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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
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN KAIFENG CITY BAOLONG REAL ESTATE
DEVELOPMENT COMPANY LIMITED*
(開封市寶隆房地產開發有限公司)

THE ACQUISITION

The Board is pleased to announce that on August 16, 2018 (after trading hours), Suzhou Hong Yang Properties, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Jiangsu Thriving, pursuant to which Suzhou Hong Yang Properties has agreed to acquire, and Jiangsu Thriving has agreed to dispose, the entire equity interest in the Target Company at the Consideration of RMB867,743,900.

Upon completion of the Acquisition, Suzhou Hong Yang Properties will hold the entire equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules exceed(s) 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on August 16, 2018 (after trading hours), Suzhou Hong Yang Properties, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Jiangsu Thriving pursuant to which Suzhou Hong Yang Properties has agreed to acquire, and Jiangsu Thriving has agreed to dispose, the entire equity interest in the Target Company at the Consideration of RMB867,743,900.

THE ACQUISITION

The Equity Transfer Agreement

Date:

August 16, 2018 (after trading hours)

Parties:

- (1) Jiangsu Thriving, as vendor;
- (2) Suzhou Hong Yang Properties, as purchaser;
- (3) Nanjing Changfa Jiangbei Investment, as vendor's guarantor; and
- (4) Suzhou Hong Yang Real Estate, as purchaser's guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, Jiangsu Thriving and Nanjing Changfa Jiangbei Investment are Independent Third Parties.

Subject matter:

Pursuant to the Equity Transfer Agreement, Suzhou Hong Yang Properties has agreed to acquire, and Jiangsu Thriving has agreed to dispose, the entire equity interest in the Target Company.

The Target Company is principally engaged in property development and holds the Kaifeng Project. Details of the Kaifeng Project are set out in the paragraph headed "Information on the Target Company — The Kaifeng Project" below.

For details of the financial information of the Target Company, please refer to the paragraph headed "Information on the Target Company — The Kaifeng Project" below.

Consideration:

The Consideration of RMB867,743,900 was arrived at based on normal commercial terms and after arm's length negotiations between Jiangsu Thriving and the Group, with reference to the development prospect of the Kaifeng Project, the average market price of similar parcels in the proximity, as well as the amount of the outstanding debt owed by the Target Company to Jiangsu Thriving. The Consideration has been agreed by the parties under the premises that (1) the financial information of the Target Company provided by Jiangsu Thriving is true and accurate; and (2) the outstanding debt in the amount of approximately RMB677,410,500 owed by the Target Company to Jiangsu Thriving will be fully settled with the Consideration before completion of the Acquisition.

The Consideration shall be payable by Suzhou Hong Yang Properties in the following manner:

- (1) Within two days after the Equity Transfer Agreement becoming effective, an amount of RMB50,000,000 shall be paid in escrow by Suzhou Hong Yang Properties to Jiangsu Thriving. Such amount shall be released as part of the Consideration upon completion of the relevant filing and registration procedures with the relevant PRC authorities and will be used for settling the outstanding debt owed by the Target Company to Jiangsu Thriving pursuant to the Equity Transfer Agreement.
- (2) Within two days and three days after the Equity Transfer Agreement becoming effective, an amount of RMB50,000,000 and RMB200,000,000 shall be paid by Suzhou Hong Yang Properties into the Target Company and the Jointly Managed Account, respectively. Such amounts shall be used to settle the outstanding debt owed by the Target Company to Jiangsu Thriving pursuant to the Equity Transfer Agreement.
- (3) Within one business day upon receiving a revised business license of the Target Company showing Suzhou Hong Yang Properties as a registered shareholder of 40% of its equity interest, Suzhou Hong Yang Properties shall make a payment in the amount of RMB100,000,000 into an account designated by Jiangsu Thriving to settle the outstanding debt owed by the Target Company to Jiangsu Thriving.
- (4) Before August 25, 2018, an amount of RMB467,743,900 shall be paid by Suzhou Hong Yang Properties into the Jointly Managed Account, RMB277,410,500 of which shall be used to settle the outstanding debt owed by the Target Company to Jiangsu Thriving pursuant to the Equity Transfer Agreement. The remaining RMB190,333,400 shall be released to Jiangsu Thriving after Jiangsu Thriving provides a receipt in compliance with relevant laws and regulations for certain payables of the Target Company pursuant to the Equity Transfer Agreement. Suzhou Hong Yang Properties may, at its discretion, settle such payment after August 25, 2018 but on day not later than September 30, 2018, provided that Suzhou Hong Yang Properties shall pay interest on the outstanding balance at a per annum rate of 12%.

The Consideration for the Acquisition will be financed by internal resources of Suzhou Hong Yang Properties or external financing.

Guarantee

Pursuant to the Equity Transfer Agreement, Nanjing Changfa Jiangbei Investment agreed to guarantee the performance of Jiangsu Thriving's obligations under the Equity Transfer Agreement and Suzhou Hong Yang Real Estate agreed to guarantee the performance of Suzhou Hong Yang Properties' obligations under the Equity Transfer Agreement.

Completion of the Acquisition:

Completion of the Acquisition shall take place on the day when all filing and registration procedures with the relevant PRC authorities in relation to the transfer of the entire equity interest in the Target Company are completed and the Consideration is fully settled.

Upon completion of the Acquisition, Suzhou Hong Yang Properties will hold the entire equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the 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 Kaifeng Project, being the sole project of the Target Company. As of the date of this announcement, the Target Company was a wholly-owned subsidiary of Jiangsu Thriving and had a registered capital of RMB100,000,000, which had been fully paid up by Jiangsu Thriving.

The Kaifeng Project

The Kaifeng Project is a residential property development project under development located west of Sixth Avenue* (六大街) and north of An Shun Road* (安順路) in Kaifeng City, Henan Province, the PRC, with a total site area of 63,532.75 square meters and a gross floor area of 243,033.708 square meters.

Financial information on the Target Group

As of May 31, 2018, the Target Company had an unaudited net asset value of approximately RMB94,952,988. The unaudited net loss (both before and after taxation) of the Target Company for the year ended 2017 was approximately RMB3,324,309.

INFORMATION ON PARTIES TO THE EQUITY TRANSFER AGREEMENT

Suzhou Hong Yang Properties 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.

Jiangsu Thriving is a company established under the laws of the PRC with limited liability and is principally engaged in real estate and commercial property development.

Nanjing Changfa Jiangbei Investment, a wholly-owned subsidiary of Jiangsu Thriving, is a company established under the laws of the PRC with limited liability and is principally engaged in corporate investment management, real estate development and property management.

Suzhou Hong Yang Real Estate, an indirect wholly-owned subsidiary of the Company, is a company established under the laws of the PRC with limited liability and is principally engaged in property development.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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. With the continuous steady development of the real estate market in the PRC, the Group believes that the Acquisition represents an investment opportunity for the Group to expand into central China and will enhance the Group's position in the PRC real property market.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the Acquisition were arrived at after arm's length negotiations among the parties, and are on normal commercial terms and fair and reasonable in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules exceed(s) 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, there is no other transaction entered into between any member of the Group, Jiangsu Thriving or their respective ultimate beneficial owner(s) within a 12-month period prior to the date of this announcement or otherwise related which would be required to be aggregated with the Acquisition as a series of transactions and treated as if they were one transaction under Rule 14.22 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company from Jiangsu Thriving by Suzhou Hong Yang Properties as contemplated under the Equity Transfer Agreement
“Board”	the board of directors of the Company
“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 person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the consideration for the Acquisition pursuant to the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated August 16, 2018 (after trading hours) entered into among Suzhou Hong Yang Properties as purchaser, Jiangsu Thriving as vendor, Nanjing Changfa Jiangbei Investment as vendor’s guarantor and Suzhou Hong Yang Real Estate as purchaser’s guarantor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party independent of the Company and its connected persons
“Jiangsu Thriving”	Jiangsu Thriving Industrial Real Estate Group Company Limited (江蘇興隆興業地產集團有限公司), a company established under the laws of the PRC with limited liability and an Independent Third Party
“Jointly Managed Account”	an bank account established in the name of Suzhou Hong Yang Properties for the purpose of the Acquisition, but is jointly managed by Jiangsu Thriving and Suzhou Hong Yang Properties
“Kaifeng Project”	a property development project located in Kaifeng City, Henan Province, the PRC, as further described in the paragraph headed “Information on the Target Company — The Kaifeng Project” in this announcement, being the sole project held by the Target Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Nanjing Changfa Jiangbei Investment”	Nanjing Changfa Jiangbei Investment Company Limited* (南京常發江北投資有限公司), a company established under the laws of the PRC with limited liability and is a wholly owned subsidiary of Jiangsu Thriving
“RMB”	Renminbi, the lawful currency of PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Hong Yang Properties”	Suzhou Hong Yang Properties Limited* (蘇州弘陽置業有限公司), a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Suzhou Hong Yang Real Estate”	Suzhou Hong Yang Real Estate Development Limited* (蘇州弘陽房地產開發有限公司), a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Target Company”	Kaifeng City Baolong Real Estate Development Company Limited* (開封市寶隆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 Jiangsu Thriving as of the date of this announcement
“%”	per cent

* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

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

Hong Kong, August 16, 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.