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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)**

### **DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

Reference is made to the announcement of the Company dated 11 September 2019 in relation to, among other things, the investment in Anhui Xinchuang.

The Board hereby announces that, on 28 April 2020:

- (i) Hong Yang Land (an indirect wholly-owned subsidiary of the Company), as guarantor, entered into the Guarantee Agreement with Minsheng Bank in connection with the Loan Agreements, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of Minsheng Bank for an amount of up to RMB650,000,000 to guarantee the repayment obligations of the Borrower (a wholly-owned subsidiary of the Anhui Xinchuang, which is in turn accounted for as a joint venture owned as to 50% by the Company); and
- (ii) Hong Yang Land and Minsheng Bank entered into the Pledge Agreement in connection with the Loan Agreements, pursuant to which Hong Yang Land agreed to pledge all its equity interests in Anhui Xinchuang (being 50% of the entire equity interests of Anhui Xinchuang) in favour of Minsheng Bank as security for the Loan.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Agreements exceeds 5% but are all below 25%, the Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

Reference is made to the announcement of the Company dated 11 September 2019 in relation to, among other things, the investment in Anhui Xinchuang.

On 9 October 2019, the Borrower (a wholly-owned subsidiary of the Anhui Xinchuang) entered into the Master Loan Agreement with Minsheng Bank, pursuant to which Minsheng Bank agreed to provide the Loan in the principal amount of RMB1,300,000,000 to the Borrower for a term of three years from 10 October 2019 to 9 October 2022 for the development of the Lujiang Land Project. The Loan was originally guaranteed by, among other things, (i) a guarantee over the principal amount of the Loan provided by Xinli Real Estate; and (ii) a pledge over all of the equity interests in Anhui Xinchuang then owned by Xinli Real Estate.

Upon completion of the relevant business registration under the Transfer of Rights and Obligations Agreement, Anhui Xinchuang was accounted for as a joint venture owned as to 50% by Hong Yang Land and a subsidiary owned as to 50% by Xinli Real Estate. On 28 April 2020, the Borrower, Anhui Xinchuang and Minsheng Bank entered into the Supplemental Loan Agreement, pursuant to which the parties have agreed, among other things, that in relation to the Loan, Hong Yang Land and Xinli Real Estate shall (i) each provide a joint liability guarantee in favour of Minsheng Bank for the repayment obligations of the Borrower; and (ii) pledge their respective equity interests in Anhui Xinchuang in favour of Minsheng Bank as security for the Loan. Save for and except the abovementioned changes of guarantees and pledges, all other terms and provisions of the Master Loan Agreement remain unchanged and in full force and effect.

The Board hereby announces that, on 28 April 2020:

- (i) Hong Yang Land, as guarantor, entered into the Guarantee Agreement with Minsheng Bank in connection with the Loan Agreements, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of Minsheng Bank for an amount of up to RMB650,000,000 to guarantee the repayment obligations of the Borrower; and
- (ii) Hong Yang Land and Minsheng Bank entered into the Pledge Agreement in connection with the Loan Agreements, pursuant to which Hong Yang Land agreed to pledge all its equity interests in Anhui Xinchuang (being 50% of the entire equity interests of Anhui Xinchuang) in favour of Minsheng Bank as security for the Loan.

## **THE GUARANTEE AGREEMENT**

On 28 April 2020, Hong Yang Land, as guarantor, entered into the Guarantee Agreement with Minsheng Bank, pursuant to which Hong Yang Land agreed to provide the Borrower a joint liability guarantee in favour of Minsheng Bank to guarantee the repayment obligations of the Borrower under the Loan Agreements.

The scope of the Guarantee includes a maximum principal amount of up to RMB650,000,000. Hong Yang Land will not receive any fee or commission for the provision of the Guarantee.

The term of the Guarantee shall be three years from the expiry of the performance obligations of the Borrower under the Master Loan Agreement.

## **THE PLEDGE AGREEMENT**

On 28 April 2020, Hong Yang Land and Minsheng Bank entered into the Pledge Agreement, pursuant to which Hong Yang Land agreed to pledge all of its equity interests in Anhui Xinchuang (being 50% of the entire equity interests of Anhui Xinchuang) as security for the repayment of liabilities by the Borrower under the Loan Agreements.

The scope of the guarantee under the Pledge includes a maximum principal amount of up to RMB650,000,000. Hong Yang Land will not receive any fee or commission for the provision of the Pledge.

If the Borrower fails to fulfill its repayment obligations under the Master Loan Agreement, Minsheng Bank has the right to enforce the pledge against Hong Yang Land at any time and dispose of the pledged assets under the Pledge Agreement.

## **INFORMATION ON THE PARTIES TO THE AGREEMENTS**

### **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.

## **The Borrower**

The Borrower is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Anhui Xinchuang, which is in turn a joint venture directly owned as to 50% by Hong Yang Land and a subsidiary directly owned as to 50% by Xinli Real Estate. It is principally engaged in property development.

## **Minsheng Bank**

Minsheng Bank is a licensed banking institution in the PRC and provides a variety of banking services to corporate and personal banking customers. It is a branch of China Minsheng Banking Corp., Ltd., a company of which shares are listed on the Main Board of the Stock Exchange (stock code: 1988). To the best of the Director's knowledge, information and belief, and after making all reasonable enquiries, Minsheng Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE AGREEMENTS**

The Borrower is a wholly-owned subsidiary of Anhui Xinchuang, in which the Company indirectly holds a 50% equity interest. The principal activity of the Borrower is property development, including the investment for and development of the Lujiang Land Project.

Lujiang Land Project is a residential development project located at Lujiang County, Hefei City, Anhui Province, the PRC, being an essential part of the sub-center of southern area of Hefei City under its urban development strategy. Given the vast demand for high-quality residential products in the region, the Group believes that the completion of Lujiang Land Project will generate additional sources of income.

The provision of the Guarantee and the Pledge by Hong Yang Land under the Agreements will facilitate the Borrower to meet its funding needs for the development of the Lujiang Land Project. Pursuant to the Agreements, the maximum liability of the Group to Minsheng Bank would be limited to a maximum amount of RMB650,000,000, determined based on its 50% indirect equity interest held in the Borrower. Since the shareholders of Anhui Xinchuang (being Hong Yang Land and Xinli Real Estate) will each provide a joint liability guarantee in equal proportion with risks shared by both parties and the Lujiang Land Project, benefitting from its favorable location, is expected to bring a stable source for repayment in the future. The risk of the guarantee and pledge obligations assumed by the Group is considered controllable.

The proceeds from the Loan has been and will be solely applied towards the development of the Lujiang Land Project. As such, the provision of the Guarantee and the Pledge by the Group would help provide funding at commercially favorable terms to support the continuous development of the Lujiang Land Project, which would ultimately benefit the Group as a 50% indirect shareholder.

Based on the above factors and taking into consideration the financial position of the Borrower, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements were determined through arm's length negotiations, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Agreements exceeds 5% but are all below 25%, the Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agreements”	collectively, the Guarantee Agreement and the Pledge Agreement
“Anhui Honghan”	Anhui Honghan Real Estate Development Co., Ltd* (安徽弘瀚房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Anhui Xinchuang”	Anhui Xinchuang Real Estate Development Co., Ltd. (安徽新創房地產開發有限公司), a company established under the laws of the PRC with limited liability, a non-wholly owned subsidiary of Xinli Real Estate and a joint venture owned as to 50% by Hong Yang Land
“Board”	the board of Directors
“Borrower”	Hefei Xincheng Yuehong Real Estate Development Co., Ltd. (合肥新城悦弘房地產開發有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Anhui Xinchuang

“Capital Increase Agreement”	the capital increase and share expansion agreement dated 11 September 2019 entered into among Anhui Honghan, Xinli Real Estate, Anhui Xinchuang and the Borrower in relation to the proposed investment by Anhui Honghan in Anhui Xinchuang, further details of which is set out in announcement of the Company dated 11 September 2019
“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)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the joint liability guarantee provided by Hong Yang Land in favour of Minsheng Bank in respect of the Loan pursuant to the terms of the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 28 April 2020 entered into between Hong Yang Land and Minsheng Bank
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan in the principal amount of up to RMB1,300,000,000 from Minsheng Bank to the Borrower pursuant to the Loan Agreement
“Loan Agreements”	collectively, the Master Loan Agreement and the Supplemental Loan Agreement
“Lujiang Land Project”	the development project located in Lujiang County, Hefei City, Anhui Province, the PRC undertaken by the Borrower

“Master Loan Agreement”	the fixed assets loan agreement dated 9 October 2019 entered into between the Borrower and Minsheng Bank
“Minsheng Bank”	Hefei Branch of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司合肥分行)
“Pledge”	the pledge over the equity interests in Anhui Xinchuang held by Hong Yang Land provided by Hong Yang Land in favour of Minsheng Bank pursuant to the terms of the Pledge Agreement
“Pledge Agreement”	the pledge agreement dated 28 April 2020 entered into between Hong Yang Land and Minsheng Bank
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sinic Holdings”	Sinic Holdings (Group) Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2103)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the loan alteration agreement entered into by the Borrower, Anhui Xinchuang and Minsheng Bank on 28 April 2020
“Transfer of Rights and Obligations Agreement”	the transfer of rights and obligations agreement dated 9 April 2020 entered into among Anhui Xinchuang, Hong Yang Land, Anhui Honghan and Xinli Real Estate, pursuant to which, among other things, the parties agreed that Hong Yang Land will take up all the rights and obligations of Anhui Honghan under the Capital Increase Agreement and become the investor of Anhui Xinchuang in place of Anhui Honghan

“Xinli Real Estate” Xinli Real Estate Group Limited\* (新力地產集團有限公司), a company established under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of Sinic Holdings

“%” per cent

\* *for identification purposes only*

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

Hong Kong, 28 April 2020

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