mr. Zeng. Accordingly, Redsun Properties (Group) Co. is an associate of Mr. Zeng and in turn a connected person of the Company. As such, the Car Parking Spaces Use Right Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Car Parking Spaces Use Right Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%, the transactions contemplated under the Car Parking Spaces Use Right

Agreement are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Redsun Properties (Group) Co. is an associate of Mr. Zeng, Ms. Zeng Zixi, the daughter of Mr. Zeng and an executive Director, was deemed to have material interests in, and has abstained from voting on, the resolutions passed by the Board to approve the Car Parking Spaces Use Right Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in, or was required to abstain from voting on the resolutions passed by the Board to approve the Car Parking Spaces Use Right Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Car Parking Spaces”	the 265 car parking spaces located in the Projects
“Car Parking Spaces Use Right Agreement”	the agreement dated 13 December 2021 entered into between Redsun Properties (Group) Co. and Hong Life Real Estate Consulting pursuant to which Redsun Properties (Group) Co. has agreed to assign, and Hong Life Real Estate Consulting has agreed to assume, the right to use the Car Parking Spaces
“Company”	Redsun Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1971)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Hong Life Real Estate Consulting”	Nanjing Hong Life Real Estate Consulting Co., Ltd. (南京弘生活置業顧問有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zeng”	Mr. Zeng Huansha, a controlling Shareholder
“PRC” or “China”	the People’s Republic of China
“Projects”	collectively, the following residential projects developed by the Redsun Properties (Group) Co. Group: (i) Xiangyu Lanting Project* (襄御瀾庭項目) and Wuhan Yinyuefu Project* (武漢印月府項目), projects in Hubei Province, the PRC; (ii) Zhongyi Huyan Lanfu Project* (中意湖燕瀾府項目), a project in Henan Province, the PRC; and (iii) Wuzhen Xinyuetang Project* (烏鎮昕悅棠項目), a project in Zhejiang Province, the PRC
“Redsun Properties”	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)
“Redsun Properties Group”	Redsun Properties and its subsidiaries
“Redsun Properties (Group) Co.”	Redsun Properties (Group) Co., Ltd. (弘陽置地(集團)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Redsun Properties
“Redsun Properties (Group) Co. Group”	Redsun Properties (Group) Co. and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By order of the Board
Redsun Services Group Limited
He Jie
Chairman

Hong Kong, 13 December 2021

As at the date of this announcement, the executive Directors are Mr. Yang Guang and Ms. Zeng Zixi; the non-executive Director is Mr. He Jie; and the independent non-executive Directors are Ms. Wang Fen, Mr. Yim Kai Pung and Mr. Li Xiaohang.

** For identification purpose only*