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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\$300,000,000 11.5% SENIOR NOTES DUE 2021

The Board is pleased to announce that on 25 February 2019 (after trading hours), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with China International Capital Corporation, Barclays, Guotai Junan International, Haitong International, UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong) in relation to the Notes Issue.

The estimated net proceeds of the Note Issue, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will be approximately US\$290.6 million. The Company intends to use the net proceeds for refinancing its existing indebtedness and general corporate purposes. The Company may adjust its development plans in response to market conditions and therefore reallocate the use of proceeds.

The Company will seek a listing of the Senior Notes on the Stock Exchange. Listing of the Senior Notes on 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 25 February 2019. The Board is pleased to announce that on 25 February 2019 (after trading hours), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with China International Capital Corporation, Barclays, Guotai Junan International, Haitong International, UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong) in relation to the Notes Issue.

THE PURCHASE AGREEMENT

Date: 25 February 2019 (after trading hours)

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) China International Capital Corporation, Barclays, Guotai Junan International, Haitong International, UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong).

China International Capital Corporation, Barclays, Guotai Junan International and Haitong International have been appointed as the joint global coordinators, joint lead managers and joint bookrunners, and UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong) 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, Barclays, Guotai Junan International, Haitong International, UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong) is an independent third party and not a connected person of the Company.

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, 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 and none of the Senior Notes will be placed to any connected persons of the Company.

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\$300,000,000 which will mature on 4 March 2021, unless redeemed earlier pursuant to the terms thereof.

Offering Price

The offering price of the Senior Notes will be 98.065% of the principal amount of the Senior Notes.

Interest

The Senior Notes will bear interest from and including 4 March 2019 at a rate of 11.5% per annum, payable semi-annually in arrears on 4 March and 4 September of each year, commencing 4 September 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 the Existing Notes and 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 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) (in excess of amounts which the Company’s insurance carriers have agreed to pay under applicable policies) 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 effect;
- (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 of 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 cease 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 4 March 2021, 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 4 March 2021, 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 111.50% 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 (including any additional 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.

REASONS FOR THE NOTES ISSUE AND THE PROPOSED USE OF PROCEEDS

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

The estimated net proceeds of the Notes Issue, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will be approximately US\$290.6 million. The Company intends to use the net proceeds for refinancing its existing indebtedness and general corporate purposes.

The Company may adjust its development plans in response to changing market conditions and therefore reallocate the use of proceeds.

LISTING AND RATING

The Company will seek a listing of the Senior Notes on the Stock Exchange. Listing of the Senior Notes on 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. A rating does not constitute a recommendation to purchase, hold or sell the securities and may be subject to suspension, reduction or withdrawal of any time by Fitch.

DEFINITIONS

“Barclays”	Barclays Bank PLC
“Board”	the board of Directors
“China International Capital Corporation”	China International Capital Corporation Hong Kong Securities 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
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch
“Directors”	the directors 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
“Existing Notes”	the US\$380 million 13.5% senior notes due 2020 issued by the Company in December 2018
“Fitch”	Fitch Ratings, Inc. and its affiliates
“Future Land Resources”	Future Land Resources Securities Limited
“Group”	the Company and its subsidiaries
“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 British Virgin Islands 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 and a controlling shareholder of the Company
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Indenture”	the written agreement to be entered into amongst the Company, the Subsidiary Guarantors and the Trustee on or about 4 March 2019, that specifies the terms of the Senior Notes including the interest rate and the maturity date
“JV Subsidiary Guarantee”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Senior Notes
“JV Subsidiary Guarantor”	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
“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
“Orient Securities (Hong Kong)”	Orient Securities (Hong Kong) Limited
“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 on the original issue date of the Senior Notes
“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
“Purchase Agreement”	the agreement entered into among the Company, the Subsidiary Guarantors, China International Capital Corporation, Barclays, Guotai Junan International, Haitong International, UBS, Deutsche Bank, HSBC, CMB International, Future Land Resources and Orient Securities (Hong Kong) in relation to the Notes Issue on 25 February 2019 (after trading hours)

“Regulation S”	means Regulation S under the Securities Act
“Restricted Subsidiary”	any subsidiary of the Company other than an Unrestricted Subsidiary
“Securities Act”	the United States Securities Act of 1933, as amended
“Senior Notes”	the US\$300,000,000 11.5% senior notes due 2021 proposed to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“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 of the Senior Notes; provided that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantee”	any guarantee of the obligations of the Company under the Indenture and the Senior Notes provided by any Subsidiary Guarantor
“Subsidiary Guarantor”	any Restricted Subsidiary which guarantees the payment of the Senior Notes pursuant to the Indenture and the Senior Notes, excluding (i) any person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (ii) any JV Subsidiary Guarantor
“Trustee”	The Bank of New York Mellon, London Branch
“UBS”	UBS AG Hong Kong 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, 25 February 2019

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.