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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)

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – THE NEW FRAMEWORK PURCHASE AGREEMENTS AND (2) MAJOR AND CONTINUING CONNECTED TRANSACTION – NEW ASSET LEASING AGREEMENT

Reference is made to the announcement of the Company dated 9 November 2020 in relation to, among other things, the Existing Framework Purchase Agreements and the Existing Leasing Agreement, which are due to expire on 31 December 2023.

THE NEW FRAMEWORK PURCHASE AGREEMENTS

The Company hereby announces that, on 22 December 2023, the Company entered into the New Framework Purchase Agreements to renew the Existing Framework Purchase Agreements.

NEW ASSET LEASING AGREEMENT

The Company hereby announces that, on 22 December 2023, Hong Yang Land (as lessor) and Nanjing Haohan (as lessee) entered into the New Asset Leasing Agreement in relation to the Premise, to renew the Existing Leasing Agreement and determine the rent under the New Asset Leasing Agreement.

IMPLICATIONS UNDER THE LISTING RULES

The New Framework Purchase Agreements

As at the date of this announcement, (i) Nanjing Guangde is owned as to 99% by Ms. Zeng Suqing, a sister of Mr. Zeng; (ii) Nanjing Houning is owned as to 90% by Ms. Zeng Jiahui, a niece of Mr. Zeng; (iii) Nanjing Randong is owned as to 90% by Mr. Zeng Huandong, a brother of Mr. Zeng; and (iv) Nanjing Baohong is wholly-owned by Mr. Chen Baoshan, a nephew of Mr. Zeng. Mr. Zeng is an executive Director and a controlling Shareholder. Therefore, each of Nanjing Guangde, Nanjing Houning, Nanjing Randong and Nanjing Baohong is an associate of Mr. Zeng and therefore a connected person of the Company under the Listing Rules, and the transactions contemplated under the New Framework Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Nanjing Guangde, Nanjing Houning, Nanjing Randong and Nanjing Baohong are all associates of Mr. Zeng, the Proposed Annual Caps for the transactions contemplated under each of the New Framework Purchase Agreements have been aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated annual caps for the transactions contemplated under the New Framework Purchase Agreements for each of the three years ending 31 December 2026 exceed 5%, the entering into of the New Framework Purchase Agreements and the transactions contemplated thereunder will be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In order to ensure the compliance of the requirements of the Listing Rules, during the period from 1 January 2024 to the date when the independent Shareholders' approval is obtained, the amount payable by the parties pursuant to the New Framework Purchase Agreements and the New Asset Leasing Agreement are expected to fall below the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules, therefore such transactions will be exempt from the independent Shareholders' approval requirements under the Listing Rules.

The New Asset Leasing Agreement

As at the date of this announcement, Nanjing Haohan is wholly-owned by Mr. Zeng. Accordingly, Nanjing Haohan is the associate of Mr. Zeng and Mr. Zeng Junkai (as son of Mr. Zeng and an executive Director), and therefore a connected person of the Company under the Listing Rules, and the transactions contemplated under the New Asset Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the New Asset Leasing Agreement for each of the three years ending 31 December 2026 exceed 25%, the entering into of the New Asset Leasing Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and will be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing details of the New Framework Purchase Agreements and the New Asset Leasing Agreement, letter from the independent board committee and letter from the independent financial adviser (advising on both the terms under the New Framework Purchase Agreements and the New Asset Leasing Agreement) will be despatched to Shareholders in accordance with the Listing Rules. As more time is required for the Company to recruit the independent financial adviser and prepare the information to be included in the circular, the circular is expected to be despatched to Shareholders on or before 26 January 2024. If the despatch of the circular is expected to be delayed, the Company will make a further announcement in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

Reference is made to the announcement of the Company dated 9 November 2020 in relation to, among other things, the Existing Framework Purchase Agreements and the Existing Leasing Agreement, which are due to expire on 31 December 2023.

A. THE NEW FRAMEWORK PURCHASE AGREEMENTS

The Company hereby announces that, on 22 December 2023, the Company entered into the New Framework Purchase Agreements to renew the Existing Framework Purchase Agreements.

The principal terms of the New Framework Purchase Agreements are set out below:

I. The New Zeng Suqing Framework Purchase Agreement

Date:	22 December 2023
Parties:	a) the Company (for itself and on behalf of its subsidiaries) (as services recipient); and b) Nanjing Guangde (as services provider).
Term:	from 1 January 2024 to 31 December 2026, subject to renewal by mutual agreement of the parties thereto.
Scope of Service:	Nanjing Guangde shall, where it shall be selected following the relevant selection process, provide construction services to the Group according to the definitive purchase agreements to be signed by the Group with Nanjing Guangde from time to time.
Pricing Policy:	The terms of the services under the New Zeng Suqing Framework Purchase Agreement shall be on normal commercial terms, and fair and reasonable and shall not be less favorable as compared to those offered by Independent Third Party services providers for the same type of services.

For details of the tender process to ensure the prices and terms of the services offered by Nanjing Guangde are fair and reasonable and no less favorable than those offered by Independent Third Party services providers, please refer to the sub-section headed “Tender Process for Connected Family Suppliers” in this announcement below.

Historical figures, existing annual caps and Proposed Annual Caps

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps for the New Zeng Suqing Framework Purchase Agreement:

Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023		Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (up to 30 November 2023) (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)
<u>80,000</u>	<u>20,616</u>	<u>80,000</u>	<u>19,290</u>	<u>80,000</u>	<u>15,039</u>	<u>20,000</u>	<u>16,000</u>	<u>16,000</u>

The Proposed Annual Caps under the New Zeng Suqing Framework Purchase Agreement are determined with reference to, among other things, (i) historical transaction amounts under the Existing Zeng Suqing Framework Purchase Agreement for the provision of the construction services by Nanjing Guangde to the Group during the two years ended 31 December 2022 and the eleven months ended 30 November 2023; (ii) the Company's estimation of the demand for the relevant construction services with reference to the Group's development, for which the Group may need construction services from Nanjing Guangde; and (iii) the amount of estimated business based on the expected business development between Nanjing Guangde and the Group.

II. The New Zeng Huandong Framework Purchase Agreement

Date: 22 December 2023

Parties: a) the Company (for itself and on behalf of its subsidiaries) (as services recipient);

- b) Nanjing Houning (as services provider); and
- c) Nanjing Randong (as services provider).

Term: from 1 January 2024 to 31 December 2026, subject to renewal by mutual agreement of the parties thereto.

Scope of Service: Each of Nanjing Houning and Nanjing Randong shall, where it shall be selected following the relevant selection process, provide raw materials (including building stones, sanitary wares and bricks) and/or the related supplementary installation services to the Group according to the definitive purchase agreements to be signed by the Group with each of Nanjing Houning and Nanjing Randong from time to time.

Pricing Policy: The terms of the services under the New Zeng Huandong Framework Purchase Agreement shall be on normal commercial terms, and fair and reasonable and shall not be less favorable as compared to those offered by Independent Third Party services providers for the same type of services.

For details of the tender process to ensure the prices and terms of the services offered by each of Nanjing Houning and Nanjing Randong are fair and reasonable and no less favorable than those offered by Independent Third Party services providers, please refer to the sub-section headed “Tender Process for Connected Family Suppliers” in this announcement below.

Historical figures, existing annual caps and Proposed Annual Caps

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps for the New Zeng Huandong Framework Purchase Agreement:

	Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023		Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (up to 30 November 2023) (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)
Nanjing Houning	30,000	-	30,000	-	30,000	-	7,500	6,000	6,000
Nanjing Randong	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>500</u>	<u>400</u>	<u>400</u>
Total	<u>32,000</u>	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>8,000</u>	<u>6,400</u>	<u>6,400</u>

The Proposed Annual Caps under the New Zeng Huandong Framework Purchase Agreement are determined with reference to, among other things: (i) the Company's estimation of the demand for the relevant construction services with reference to the Group's development, for which the Group may need raw materials and supplementary installation services from Nanjing Houning and Nanjing Randong; and (ii) the amount of estimated additional business based on the expected business development among Nanjing Houning, Nanjing Randong and the Group.

III. The New Chen Baoshan Framework Purchase Agreement

Date:	22 December 2023
Parties:	a) the Company (for itself and on behalf of its subsidiaries) (as services recipient); and b) Nanjing Baohong (as services provider).
Term:	from 1 January 2024 to 31 December 2026, subject to renewal by mutual agreement of the parties thereto.
Scope of Service:	Nanjing Baohong shall, where it shall be selected following the relevant selection process, provide raw materials (including building stones, sanitary wares and bricks) and/or the related supplementary installation services to the Group according to the definitive purchase agreements to be signed by the Group with Nanjing Baohong from time to time.
Pricing Policy:	<p>The terms of the services under the New Chen Baoshan Framework Purchase Agreement shall be on normal commercial terms, and fair and reasonable and shall not be less favorable as compared to those offered by Independent Third Party services providers for the same type of services.</p> <p>For details of the tender process to ensure the prices and terms of the services offered by Nanjing Baohong are fair and reasonable and no less favorable than those offered by Independent Third Party services providers, please refer to the sub-section headed “Tender Process for Connected Family Suppliers” in this announcement below.</p>

Historical figures, existing annual caps and Proposed Annual Caps

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps for the New Chen Baoshan Framework Purchase Agreement:

Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023		Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (up to 30 November 2023) (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)
<u>20,000</u>	<u>2,662</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>5,000</u>	<u>4,000</u>	<u>4,000</u>

The Proposed Annual Caps under the New Chen Baoshan Framework Purchase Agreement are determined with reference to, among other things, (i) the historical transaction amounts under the Existing Chen Baoshan Framework Purchase Agreement for the provision of the construction services by Nanjing Baohong to the Group during the two years ended 31 December 2022 and the eleven months ended 30 November 2023; (ii) the Company's estimation of the demand for the relevant construction services with reference to the Group's development, for which the Group may need raw materials and construction services from Nanjing Baohong; and (iii) the amount of estimated business based on the expected business development between Nanjing Baohong and the Group.

Tender Process for Connected Family Suppliers

To ensure that the prices and terms of services offered by the Connected Family Suppliers are fair and reasonable and no less favorable than those offered by Independent Third Parties, the Company has formed an evaluation committee to oversee the selection of suppliers in the Group's purchases of raw materials and services.

The evaluation committee comprises three to five members, including the supervisor of the Company's cost management department, the supervisor of the Company's engineering management department, the supervisor of the Company's design management department and the supervisor of the Company's tender and procurement department.

The fee quotes submitted by the Connected Family Suppliers will be subject to the tender process set out below.

The Group has adopted an independent mechanism with the following features to govern and monitor the tender process and selection mechanism for the Group's potential bidders:

- depending on the actual situations (such as the amount and size of the transaction), before purchasing raw materials or services, the Company shall publish a tender announcement on the Company's public tender and procurement platform on its information network to invite unspecified potential bidders or issue tender invitation to potential bidders. A minimum of three potential suppliers shall participate in the bidding activities, at least two of whom should be Independent Third Parties;
- potential suppliers shall meet the requirements of pre-qualification before bidding. The Company's tender and procurement department will review information on potential suppliers regarding their enterprise qualifications, products certificates, projects performance and management team while the tender group will conduct an inspection of the companies, products and projects of potential suppliers, who will only be selected to participate in bidding upon passing the inspection;
- where the Connected Family Suppliers are selected to participate in bidding, the Company's design management department, engineering management department and cost management department will conduct a business and technical evaluation using a scoring system on all selected suppliers (including suppliers who are Independent Third Parties) who will each be assessed on areas including product prices, organization structure, product quality, quality control system, maintenance and after-sales services, ability to meet delivery deadlines, cost control and technical knowledge of relevant personnel;
- the evaluation report will then be submitted to the evaluation committee for review. Suppliers must receive scores beyond certain minimum thresholds to be eligible for selection and the supplier(s) with the highest score(s) will be selected. As such, the Connected Family Suppliers will only be selected if they are considered to have competitive advantages in the provision of the relevant raw materials and services.

Reasons for and benefits of entering into the New Framework Purchase Agreements

The Directors have been carefully monitoring the historical transaction amounts and estimated demand for the continuing connected transactions under the Existing Framework Purchase Agreements.

The Company believes that it is in the interest of the Company and the Shareholders as a whole to continue to carry out the purchasing businesses with the Connected Family Suppliers having considered the following factors: (i) each Connected Family Supplier has a well-established quality control system and research and development capability to meet the Group's requirements; (ii) the supply channel of each Connected Family Supplier allows it to meet the Group's demand in the context of the Group's continuous development; (iii) each Connected Family Supplier provides high quality after-sales and maintenance services to ensure quality of products provided to the Group; (iv) the Group has established a stable relationship with each Connected Family Supplier during the course of which the relevant Connected Family Supplier has provided the Group with a steady and reliable supply of high quality products and/or services in accordance with the Group's specifications; and (v) the prices and terms of services offered by the Connected Family Suppliers have been no less favorable than those offered by Independent Third Parties.

B. NEW ASSET LEASING AGREEMENT

The Company hereby announces that, on 22 December 2023, Hong Yang Land (as lessor) and Nanjing Haohan (as lessee) entered into the New Asset Leasing Agreement in relation to the Premise, to renew the Existing Leasing Agreement and determine the rent under the New Asset Leasing Agreement.

The principal terms of the New Asset Leasing Agreement are set out below:

Date: 22 December 2023

Parties: a) Hong Yang Land (as lessor); and
b) Nanjing Haohan (as lessee).

Term: from 1 January 2024 to 31 December 2026, subject to renewal by mutual agreement of the parties thereto.

Premise: the aggregate lettable floor area of 136,707 square meters in Halls A1, A2 and A4 Nanjing Hong Yang Plaza and areas within the red line around Halls A1-A4, Hong Yang Plaza, No. 48 Daqiao North Road, Pukou District, Nanjing, the PRC.

Payment Method of the Rent: Upon mutual negotiation between Hong Yang Land and Nanjing Haohan, Nanjing Haohan shall pay the rent to Hong Yang Land on a semi-annual basis, among which, the rent for the first half of each year shall be paid before 31 August of the current year to Hong Yang Land, and the rent for the second half of each year shall be paid before 30 April of the following year to Hong Yang Land, and such rents shall be paid to the designated bank account of Hong Yang Land.

Historical figures, existing annual caps and Proposed Annual Caps

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps for the New Asset Leasing Agreement:

Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023		Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (up to 30 November 2023) (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)	Proposed Annual Cap (RMB'000)
<u>262,033</u>	<u>260,385</u>	<u>275,140</u>	<u>275,140</u>	<u>288,894</u>	<u>264,818</u>	<u>159,060</u>	<u>159,060</u>	<u>159,060</u>

The above Proposed Annual Caps have been determined based on the rental fees payable by Nanjing Haohan as agreed under the New Asset Leasing Agreement, which was determined by both parties on normal commercial terms and with reference to, among other things, the prevailing market rates of similar properties in the vicinity and the expected rate of inflation during the term of the lease.

Reasons for and benefits of entering into the New Asset Leasing Agreement

The Premise was previously already leased by the Group to Nanjing Haohan for its operation. In view of the past operational convenience and benefits brought to the Group and extended business relationships established between the Group and Nanjing Haohan, such continuing relationships are expected to bring synergies to the parties and improve customers' satisfaction.

C. INTERNAL CONTROL

The Company has implemented the following internal control measures for monitoring the pricing and other terms of the continuing connected transactions (including the transactions contemplated under the New Framework Purchase Agreements and the New Asset Leasing Agreement) and for ensuring that the transactions conducted under such agreements will be entered into based on normal commercial terms:

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

The Board is of the view that the above internal control measures can ensure that the continuing connected transactions of the Group under the New Framework Purchase Agreements and the New Asset Leasing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. INFORMATION ON THE RELEVANT PARTIES

The Group

The 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.

Hong Yang Land

Hong Yang Land is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development.

Nanjing Guangde

Nanjing Guangde is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of construction services. It is owned as to 99% by Ms. Zeng Suqing, a sister of Mr. Zeng.

Nanjing Houning

Nanjing Houning is a company established under the laws of the PRC with limited liability and is principally engaged in the sale of construction raw materials and provision of construction services. It is owned as to 90% by Ms. Zeng Jiahui, a niece of Mr. Zeng.

Nanjing Randong

Nanjing Randong is a company established under the laws of the PRC with limited liability and is principally engaged in the sale of construction raw materials and provision of construction services. It is owned as to 90% by Mr. Zeng Huandong, a brother of Mr. Zeng.

Nanjing Baohong

Nanjing Baohong is a company established under the laws of the PRC with limited liability and is principally engaged in the sale of construction raw materials and provision of construction services. It is wholly-owned by Mr. Chen Baoshan, a nephew of Mr. Zeng.

Nanjing Haohan

Nanjing Haohan is a company established in the PRC with limited liability and is indirectly wholly-owned by Mr. Zeng. It is principally engaged in the sales of household goods and building materials.

E. DIRECTORS' CONFIRMATION

The Directors (excluding Mr. Zeng, Mr. Zeng Junkai (for the New Asset Leasing Agreement only) and the independent non-executive Directors who will form their view after taking into account recommendations of the independent financial adviser) are of the view that the terms of each of the New Framework Purchase Agreements and the New Asset Leasing 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 New Framework Purchase Agreements and the New Asset Leasing Agreement is in the ordinary and usual course of business of the Group, and together with the Proposed Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since the Connected Family Suppliers and Nanjing Haohan are associates of Mr. Zeng and Nanjing Haohan is an associate of Mr. Zeng Junkai, Mr. Zeng and Mr. Zeng Junkai were deemed to have material interests in, and have abstained from voting on, the resolutions passed by the Board to approve the New Framework Purchase Agreements, the New Asset Leasing Agreement and the transactions contemplated thereunder, and the resolutions passed by the Board to approve the New Asset Leasing Agreement and the transactions contemplated thereunder, respectively. 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 New Framework Purchase Agreements, the New Asset Leasing Agreement and the Proposed Annual Caps.

F. IMPLICATIONS UNDER THE LISTING RULES

The New Framework Purchase Agreements

As at the date of this announcement, (i) Nanjing Guangde is owned as to 99% by Ms. Zeng Suqing, a sister of Mr. Zeng; (ii) Nanjing Houning is owned as to 90% by Ms. Zeng Jiahui, a niece of Mr. Zeng; (iii) Nanjing Randong is owned as to 90% by Mr. Zeng Huandong, a brother of Mr. Zeng; and (iv) Nanjing Baohong is wholly-owned by Mr. Chen Baoshan, a nephew of Mr. Zeng. Mr. Zeng is an executive Director and a controlling Shareholder. Therefore, each of Nanjing Guangde, Nanjing Houning, Nanjing Randong and Nanjing Baohong is an associate of Mr. Zeng and therefore a connected person of the Company, and the transactions contemplated under the New Framework Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Nanjing Guangde, Nanjing Houning, Nanjing Randong and Nanjing Baohong are all associates of Mr. Zeng, the Proposed Annual Caps for the transactions contemplated under each of the New Framework Purchase Agreements have been aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregated annual caps under the New Framework Purchase Agreements for the three years ending 31 December 2026, respectively, are as follows:

	For the year ending 31 December 2024 (RMB'000)	For the year ending 31 December 2025 (RMB'000)	For the year ending 31 December 2026 (RMB'000)
Aggregated annual caps	<u>33,000</u>	<u>26,400</u>	<u>26,400</u>

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated annual caps for the transactions contemplated under the New Framework Purchase Agreements for each of the three years ending 31 December 2026 exceed 5%, the entering into of the New Framework Purchase Agreements and the transactions contemplated thereunder will be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The New Asset Leasing Agreement

As at the date of this announcement, Nanjing Haohan is wholly-owned by Mr. Zeng. Accordingly, Nanjing Haohan is the associate of Mr. Zeng and Mr. Zeng Junkai (as son of Mr. Zeng and an executive Director), and therefore a connected person of the Company under the Listing Rules, and the transactions contemplated under the New Asset Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the New Asset Leasing Agreement for each of the three years ending 31 December 2026 exceed 25%, the entering into of the New Asset Leasing Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and will be subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In order to ensure the compliance of the requirements of the Listing Rules, during the period from 1 January 2024 to the date when the independent Shareholders' approval is obtained, the amount payable by the parties pursuant to the New Framework Purchase Agreements and the New Asset Leasing Agreement are expected to fall below the de minimis threshold as stipulated under Rule 14A.76(2) of the Listing Rules, therefore such transactions will be exempt from the independent Shareholders' approval requirements under the Listing Rules.

G. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee comprising all the independent non-executive Directors will be established to advise the independent Shareholders on the terms under the New Framework Purchase Agreements and the New Asset Leasing Agreement. The Company will appoint the independent financial adviser to advise the independent board committee and independent Shareholders on the terms under the New Framework Purchase Agreements and the New Asset Leasing Agreement.

H. DESPATCH OF CIRCULAR

A circular containing details of the New Framework Purchase Agreements and the New Asset Leasing Agreement, letter from the independent board committee and letter from the independent financial adviser (advising on both the terms under the New Framework Purchase Agreements and the New Asset Leasing Agreement) will be despatched to Shareholders in accordance with the Listing Rules. As more time is required for the Company to recruit the independent financial adviser and prepare the information to be included in the circular, the circular is expected to be despatched to Shareholders on or before 26 January 2024. If the despatch of the circular is expected to be delayed, the Company will make a further announcement in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

I. DEFINITIONS

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

“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
“Connected Family Suppliers”	collectively, Nanjing Baohong, Nanjing Guangde, Nanjing Houning and Nanjing Randong
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Chen Baoshan Framework Purchase Agreement”	the existing framework purchase agreement dated 9 November 2020 entered into between the Company and Nanjing Baohong in relation to the provision of raw materials (including building stones, sanitary wares and bricks) and/or the related supplementary installation services by Nanjing Baohong to the Group

“Existing Framework Purchase Agreements”	collectively, the Existing Zeng Suqing Framework Purchase Agreement, the Existing Zeng Huandong Framework Purchase Agreement and the Existing Chen Baoshan Framework Purchase Agreement
“Existing Leasing Agreement”	the supplemental leasing agreement dated 9 November 2020 entered into between Hong Yang Land and Nanjing Haohan (formerly known as Nanjing Hong Yang Home Furnishing Co., Ltd (南京弘陽家居有限公司)) in relation to the revision of the rent for the property with the aggregate lettable floor area of 158,750.61 square meters in Area A Nanjing Hong Yang Plaza, No. 48 Daqiao North Road, Pukou District, Nanjing, the PRC
“Existing Zeng Huandong Framework Purchase Agreement”	the existing framework purchase agreement dated 9 November 2020 entered into among the Company, Nanjing Houning and Nanjing Randong in relation to the provision of raw materials and construction services by Nanjing Houning and Nanjing Randong to the Group
“Existing Zeng Suqing Framework Purchase Agreement”	the existing framework purchase agreement dated 9 November 2020 entered into between the Company and Nanjing Guangde in relation to the provision of construction services by Nanjing Guangde to the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Yang Land”	Hong Yang Land Company Limited (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 the Company
“Independent Third Party(ies)”	a person or persons, or entity or entities who/which is/are not a connected person(s) of the Company under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Zeng”	Mr. Zeng Huansha, an executive Director and a controlling Shareholder
“Nanjing Baohong”	Nanjing Baohong Construction Co., Ltd (南京寶弘建材有限公司), a company established under the laws of the PRC with limited liability and is wholly-owned by Mr. Chen Baoshan, a nephew of Mr. Zeng
“Nanjing Guangde”	Nanjing Guangde Construction Co., Ltd. (南京廣德建築工程有限公司), a company established under the laws of the PRC with limited liability and is owned as to 99% by Ms. Zeng Suqing, a sister of Mr. Zeng
“Nanjing Haohan”	Nanjing Haohan Commercial Management Co., Ltd (南京昊瀚商業管理有限公司) (formerly known as Nanjing Hong Yang Home Furnishing Co., Ltd (南京弘陽家居有限公司)), a company established in the PRC with limited liability and is indirectly wholly-owned by Mr. Zeng
“Nanjing Houning”	Nanjing Houning Construction Materials Co., Ltd. (南京厚寧建築材料有限公司), a company established under the laws of the PRC with limited liability and is owned as to 90% by Ms. Zeng Jiahui, a niece of Mr. Zeng
“Nanjing Randong”	Nanjing Randong Trading Co., Ltd. (南京冉東貿易有限公司), a company established under the laws of the PRC with limited liability and is owned as to 90% by Mr. Zeng Huandong, a brother of Mr. Zeng
“New Asset Leasing Agreement”	the new asset leasing agreement dated 22 December 2023 entered into between Hong Yang Land and Nanjing Haohan (formerly known as Nanjing Hong Yang Home Furnishing Co., Ltd (南京弘陽家居有限公司)) in relation to the rental of the Premise

“New Chen Baoshan Framework Purchase Agreement”	the new framework purchase agreement dated 22 December 2023 entered into between the Company and Nanjing Baohong in relation to the provision of raw materials (including building stones, sanitary wares and bricks) and/or the related supplementary installation services by Nanjing Baohong to the Group
“New Framework Purchase Agreements”	collectively, the New Zeng Suqing Framework Purchase Agreement, the New Zeng Huandong Framework Purchase Agreement and the New Chen Baoshan Framework Purchase Agreement
“New Zeng Huandong Framework Purchase Agreement”	the new framework purchase agreement dated 22 December 2023 entered into among the Company, Nanjing Houning and Nanjing Randong in relation to the provision of raw materials and construction services by Nanjing Houning and Nanjing Randong to the Group
“New Zeng Suqing Framework Purchase Agreement”	the new framework purchase agreement dated 22 December 2023 entered into between the Company and Nanjing Guangde in relation to the provision of construction services by Nanjing Guangde to the Group
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Premise”	the aggregate lettable floor area of 136,707 square meters in Halls A1, A2 and A4 Nanjing Hong Yang Plaza and areas within the red line around Halls A1-A4, Hong Yang Plaza, No. 48 Daqiao North Road, Pukou District, Nanjing, the PRC
“Proposed Annual Cap(s)”	the proposed annual caps for each of the three years ending 31 December 2026
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 22 December 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.