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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 TRANSACTIONS

ACQUISITIONS OF EQUITY INTERESTS IN XINCHENG YIHUI AND XINCHENG HONGYANG

INTRODUCTION

The Board hereby announces that on 26 July 2019, (i) Xuzhou Hongshuo (an indirect wholly-owned subsidiary of the Company), Xincheng Chuangyu, Xincheng Wanjia, Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company) and Xincheng Yihui entered into the Xincheng Yihui Equity Transfer Agreement, pursuant to which Xuzhou Hongshuo has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 100% equity interest in Xincheng Yihui at a total consideration of RMB552,910,000; and (ii) Xuzhou Hongyao (an indirect wholly-owned subsidiary of the Company), Xincheng Chuangyu, Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company), Xuzhou Honghou and Xincheng Hongyang entered into the Xincheng Hongyang Equity Transfer Agreement, pursuant to which Xuzhou Hongyao has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 60% equity interest in Xincheng Hongyang at a total consideration of RMB1,157,750,000.

IMPLICATIONS UNDER THE LISTING RULES

The acquisitions contemplated under Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement constitute a series of transactions conducted within a 12-month period, which shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of such acquisitions, on an aggregated basis, exceeds 5% but all are below 25%, the entering into of the Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 26 July 2019, (i) Xuzhou Hongshuo (an indirect wholly-owned subsidiary of the Company), Xincheng Chuangyu, Xincheng Wanjia, Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company) and Xincheng Yihui entered into the Xincheng Yihui Equity Transfer Agreement, pursuant to which Xuzhou Hongshuo has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 100% equity interest in Xincheng Yihui at a total consideration of RMB552,910,000; and (ii) Xuzhou Hongyao (an indirect wholly-owned subsidiary of the Company), Xincheng Chuangyu, Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company), Xuzhou Honghou and Xincheng Hongyang entered into the Xincheng Hongyang Equity Transfer Agreement, pursuant to which Xuzhou Hongyao has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 60% equity interest in Xincheng Hongyang at a total consideration of RMB1,157,750,000.

XINCHENG YIHUI EQUITY TRANSFER AGREEMENT

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

Date

26 July 2019

Parties

- (a) Xincheng Chuangyu (as vendor);
- (b) Xuzhou Hongshuo (as purchaser);
- (c) Xincheng Wanjia (as guarantor of the vendor);
- (d) Nanjing Hongtaiyang (as guarantor of the purchaser); and
- (e) Xincheng Yihui (as target company).

Subject Matter

Pursuant to the Xincheng Yihui Equity Transfer Agreement, Xuzhou Hongshuo has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 100% equity interest in Xincheng Yihui at a total consideration of RMB552,910,000.

As at the date of this announcement, Xincheng Yihui has a registered capital of RMB20,000,000 and is wholly-owned by Xincheng Chuangyu. Upon completion of the abovementioned equity transfer from Xincheng Chuangyu to Xuzhou Hongshuo, Xincheng Yihui will be held by Xuzhou Hongshuo as to 100% thus will become an indirect wholly-owned subsidiary of the Company.

Consideration

Pursuant to the Xincheng Yihui Equity Transfer Agreement, the total consideration for the acquisition of 100% equity interest in Xincheng Yihui by Xuzhou Hongshuo shall be RMB552,910,000.

The total consideration was arrived at normal commercial terms and after arm's length negotiations amongst parties to the Xincheng Yihui Equity Transfer Agreement, with reference to the amount of the existing debts of Xincheng Yihui of approximately RMB532.91 million (including but not limited to the shareholder's loans provided by Xincheng Chuangyu), which shall be settled by Xuzhou Hongshuo pursuant to the Xincheng Yihui Equity Transfer Agreement, the average market price of comparable land parcels in the proximity in the recent years, recent average market price of the residential properties in the proximity and the expected economic benefits to the Group after completion of the acquisition under the Xincheng Yihui Equity Transfer Agreement.

The total consideration under the Xincheng Yihui Equity Transfer Agreement will be financed by the internal resources of the Group and external financings.

Payment Terms

The total consideration under the Xincheng Yihui Equity Transfer Agreement shall be payable by Xuzhou Hongshuo in the following manner:

- (i) the first installment of RMB202,050,000 shall be payable before 31 July 2019;
- (ii) the second installment of RMB101,020,000 shall be payable before 15 August 2019;
- (iii) the third installment of RMB101,020,000 shall be payable before 28 August 2019;
and
- (iv) the fourth installment of RMB148,820,000 shall be payable before 15 September 2019.

Completion

Pursuant to the Xincheng Yihui Equity Transfer Agreement, completion under the Xincheng Yihui Equity Transfer Agreement shall take place after settlement of the first installment of the total consideration by Xuzhou Hongshuo and upon completion of the following matters:

- (i) change of the legal representative, directors and supervisors of Xincheng Yihui to the personnel designated by Xuzhou Hongshuo;
- (ii) delivery of the corporate documents of Xincheng Yihui as required under the Xincheng Yihui Equity Transfer Agreement to Xuzhou Hongshuo; and
- (iii) delivery of the land of Xincheng Yihui by Xincheng Chuangyu to Xincheng Hongshuo according to the terms of the Xincheng Yihui Equity Transfer Agreement.

In the event that the aforementioned matters are completed on the same date, such date shall be the completion date under the Xincheng Yihui Equity Transfer Agreement. In the event that the aforementioned matters are not completed on the same date, the date on which the last matter is completed shall be the completion date under the Xincheng Yihui Equity Transfer Agreement.

Guarantees

Pursuant to the proposed arrangement amongst the parties to the Xincheng Yihui Equity Transfer Agreement, Xincheng Wanjia and Nanjing Hongtaiyang shall provide guarantees in respect of the performance obligations of Xincheng Chuangyu and Xuzhou Hongshuo under the Xincheng Yihui Equity Transfer Agreement, respectively.

XINCHENG HONGYANG EQUITY TRANSFER AGREEMENT

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

Date

26 July 2019

Parties

- (a) Xincheng Chuangyu (as vendor);
- (b) Xuzhou Hongyao (as purchaser);
- (c) Nanjing Hongtaiyang (as guarantor of the purchaser);

- (d) Xuzhou Honghou (as the other shareholder of the target company); and
- (e) Xincheng Hongyang (as target company).

Subject Matter

Pursuant to the Xincheng Hongyang Equity Transfer Agreement, Xuzhou Hongyao has agreed to acquire and Xincheng Chuangyu has agreed to transfer, 60% equity interest in Xincheng Hongyang at a total consideration of RMB1,157,750,000.

As at the date of this announcement, Xincheng Hongyang has a registered capital of RMB913,000,000 and is directly held by Xincheng Chuangyu and Xuzhou Honghou as to 60% and 40%, respectively. Upon completion of the abovementioned equity transfer from Xincheng Chuangyu to Xuzhou Hongyao, Xincheng Hongyang will be held by Xuzhou Hongyao and Xuzhou Honghou as to 60% and 40%, respectively, and will become an indirect non-wholly owned subsidiary of the Company.

Consideration

The total consideration under the Xincheng Hongyang Equity Transfer Agreement shall be RMB1,157,750,000.

The total consideration was arrived at normal commercial terms and after arm's length negotiations amongst parties to the Xincheng Hongyang Equity Transfer Agreement, with reference to the amount of the existing debts of Xincheng Hongyang of approximately RMB609.95 million (including but not limited to the shareholder's loans provided by Xincheng Chuangyu), which shall be settled by Xuzhou Hongyao pursuant to the Xincheng Hongyang Equity Transfer Agreement, the average market price of comparable land parcels in the proximity in the recent years, recent average market price of the residential properties in the proximity and the expected economic benefits to the Group after completion of the acquisition under the Xincheng Hongyang Equity Transfer Agreement.

The total consideration for the acquisition under the Xincheng Hongyang Equity Transfer Agreement will be financed by the internal resources of the Group and external financings.

Payment Terms

The total consideration under the Xincheng Hongyang Equity Transfer Agreement shall be payable by Xuzhou Hongyao in the following manner:

- (i) the first installment of RMB547,800,000 shall be payable before 31 July 2019;
- (ii) the second installment of RMB273,900,000 shall be payable before 15 August 2019;

(iii) the third installment of RMB273,900,000 shall be payable before 28 August 2019;
and

(iv) the fourth installment of RMB62,150,000 shall be payable before 15 September 2019.

Completion

Pursuant to the Xincheng Hongyang Equity Transfer Agreement, completion under the Xincheng Hongyang Equity Transfer Agreement shall take place upon completion of the registration of the transfer of 60% equity interest in Xincheng Hongyang by Xincheng Chuangyu to Xuzhou Hongyao with the competent PRC authorities.

Guarantee

Pursuant to proposed arrangement amongst the parties to the Xincheng Hongyang Equity Transfer Agreement, Nanjing Hongtaiyang shall provide guarantee in respect of the performance obligations of Xuzhou Hongyao under the Xincheng Hongyang Equity Transfer Agreement.

INFORMATION ON THE TARGET COMPANIES

Xincheng Yihui

Xincheng Yihui is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development. The principal asset of Xincheng Yihui is the land use rights of a piece of land designated for residential uses and located in the south of Fenghuangshan, Xuzhou City, Jiangsu Province, the PRC. It has an expected aggregate GFA of 106,949.63 sq.m. As at the date of this announcement, Xincheng Yihui has acquired the relevant land use right certificate.

As at the date of this announcement, Xincheng Yihui is wholly-owned by Xincheng Chuangyu.

Based on the unaudited financial statements of Xincheng Yihui prepared in accordance with the PRC Accounting Standards, the unaudited loss before taxation and loss after taxation of Xincheng Yihui for the period from 6 November 2018 (being the date of the establishment of Xincheng Yihui) to 31 December 2018 were approximately as follows:

	<i>(RMB)</i>
	(unaudited)
Loss before taxation	273,514.14
Loss after taxation	205,135.60

The unaudited net asset value of Xincheng Yihui as at 30 June 2019 was approximately RMB16,113,091.70.

Upon completion of the acquisition under Xincheng Yihui Equity Transfer Agreement, Xincheng Yihui will become an indirect wholly-owned subsidiary of the Company and the financial information of Xincheng Yihui will be consolidated into the consolidated financial statements of the Group.

Xincheng Hongyang

Xincheng Hongyang is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development. The principal asset of Xincheng Hongyang is the land use rights of a piece of land designated for residential uses and located in Xinyuandadao, Xuzhou City, Jiangsu Province, the PRC. It has an expected aggregate GFA of 279,508.70 sq.m. As at the date of this announcement, Xincheng Hongyang has acquired the relevant land use right certificate.

As at the date of this announcement, Xincheng Hongyang is held by Xincheng Chuangyu as to 60% and Xuzhou Honghou as to 40% respectively.

Based on the unaudited financial statements of Xincheng Hongyang prepared in accordance with the PRC Accounting Standards, the unaudited loss before taxation and loss after taxation of Xincheng Hongyang for the period from 10 April 2019 (being the date of the establishment of Xincheng Hongyang) to 30 June 2019 were approximately as follows:

	<i>(RMB)</i> (unaudited)
Loss before taxation	1,530,274.86
Loss after taxation	1,147,706.14

The unaudited net asset value of Xincheng Hongyang as at 30 June 2019 was approximately RMB911,852,293.86.

Upon completion of the equity transfer under the Xincheng Hongyang Equity Transfer Agreement, Xincheng Hongyang will become an indirect non-wholly owned subsidiary of the Company and the financial information of Xincheng Hongyang will be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES INVOLVED IN THE ACQUISITIONS

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.

Xincheng Chuangyu

Xincheng Chuangyu is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development.

Xuzhou Hongshuo

Xuzhou Hongshuo 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.

Xincheng Wanjia

Xincheng Wanjia is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development.

Nanjing Hongtaiyang

Nanjing Hongtaiyang, an indirect wholly-owned subsidiary of the Company, is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development.

Xuzhou Hongyao

Xuzhou Hongyao 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.

Xuzhou Honghou

Xuzhou Honghou is a company established under the laws of the PRC with limited liability. It is principally engaged in real estate development. As at the date of this announcement, Xuzhou Honghou is indirectly owned by the Company as to 25% and is accounted for as an associated company of the Company.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Xincheng Chuangyu, Xincheng Wanjia and Xuzhou Honghou and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Company is a comprehensive property enterprise with established presence in the Yangtze River Delta region, which is keen on the expansion nationwide. Leveraging its fast turnover capacity, the Company has adopted the regional strategy of “deeper development in Jiangsu, established presence in the Yangtze River Delta region and expanded coverage in metropolitan areas” (做透大江蘇、深耕長三角、佈局都市圈), focusing on key hub cities including Xuzhou. The proposed acquisitions under the Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement are in line with the regional strategic layout of the Company.

The Company is of the view that such acquisitions are appropriate opportunities for further expansion in Xuzhou. Such acquisitions are expected to increase the market share of the Group in Xuzhou and strengthen the national layout of the Group, which in turn will enhance the Group’s competitiveness in the property market in the PRC, in particular the Jiangsu Province.

The Directors (including the independent non-executive Directors) are of the view that the terms of Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement and the acquisitions thereunder were determined through arm’s length negotiations amongst the parties to the Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement, 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 acquisitions contemplated under Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement constitute a series of transactions conducted within a 12-month period, which shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of such acquisitions, on an aggregated basis, exceeds 5% but all are below 25%, the entering into of the Xincheng Yihui Equity Transfer Agreement and the Xincheng Hongyang Equity Transfer Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are 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:

“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 of Hong Kong Limited (stock code: 1996)
“Director(s)”	director(s) of the Company
“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 Hongtaiyang”	Nanjing Hongtaiyang Property 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 an indirect wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter
“Xincheng Chuangyu”	Xuzhou Xincheng Chuangyu Real Estate Company Limited* (徐州新城創域房地產有限公司), a company established under the laws of the PRC with limited liability
“Xincheng Hongyang”	Xuzhou Xincheng Hongyang Property Development Company Limited* (徐州新城弘陽房地產開發有限公司), a company established under the laws of the PRC with limited liability

“Xincheng Hongyang Equity Transfer Agreement”	the equity transfer agreement dated 26 July 2019 entered into among Xincheng Chuangyu, Xuzhou Hongyao (an indirect wholly-owned subsidiary of the Company), Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company), Xuzhou Honghou and Xincheng Hongyang in respect of, among other things, the acquisition of 60% equity interest in Xincheng Hongyang by Xuzhou Hongyao
“Xincheng Wanjia”	Nanjing Xincheng Wanjia Real Estate Company Limited* (南京新城萬嘉房地產有限公司), a company established under the laws of the PRC with limited liability
“Xincheng Yihui”	Xuzhou Xincheng Yihui Property Development Company Limited* (徐州新城億輝房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Xincheng Yihui Equity Transfer Agreement”	the equity transfer agreement dated 26 July 2019 entered into among Xincheng Chuangyu, Xuzhou Hongshuo (an indirect wholly-owned subsidiary of the Company), Xincheng Wanjia, Nanjing Hongtaiyang (an indirect wholly-owned subsidiary of the Company) and Xincheng Yihui in respect of, among other things, the acquisition of 100% equity interest in Xincheng Yihui by Xuzhou Hongshuo
“Xuzhou Honghou”	Xuzhou Honghou Property Development Company Limited* (徐州泓厚房地產開發有限公司), a company established under the laws of the PRC with limited liability and indirectly owned by the Company as to 25% as at the date of this announcement
“Xuzhou Hongshuo”	Xuzhou Hongshuo Property Development Company Limited* (徐州弘碩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

“Xuzhou Hongyao” Xuzhou Hongyao Property Development Company Limited* (徐州弘耀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

“%” per cent

* *for identification purpose only*

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

Hong Kong, 26 July 2019

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.