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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)**

**MAJOR AND CONNECTED TRANSACTION  
FURTHER ACQUISITION OF 39.75% EQUITY INTEREST IN  
MINGLIU PROPERTIES WUHAN COMPANY LIMITED**

Reference is made to the announcements of the Company dated 25 September 2018 and 26 September 2018 in relation to the Previous Acquisition. The Company hereby announces that on 26 February 2019, Nanjing Redsun (a wholly-owned subsidiary of the Company), Nanjing Tai Ya and the Target Company entered into the Second Equity Transfer Agreement, pursuant to which Nanjing Redsun has agreed to acquire and Nanjing Tai Ya has agreed to dispose of, 39.75% equity interest in the Target Company at a total consideration RMB1,177,817,343.75.

The Previous Acquisition and the Further Acquisition constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Second Equity Transfer Agreement, when aggregated with the First Equity Transfer Agreement, exceed 25% and are all below 100%, the entering into of the Second Equity Transfer Agreement constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is held by Nanjing Tai Ya as to 39.75%. Accordingly, Nanjing Tai Ya is a substantial shareholder (as defined under the Listing Rules) of the Target Company and therefore a connected person of the Company at the subsidiary level. The entering into of the Second Equity Transfer Agreement constitutes a connected transaction of the Company and is subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder has a material interest in the Second Equity Transfer Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting on the Second Equity Transfer Agreements and the transactions contemplated thereunder if a Shareholders' meeting were to be convened.

Redsun Properties Group (Holdings), being the direct controlling Shareholder holding approximately 72.29% of the issued share capital of the Company as of the date of the announcement, has given its written approval to the entering into of the Second Equity Transfer Agreement and the transactions contemplated thereunder. Accordingly, the Company is exempted from the requirement to hold a general meeting to approve the Second Equity Transfer Agreement and the transactions contemplated thereby pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) further details in relation to the Second Equity Transfer Agreement and the Further Acquisition and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 19 March 2019.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 25 September 2018 and 26 September 2018 in relation to the Previous Acquisition. The Company hereby announces that on 26 February 2019, Nanjing Redsun (a wholly-owned subsidiary of the Company), Nanjing Tai Ya and the Target Company entered into the Second Equity Transfer Agreement, pursuant to which Nanjing Redsun has agreed to acquire and Nanjing Tai Ya has agree to dispose of, 39.75% equity interest in the Target Company at a total consideration RMB1,177,817,343.75.

## **THE SECOND EQUITY TRANSFER AGREEMENT**

The following sets forth a summary of the principal terms of the Second Equity Transfer Agreement:

### **Date**

26 February 2019

## **Parties**

- (a) Nanjing Redsun, as the purchaser;
- (b) Nanjing Tai Ya, as the vendor; and
- (c) the Target Company.

## **Subject Matter**

Nanjing Redsun has agreed to acquire, and Nanjing Tai Ya has agreed to dispose of, 39.75% equity interest in the Target Company at a total consideration of RMB1,177,817,343.75.

## **Consideration and Payment Terms**

The total consideration under the Second Equity Transfer Agreement shall be RMB1,177,817,343.75, comprising (i) RMB820,067,343.75 for the transfer of the 39.75% equity interest in the Target Company; and (ii) the Shareholder's Loan of RMB357,750,000 to be granted by Nanjing Redsun to the Target Company.

The total consideration of RMB1,177,817,343.75 was arrived at based on normal commercial terms and after arm's length negotiations between Nanjing Tai Ya and Nanjing Redsun, with reference to the consideration paid in the Previous Acquisition, the development prospect of the Wuhan Project and the average market price of similar land parcels in the proximity. The Shareholder's Loan will be used by the Target Company to settle the debts owed by the Target Company to Nanjing Tai Ya.

The total consideration for the Further Acquisition will be financed by the internal resources of the Group and external financings.

Pursuant to the Second Equity Transfer Agreement, the total consideration shall be payable by Nanjing Redsun in the following manner:

- (i) RMB820,067,343.75 shall be paid by Nanjing Redsun in cash to Nanjing Tai Ya within five business days after the entering into of the Second Equity Transfer Agreement; and
- (ii) RMB357,750,000 shall be contributed by Nanjing Redsun to the Target Company as shareholder's loan within 30 business days after the obtaining of the new business license by the Target Company with Nanjing Tai Ya as the shareholder of 95% equity interest of the Target Company.

## **Completion**

Pursuant to the terms of the Second Equity Transfer Agreement, each of Nanjing Tai Ya and Nanjing Redsun has agreed that upon the settlement of RMB820,067,343.75 by Nanjing Redsun in the manner set out in the sub-section headed “The Second Equity Transfer Agreement-Consideration and Payment Terms” above, Nanjing Redsun shall be entitled to the rights and obligations as a shareholder of 95% equity interest of the Target Company.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established under the laws of the PRC with limited liability. It is principally engaged in property development and holds the Wuhan Project, being the sole project of the Target Company. As of the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is held by Nanjing Redsun as to 55.25%, Nanjing Tai Ya as to 39.75% and Wuhan Mingliu as to 5% respectively.

### **The Wuhan Project**

The Wuhan Project is a residential property development project located at Deng Jia Village\* (鄧甲村), Hanyang District (漢陽區) in Wuhan City, Hubei Province, the PRC. It comprises seven land lots (NK1 — NK7). The following sets forth a summary of the particulars of the seven land lots, further details of which will be contained in the valuation report on the property interests of the Target Company in the circular of the Company in relation to the Further Acquisition:

#### **(i) NK1**

NK1 is a vacant land with an aggregate GFA of approximately 21,885.53 sq.m. As of the date of this announcement, the Target Company had acquired the relevant land use right certificates but had not obtained the requisite construction work commencement permits.

#### **(ii) NK2**

NK2 has an aggregate GFA of approximately 29,368 sq.m. and saleable GFA of approximately 27,120 sq.m. Construction thereon has been completed and the certificate of completion was obtained on 16 December 2015. As of the date of this announcement, there was no unsold saleable GFA.

***(iii) NK3***

NK3 has an aggregate GFA of approximately 65,951 sq.m. and saleable GFA of approximately 63,360 sq.m. Construction thereon has been completed and the certificate of completion was obtained on 18 May 2015. As of the date of this announcement, the total saleable GFA unsold was 923.63 sq.m.

***(iv) NK4***

NK4 has an aggregate GFA of approximately 97,124 sq.m. and saleable GFA of approximately 87,157 sq.m. Construction thereon has been completed and the certificate of completion was obtained on 16 December 2015. As of the date of this announcement, there was no unsold saleable GFA.

***(v) NK5***

NK5 has an aggregate GFA of approximately 38,135 sq.m. and saleable GFA of approximately 36,541 sq.m. Construction thereon has been completed and the certificate of completion was obtained on 18 December 2014. As of the date of this announcement, there was no unsold saleable GFA.

***(vi) NK6***

NK6 has an aggregate GFA of approximately 72,626 sq.m. and saleable GFA of approximately 53,454.86 sq.m. Construction thereon has been completed and the certificate of completion was obtained on 2 February 2018. As of the date of the announcement, the total saleable GFA unsold was 18,493.52 sq.m.

***(vii) NK7***

NK7 is currently under development and has an aggregate GFA of approximately 688,352 sq.m. and expected saleable GFA of approximately 519,176 sq.m. Construction is expected to be completed in June 2021.

## Financial information of the Target Company

According to the unaudited financial statements of the Target Company prepared in accordance with IFRS, the net assets of the Target Company as at 31 December 2018 was RMB1,024,917,000, and the net loss (before and after taxation) of the Target Company for the financial years ended 31 December 2017 and 2018 are as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before taxation	(16,168)	(52,654)
Net loss after taxation	(22,918)	(46,252)

## INFORMATION ON THE PARTIES INVOLVED IN THE FURTHER ACQUISITION

### The Group

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

### Nanjing Redsun

Nanjing Redsun 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 property development.

### Nanjing Tai Ya

Nanjing Tai Ya is a company established under the laws of the PRC with limited liability and is principally engaged in commercial services.

## REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION

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

As part of the Group's development strategies, the Group intends to continue to proactively explore markets in the Yangtze River Delta region, the largest economic circle in the PRC, featuring highly developed property markets. Meanwhile, the Group has prioritized the expansion into central China, southern China and southwestern China as target regions and placed emphasis on hub cities, such as Zhengzhou, Wuhan, Changsha and Chengdu. Accordingly, the Group believes that the further acquisition of equity interest in the Target Company is in line with the Group's development strategies, can consolidate the Group's control over the Target Company, and increase the Group's market share in central China, which will in turn accelerate the Group's expansion in the whole country and optimize its national business layout.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Second Equity Transfer Agreement and the Further Acquisition were arrived at after arm's length negotiations among the parties, 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**

The Previous Acquisition and the Further Acquisition constitute a series of transactions conducted within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Second Equity Transfer Agreement, when aggregated with the First Equity Transfer Agreement, exceed 25% and are all below 100%, the entering into of the Second Equity Transfer Agreement constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company and is held by Nanjing Tai Ya as to 39.75%. Accordingly, Nanjing Tai Ya is a substantial shareholder (as defined under the Listing Rules) of the Target Company and therefore a connected person of the Company at the subsidiary level. The entering into of the Second Equity Transfer Agreement constitutes a connected transaction of the Company and is subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules on the following grounds:

- (1) the terms of the Second Equity Transfer Agreement are on normal commercial terms;



- (2) the Board has approved the entering into of the Second Equity Transfer Agreement and the transactions contemplated thereunder; and
- (3) the independent non-executive Directors have confirmed that the terms of the Second Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

## **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder has a material interest in the Second Equity Transfer Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting on the Second Equity Transfer Agreements and the transactions contemplated thereunder if a Shareholders' meeting were to be convened.

Redsun Properties Group (Holdings), being the direct controlling Shareholder holding approximately 72.29% of the issued share capital of the Company as of the date of the announcement, has given its written approval to the entering into of the Second Equity Transfer Agreement and the transactions contemplated thereunder. Accordingly, the Company is exempted from the requirement to hold a general meeting to approve the Second Equity Transfer Agreement and the transactions contemplated thereby pursuant to Rule 14.44 of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (i) further details in relation to the Second Equity Transfer Agreement and the Further Acquisition and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 19 March 2019.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall 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 (stock code: 1996)
“Director(s)”	director(s) of the Company



“First Equity Transfer Agreement”	the equity transfer agreement dated 25 September 2018 and entered into amongst Nanjing Redsun, Xiamen Ying Tai Fu Real Estate Company Limited* (廈門市英泰富房地產有限公司) and the Target Company in respect of the Previous Acquisition
“Further Acquisition”	the acquisition of 39.75% equity interest in the Target Company by Nanjing Redsun as contemplated under the Second Equity Transfer Agreement
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanjing Redsun”	Nanjing Redsun Real Estate Development Company Limited* (南京紅太陽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 the Company
“Nanjing Tai Ya”	Nanjing Tai Ya Department Store Management Company Limited* (南京台亞百貨市場管理有限公司), a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of 55.25% equity interest in the Target Company by Nanjing Redsun under the First Equity Transfer Agreement, the details of which are disclosed in the announcements of the Company dated 25 September 2018 and 26 September 2018
“Redsun Properties Group (Holdings)”	Redsun Properties Group (Holdings) Limited (弘陽地產集團(控股)有限公司), a limited liability company incorporated under the laws of the British Virgin Islands and a controlling Shareholder
“RMB”	Renminbi, the lawful currency of the PRC
“Second Equity Transfer Agreement”	the equity transfer agreement dated 26 February 2019 entered into amongst Nanjing Redsun, Nanjing Tai Ya and the Target Company in respect of the Further Acquisition

“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder’s Loan”	the shareholder’s loan of RMB357,750,000 to be granted by Nanjing Redsun to the Target Company under the Second Equity Transfer Agreement
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Mingliu Properties Wuhan Company Limited* (名流置業武漢有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company as of the date of this announcement
“Wuhan Mingliu”	Wuhan Mingliu Real Estate Company Limited* (武漢名流地產有限公司), a company established under the laws of the PRC with limited liability
“Wuhan Project”	a property development project located in Wuhan City, Hubei Province, the PRC, being the sole project held by the Target Company
“%”	per cent

\* *for identification purposes only*

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

Hong Kong, 26 February 2019

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