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Redsun Properties Group Limited

弘陽地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1996)

CONTINUING CONNECTED TRANSACTIONS — SUPPLEMENTAL PARKING SPACE SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENT

References are made to (i) the 2020 CCT Announcement; (ii) the 2022 CCT Announcement; and (iii) the 2022 Annual Report of Redsun Services.

SUPPLEMENTAL PARKING SPACE SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENTS

As disclosed in the 2020 CCT Announcement and the 2022 CCT Announcement, on 11 March 2020, Nanjing Hong Yang Property Management, an indirect wholly-owned subsidiary of Redsun Services, entered into the Parking Space Sales and Leasing Agency Services Framework Agreement with the Company, pursuant to which the Redsun Services Group agreed to provide sales agency services for unsold car parking spaces of the Company and its associates. On 8 December 2022, the Company entered into the New Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Services.

The Board hereby announces that, on 7 June 2023, the Company and Redsun Services entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, pursuant to which members of Redsun Services Group shall pay to members of the Group the Refundable Deposits in connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Redsun Services is indirectly held as to 72.77% by Mr. Zeng Huansha, a controlling Shareholder and an executive Director. Accordingly, Redsun Services is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements constitute continuing connected transactions of the Company.

As the receipt of the Historical Refundable Deposits and the Refundable Deposits by the Group are conducted on normal commercial terms or better and not secured by assets of the Group, the receipt of such refundable deposits are fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90.

References are made to (i) the 2020 CCT Announcement; (ii) the 2022 CCT Announcement; and (iii) the 2022 Annual Report of Redsun Services. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the 2020 CCT Announcement, the 2022 CCT Announcement and the 2022 Annual Report of Redsun Services.

A. CONTINUING CONNECTED TRANSACTIONS — SUPPLEMENTAL PARKING SPACE SALES AND LEASING AGENCY SERVICES FRAMEWORK AGREEMENTS

1. Parking Space Sales and Leasing Agency Services Framework Agreement and Historical Refundable Deposits

As disclosed in the 2020 CCT Announcement, on 11 March 2020, Nanjing Hong Yang Property Management, an indirect wholly-owned subsidiary of Redsun Services, entered into the Parking Space Sales and Leasing Agency Services Framework Agreement with the Company, pursuant to which the Redsun Services Group agreed to provide sales agency services for unsold car parking spaces of the Company and its associates. On 8 December 2022, the Company entered into the New Parking Space Sales and Leasing Agency Services Framework Agreement with Redsun Services. The agreement is valid from 1 January 2023 to 31 December 2025 and is renewable by mutual agreement of the parties, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

As disclosed in note 33 to the consolidated financial statements for the Reporting Period disclosed in the 2022 Annual Report of Redsun Services, a subsidiary of the Group entered into an agreement in relation to parking space sales agency services with the Redsun Services Group, pursuant to which the Redsun Services Group paid the Historical Refundable Deposits in an aggregate amount of RMB200,910,000 during the Reporting Period, of which the outstanding balance of the Historical Refundable Deposits as at 31 December 2022 amounted to RMB188,072,642. As of the date of this announcement, the outstanding balance of the Historical Refundable Deposits amounts to RMB153,529,221.

2. Principal Terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements

The Board hereby announces that, on 7 June 2023, the Company and Redsun Services entered into the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, pursuant to which members of Redsun Services Group shall pay to members of the Group the Refundable Deposits in connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement, respectively.

The following sets forth a summary of the principal terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 and the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2, with substantially similar terms and conditions:

Date	:	7 June 2023
Parties	:	(a) the Company (for itself and on behalf of its subsidiaries and associates); and (b) Redsun Services (for itself and on behalf of its subsidiaries)
Term	:	(i) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1: From 20 March 2020 to 31 December 2022 with retrospective effect

(ii) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2:

From 1 January 2023 to 31 December 2025 with retrospective effect, subject to renewal of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 by mutual agreement of the parties

Subject matter : In connection with the sales agency services contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement (as the case may be), members of Redsun Services Group shall pay to members of the Group the Refundable Deposits in an amount equal to sales reserve prices of the relevant parking spaces (in the case of the unsold parking spaces).

Pricing policy : With respect to the unsold parking spaces, the amount of the Refundable Deposits shall be equal to total sales reserve price of such unsold parking spaces, which is a unified standard of the Company applicable to the refundable deposits payable by an independent third party to them in respect of the same services and is in line with the industry practices. The total sales reserve price is calculated according to the formula below:

$$\begin{array}{l} \text{Total selling/sales} \\ \text{reserve price} \end{array} = \begin{array}{l} \text{sales reserve} \\ \text{price of each} \\ \text{unsold parking} \\ \text{space} \end{array} * \begin{array}{l} \text{number of unsold} \\ \text{parking spaces} \\ \text{under the relevant} \\ \text{definitive sales} \\ \text{agency services} \\ \text{agreement(s)} \end{array}$$

The sales reserve price for the unsold parking spaces is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces.

- Other terms : With respect to the unsold parking spaces, the Refundable Deposits shall be refunded to Redsun Services Group as follows:
- (a) for the parking spaces sold by Redsun Services Group, the amount of the Refundable Deposits shall be set-off by the total sales reserve price for such parking spaces received by Redsun Services Group;
 - (b) for the parking spaces failed to be sold by Redsun Services Group, the Refundable Deposits shall be refunded in full in two years after the expiration of (i) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 on 31 December 2022; and (ii) the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2 on 31 December 2025, respectively, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier).

Pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1, the Company and Redsun Services agreed to ratify the payment of the Historical Refundable Deposits, which shall also be subject to the terms thereunder (including but not limited to those relating to pricing policies and refundable mechanism). Redsun Services will propose to put forward ordinary resolutions at an extraordinary general meeting (the “EGM”) for its independent shareholders to consider and, if thought fit, approve the entering into of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements, the transactions contemplated thereunder and the ratification of the payment of the Historical Refundable Deposits. In the event that such ordinary resolutions are not passed at the EGM of Redsun Services, the Company (for itself and on behalf of its subsidiaries and associates) undertakes to refund the outstanding balance of the Historical Refundable Deposits to Redsun Services Group within five working days after the date of the EGM.

3. Historical Transactions Amounts

The table below sets forth the historical transaction amounts of (i) the total agency fees paid by the Group and its associates to the Redsun Services Group; and (ii) the Historical Refundable Deposits paid by the Redsun Services Group to the Group for the year ended 31 December 2022, pursuant to the Parking Space Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	For the year ended 31 December 2020 (RMB'000)	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
The total agency fees paid by the Group and its associates to the Redsun Services Group	—	—	—
Maximum daily balance of the Historical Refundable Deposits	—	—	200,910

4. Proposed Annual Caps and Basis for Determination

(i) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1:

The table below sets forth the proposed annual caps for (i) the expected maximum aggregate agency fees paid by the Group and its associates to the Redsun Services Group for the three years ended 31 December 2022; and (ii) the Refundable Deposits to be paid by the Redsun Services Group to the Group for the year ended 31 December 2022 pursuant to the Parking Space

Sales and Leasing Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1):

	For the year ended 31 December 2020 (RMB'000)	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
Expected maximum aggregate agency fees paid by the Group and its associates to the Redsun Services Group	10,747	12,892	15,142
Maximum daily balance of the Refundable Deposits	—	—	200,910

For the avoidance of doubt, no Refundable Deposits was paid by the Redsun Services Group to the Group for the two years ended 31 December 2020 and 2021. Save for the Historical Refundable Deposits of RMB200,910,000 paid by the Redsun Services Group in the year ended 31 December 2022, no other Refundable Deposits has been paid by the Redsun Services Group to the Group as of the date of this announcement.

(ii) for the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2:

The table below sets forth the proposed annual caps for (i) the expected maximum aggregate agency fees paid by the Group and its associates to the Redsun Services Group; and (ii) the Refundable Deposits to be paid by the Redsun Services Group to the Group for the three years ending 31 December 2025 pursuant to the New Parking Space Sales and Leasing

Agency Services Framework Agreement (as supplemented by the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2):

	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)
Total commission and agency fees	36,007	36,007	36,007
Maximum daily balance of the Refundable Deposits	305,949	307,919	307,309

In arriving at the abovementioned proposed annual caps for the Refundable Deposits, the Directors have taken into account, among others, (i) the amount and balance of Historical Refundable Deposits during the relevant periods; (ii) the estimated value of the unsold parking spaces of the Group available for sale by Redsun Services Group as an agent for the year ended 31 December 2022 and the three years ending 31 December 2025, respectively; and (iii) the cash flow and working capital of the Group. For details of the basis of determination of the proposed annual caps for the agency fees, please refer to the 2022 CCT Announcement.

5. Reasons for and Benefits of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements

The provision of Parking Space Sales and Leasing Agency Services by Redsun Services Group to the Group contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement is consistent with the business and commercial objectives of the Group. Leveraging the Group's long-term relationship with the Redsun Services Group, the entering into of the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement enables the Group to continue to receive Parking Space Sales and Leasing Agency Services provided by the Redsun Services Group.

The terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements have been arrived at after arm's length negotiations between the parties thereto. The Directors are of the view that the terms of the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

6. Information on the Parties to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements

The Group

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

Redsun Services

Redsun Services 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.

7. Implications under the Listing Rules

As of the date of this announcement, Redsun Services is indirectly held as to 72.77% by Mr. Zeng Huansha, a controlling Shareholder and an executive Director. Accordingly, Redsun Services is an associate of Mr. Zeng Huansha and therefore a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement constitute continuing connected transactions of the Company.

As the receipt of the Historical Refundable Deposits and the Refundable Deposits by the Group are conducted on normal commercial terms or better and not secured by assets of the Group, the receipt of such refundable deposits are fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90.

B. GENERAL INFORMATION

Directors' Confirmation

None of the Directors has a material interest in respect thereof and was required to abstain from voting on the relevant resolution of the Board.

C. DEFINITIONS

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

“2020 CCT Announcement”	the announcement on the continuing connected transactions of the Company dated 11 March 2020 in relation to, among others, the Parking Space Sales and Leasing Agency Services Framework Agreement
“2022 Annual Report of Redsun Services”	the annual report of Redsun Services for the year ended 31 December 2022 published on 20 April 2023
“2022 CCT Announcement”	the announcement on the continuing connected transactions of the Company dated 8 December 2022 in relation to, among others, the New Parking Space Sales and Leasing Agency Services Framework Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“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 of Hong Kong Limited (stock code: 1996)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Group”	the Company and its subsidiaries
“Historical Refundable Deposits”	the Refundable Deposits paid by Redsun Services Group to the Company as of the date of this announcement, as further described in Part A of this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanjing Hong Yang Property Management”	Nanjing Hong Yang Property Management Co., Ltd. (南京弘陽物業管理有限公司), a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of Redsun Services
“New Parking Space Sales and Leasing Agency Services Framework Agreement”	the parking space sales and leasing agency services framework agreement dated 8 December 2022 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Redsun Services (for itself and on behalf of its subsidiaries), the details of which are set out in the 2022 CCT Announcement
“Parking Space Sales and Leasing Agency Services”	the services to be provided by Redsun Services Group to the Group as contemplated under the Parking Space Sales and Leasing Agency Services Framework Agreement and the New Parking Space Sales and Leasing Agency Services Framework Agreement, the details of which are set out in the 2020 CCT Announcement and the 2022 CCT Announcement, respectively
“Parking Space Sales and Leasing Agency Services Framework Agreement”	the parking space sales and leasing agency services Framework agreement dated 11 March 2020 and entered into between the Company and Nanjing Hong Yang Property Management and the details of which are set out in the 2020 CCT Announcement
“PRC”	the People’s Republic of China

“Redsun Services ”	Redsun Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1971)
“Redsun Services Group”	Redsun Services and its subsidiaries
“Refundable Deposits”	the refundable deposits paid or to be paid to relevant members of the Group in connection with the Parking Space Sales and Leasing Agency Services pursuant to the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements (as the case may be)
“Reporting Period”	the financial year ended 31 December 2022
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreements”	collectively, the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1 and the Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2
“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 1”	the supplemental parking space sales and leasing agency services framework agreement dated 7 June 2023 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Redsun Services (for itself and on behalf of its subsidiaries) in relation to, among other things, the payment of Refundable Deposits in connection with the Parking Space Sales and Leasing Agency Services under the Parking Space Sales and Leasing Agency Services Framework Agreement

“Supplemental Parking Space Sales and Leasing Agency Services Framework Agreement 2” the supplemental parking space sales and leasing agency services framework agreement dated 7 June 2023 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Redsun Services (for itself and on behalf of its subsidiaries) in relation to, among other things, the payment of Refundable Deposits in connection with the Parking Space Sales and Leasing Agency Services under the New Parking Space Sales and Leasing Agency Services Framework Agreement

“%” per cent

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

Hong Kong, 7 June 2023

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