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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)**

## **ISSUANCE OF US\$180,000,000 13.5% SENIOR NOTES DUE 2020**

The Board is pleased to announce that on November 27, 2018 (after trading hours), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with China International Capital Corporation, Guotai Junan International, ABC International, CCB International, Haitong International, BOCOM International, CMB International, China Merchants Securities (HK) and SSIF Securities in relation to the Notes Issue.

The estimated net proceeds of the Note Issue, after deducting the underwriting discount and other estimated expenses payable in connection with the Notes Issue, will be approximately US\$177.3 million. The Company intends to use the net proceeds of the Senior Notes to refinancing existing indebtedness and general corporate purposes. However, the Company may adjust its plans according to market conditions, change in government policies or other factors. As such, the Company may reallocate the use of proceeds for different purposes.

The Company will seek a listing of the Senior Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Senior Notes has been received from the Stock Exchange for the listing of the Senior Notes by way of debt issuance to professional investors only as described in the offering memorandum. Admission of the Senior Note to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Senior Notes.

Reference is made to the announcement of the Company dated November 27, 2018. The Board is pleased to announce that on November 27, 2018 (after trading hours), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with China International Capital Corporation, Guotai Junan International, ABC International, CCB International, Haitong International, BOCOM International, CMB International, China Merchants Securities (HK) and SSIF Securities in relation to the Notes Issue.

## **THE PURCHASE AGREEMENT**

Date: November 27, 2018 (after trading hours)

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) China International Capital Corporation;
- (d) Guotai Junan International;
- (e) ABC International;
- (f) CCB International;
- (g) Haitong International;
- (h) BOCOM International;
- (i) CMB International;
- (j) China Merchants Securities (HK); and
- (k) SSIF Securities

China International Capital Corporation, Guotai Junan International, ABC International, CCB International and Haitong International have been appointed as the joint global coordinators, joint lead managers and joint bookrunners, and BOCOM International, CMB International, China Merchants Securities (HK) and SSIF Securities have been appointed as the joint lead managers and joint bookrunners of the Notes Issue. They are also the initial purchasers of the Senior Notes. To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, each of China International Capital Corporation, Guotai Junan International, ABC International, CCB International, Haitong International, BOCOM International, CMB International, China Merchants Securities (HK) and SSIF Securities is an Independent Third Party and not a connected person of the Company and its connected persons.

The Senior Notes have not been and will not be registered under the Securities Act. The Senior Notes are being offered outside the United States in offshore transactions in accordance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act. None of the Senior Notes will be offered to the public in Hong Kong.

## **Principal Terms of the Senior Notes**

### ***Notes Offered***

Subject to certain conditions to completion, the Company will issue the Senior Notes in the aggregate principal amount of US\$180,000,000 which will mature on December 3, 2020, unless redeemed earlier pursuant to the terms thereof.

### ***Offering Price***

The offering price of the Senior Notes will be 100% of the principal amount of the Senior Notes.

### ***Interest***

The Senior Notes will bear an interest from and including June 3, 2019 at a rate of 13.5% per annum, payable semi-annually in arrears. Interest will be paid on June 3 and December 3 of each year, commencing on June 3, 2019.

### ***Ranking of the Senior Notes***

The Senior Notes are:

- (1) general obligations of the Company;

- (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Senior Notes;
- (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated obligations of the Company (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);
- (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations;
- (5) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

### ***Events of Default***

The events of default (the “**Events of Default**”) under the Senior Notes include,

- (1) default in the payment of principal of (or premium, if any, on) the Senior Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Senior Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of certain provisions of the covenants described under the Indenture or the occurrence of an “Event of Default” as defined in the Hong Seng Notes;
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Senior Notes (other than a default specified in clause (1), (2) or (3) above), and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Senior Notes;
- (5) there occurs with respect to any indebtedness of the Company, any Restricted Subsidiary, Hong Yang Group Company or any of its subsidiaries which constitute “Restricted Subsidiaries” as defined in the indentures governing the Hong Seng Notes, having an outstanding principal amount of

US\$7.5 million (or the Dollar Equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) the failure to make a principal payment when due;

- (6) one or more final judgments or order for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$7.5 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in affect;
- (8) the Company or any Significant Restricted Subsidiary, or other than in connection with a solvent liquidation or reorganization (except for any solvent liquidation or reorganization of the Company), (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in any involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit or creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason case to be in full force and effect;

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs in continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Senior Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Senior notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

### ***Covenants***

The Senior Notes, the Indenture governing the Senior Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will limit the ability of the Restricted Subsidiaries, among other things:

- (1) incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- (2) declared dividends on its capital stock or purchase or redeem capital stock;
- (3) make investments or other specified restricted payments;
- (4) issue or sell capital stock of Restricted Subsidiaries;
- (5) guarantee indebtedness by Restricted Subsidiaries;
- (6) sell assets;
- (7) create liens;
- (8) enter into sale and leaseback transactions;
- (9) enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (10) enter into transactions with shareholders or affiliates;

- (11) engage in any business other than Permitted Businesses; and
- (12) effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in the Indenture.

### ***Optional Redemption***

At any time and from time to time prior to December 3, 2020, the Company may at its option redeem the Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Senior Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to December 3, 2020, the Company may at its option redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in equity offering at a redemption price of 100% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date; *provided* that at least 65% of the aggregate principal amount of the Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

### ***Repurchase of Notes Upon a Delisting Event***

Upon the occurrence of a Delisting Event, the Company will make an offer to repurchase all outstanding Senior Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to but excluding the repurchase date.

### ***Reasons for the Notes Issue and the Proposed Use of Proceeds***

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

The estimated net proceeds of the Note Issues, after deducting the underwriting discount and other estimated expenses payable in connection with the Notes Issue, will be approximately US\$177.3 million, which will primarily be used by the Company to refinancing existing indebtedness and for general corporate purposes.

The Company may adjust its plans according to market conditions, change in government policies or other factors. As such, the Company may reallocate the use of proceeds for different purposes.

### ***Listing***

The Company will seek a listing of the Senior Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Senior Notes has been received from the Stock Exchange for the listing of the Senior Notes by way of debt issuance to professional investors only as described in the offering memorandum. Admission of the Senior Note to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Senior Notes.

The Senior Notes are expected to be rated “B” by Fitch Ratings, Inc. A rating is not a recommendation to buy, sell or hold the securities and may be subject to suspension, reduction or withdrawal of any time by the rating agency.

### **DEFINITIONS**

“ABC International”	ABCI Capital Limited
“BOCOM International”	BOCOM International Securities Limited
“Board”	the board of Directors
“CCB International”	CCB International Capital Limited
“China International Capital Corporation”	China International Capital Corporation Hong Kong Securities Limited
“China Merchants Securities (HK)”	China Merchants Securities (HK) Company Limited
“CMB International”	CMB International Capital Limited
“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 persons”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules



“Delisting Event”	means the Company’s common stock has ceased to be listed or admitted to trading, or has been suspended from trading for a period equal to or exceeding 120 consecutive trading days on the Stock Exchange
“Directors”	the director(s) of the Company
“Dollar Equivalent”	with respect to any monetary amount in a currency other than US\$, at any time for the determination thereof, the amount of US\$ obtained by converting such foreign currency involved in such computation into US\$ at the best rate for the purchase of US\$ with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination
“Guotai Junan International”	Guotai Junan Securities (Hong Kong ) Limited
“Haitong International”	Haitong International Securities Company Limited
“Holder”	the holder in whose name a Senior Note is registered in the Senior Note register
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Seng Notes”	the 7.875% guaranteed senior notes due 2020 and the 8.50% guaranteed senior notes due 2019 issued by Hong Seng Limited (弘昇有限公司), a company incorporated in the BVI and wholly owned by Hong Yang Group Company
“Hong Yang Group Company”	Hong Yang Group Company Limited, a limited liability company incorporated in Hong Kong on October 22, 2003, and a Controlling Shareholder of the Company
“Indenture”	the written agreement to be entered into amongst the Company, the Subsidiary Guarantors and the Trustee on or about December 3, 2018, that specified the terms of the Senior Notes including the interest rate of the Senior Notes and the Maturity Date
“Independent Third Party”	third party independent of the Company and its connected persons

“JV Subsidiary Guarantee”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Senior Notes
“JV Subsidiary Guarantor(s)”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	December 3, 2020
“Non-Guarantor Subsidiaries”	subsidiaries of the Company which are not providing guarantees under the Senior Notes
“Notes Issue”	the issuance of the Senior Notes by the Company
“Permitted Businesses”	any business which is the same as or related, ancillary or complementary to any of the business of the Company and its Restricted Subsidiaries
“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
“Professional Investor(s)”	has the meaning ascribed to it under the SFO
“Purchase Agreement”	the agreement entered into among the Company, the Subsidiary Guarantors, China International Capital Corporation, Guotai Junan International, ABC International, CCB International, Haitong International, BOCOM International, CMB International, China Merchants Securities (HK) and SSIF Securities in relation to the Notes Issue on November 27, 2018 (after trading hours)
“Regulation S”	means Regulation S under the Securities Act
“Restricted Subsidiary(ies)”	any subsidiary of the Company other than an Unrestricted Subsidiary
“Securities Act”	the U.S. Securities Act of 1933, as amended
“Senior Note(s)”	the US\$180,000,000 13.5% Senior Notes due December 3, 2020 proposed to be issued by the Company

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Significant Restricted Subsidiary”	means a Restricted Subsidiary, or group of Restricted Subsidiaries, that would, when taken together, be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-2(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Original Issue Date; provided that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor
“SSIF Securities”	SSIF Securities Limited
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary Guarantee”	the guarantees provided by the Subsidiary Guarantors in respect of the Senior Notes
“Subsidiary Guarantor(s)”	Redsun Properties Investment (Holdings) Limited (弘陽地產投資(控股)有限公司) and Hong Yang Properties Investment Limited (弘陽地產投資有限公司)
“Trustee”	The Bank of New York Mellon, London Branch
“Unrestricted Subsidiary”	(1) any subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board in the manner provided in the Indenture; and (2) any subsidiary of an Unrestricted Subsidiary
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, November 28, 2018

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