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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 55.25% EQUITY INTEREST IN
MINGLIU PROPERTIES WUHAN COMPANY LIMITED***
(名流置業武漢有限公司)

THE ACQUISITION

The Board is pleased to announce that on September 25, 2018, Nanjing Redsun, an indirect wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Xiamen Ying Tai Fu, pursuant to which Nanjing Redsun has agreed to acquire, and Xiamen Ying Tai Fu has agreed to dispose, a 55.25% equity interest in the Target Company (being the entire equity interest in the Target Company held by Xiamen Ying Tai Fu as of the date of this announcement) at the Consideration of RMB1,637,092,031.25.

Upon completion of the Acquisition, Nanjing Redsun will hold a 55.25% equity interest in the Target Company and the Target Company will become an indirect non-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 September 25, 2018, Nanjing Redsun, an indirect wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with Xiamen Ying Tai Fu pursuant to which Nanjing Redsun has agreed to acquire, and Xiamen Ying Tai Fu has agreed to dispose, a 55.25% equity interest in the Target Company (being the entire equity interest in the Target Company held by Xiamen Ying Tai Fu as of the date of this announcement) at the Consideration of RMB1,637,092,031.25.

THE ACQUISITION

The Equity Transfer Agreement Date:

September 25, 2018

Parties:

- (1) Xiamen Ying Tai Fu, as vendor; and
- (2) Nanjing Redsun, as purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, Xiamen Ying Tai Fu is an Independent Third Party.

Subject matter:

Pursuant to the Equity Transfer Agreement, Nanjing Redsun has agreed to acquire, and Xiamen Ying Tai Fu has agreed to dispose, a 55.25% equity interest in the Target Company, being the entire equity interest in the Target Company held by Xiamen Ying Tai Fu as of the date of this announcement.

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

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

Consideration:

The Consideration of RMB1,637,092,031.25 was arrived at based on normal commercial terms and after arm's length negotiations between Xiamen Ying Tai Fu and the Group, with reference to the development prospect of the Wuhan Project and the average market price of similar parcels in the proximity.

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

- (1) Within five business days after the execution of the Equity Transfer Agreement, an amount of RMB1,139,842,031.25 shall be paid by Nanjing Redsun into Xiamen Yin Tai Fu's bank account, or a bank account designated by Xiamen Yin Tai Fu.
- (2) An amount of RMB397,800,000 shall be payable in two installments by Nanjing Redsun to Shen Yang Yu Hong Yong An Cun Zhen Bank* (瀋陽于洪永安村鎮銀行) to settle the outstanding debt owed by the Target Company to the bank. The first installment in the amount of RMB298,350,000 shall be paid no later than November 10, 2018, and the second installment in the amount of RMB99,450,000 shall be paid no later than November 10, 2019.
- (3) An amount of RMB99,450,000 shall be paid no later than November 10, 2018 by Nanjing Redsun to Xiamen Ying Tai Fu to settle the outstanding debt owed by the Target Company to Xiamen Ying Tai Fu.

The Consideration for the Acquisition will be financed by the internal resources of Nanjing Redsun and external financing.

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 55.25% equity interest in the Target Company held by Xiamen Ying Tai Fu to Nanjing Redsun are completed and the Consideration is fully settled.

Upon completion of the Acquisition, Nanjing Redsun will hold a 55.25% equity interest in the Target Company and the Target Company will become an indirect non-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 Wuhan Project, being the sole project of the Target Company. As of the date of this announcement, the Target Company had a registered capital of RMB1,205,000,000 and was held by Xiamen Ying Tai Fu as to 55.25% and Wuhan Mingliu Real Estate Company Limited* (武漢名流地產有限公司), an independent third party, as to 44.75%, and the relevant registered capital have been paid in full, respectively.

The Wuhan Project

The Wuhan Project is a residential property development project located at Deng Jia Village* (鄧甲村), Han Yang District* (漢陽區) in Wuhan City, Hubei Province, the PRC. It comprises seven land lots (NK1 — NK7), the details of which are as follows:

(a) NK1

NK1 is a vacant land with an aggregate GFA of approximately 204,243 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.

(b) 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 December 16, 2015. As of the date of this announcement, there was no unsold saleable GFA.

(c) 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 May 18, 2015. As of the date of this announcement, there was no unsold saleable GFA.

(d) 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 December 16, 2015. As of the date of this announcement, there was no unsold saleable GFA.

(e) 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 December 18, 2014. As of the date of this announcement, there was no unsold saleable GFA.

(f) NK6

NK6 has an aggregate GFA of approximately 72,626 sq.m. and saleable GFA of approximately 53,336 sq.m. Construction thereon has been completed and the certificate of completion was obtained on February 2, 2018. As of the date of this announcement, the total saleable GFA unsold was 8,452 sq.m.

(g) 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 December 2021.

Financial information on the Target Company

As of July 31, 2018, the Target Company had an unaudited total asset value of approximately RMB3,639,786,194 and an unaudited net asset value of approximately RMB1,185,500,115. The audited net loss before taxation of the Target Company was RMB84,545,824 and RMB45,462,705, respectively, for the financial years ended December 31, 2016 and 2017. The audited net loss after taxation of the Target Company was RMB84,691,706 and RMB45,462,705, respectively, for the financial years ended December 31, 2016 and 2017.

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

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.

Xiamen Ying Tai Fu is a company established under the laws of the PRC with limited liability and is principally engaged in real estate development.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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. 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 further 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, Xiamen Ying Tai Fu 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 a 55.25% equity interest in the Target Company from Xiamen Ying Tai Fu by Nanjing Redsun 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
“GFA”	gross floor area
“Equity Transfer Agreement”	the equity transfer agreement dated September 25, 2018 entered into between Nanjing Redsun as purchaser and Xiamen Ying Tai Fu as vendor regarding the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and its connected persons
“Jointly Managed Account”	a bank account established in the name of Nanjing Redsun for the purpose of the Acquisition, but is jointly managed by Xiamen Ying Tai Fu and Nanjing Redsun
“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 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 an indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the shareholder(s) of the Company
“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 was held by Xiamen Ying Tai Fu as to as to 55.25% and Wuhan Mingliu Real Estate Company Limited * (武漢名流地產有限公司), an independent third party, as to 44.75% as of the date of this announcement
“Wuhan Project”	a property development project located in Wuhan City, Hubei Province, the PRC, as further described in the paragraph headed “Information on the Target Company — The Wuhan Project” in this announcement, being the sole project held by the Target Company
“Xiamen Ying Tai Fu”	Xiamen Ying Tai Fu Real Estate Company Limited* (廈門市英泰富房地產有限公司), a company established under the laws of the PRC with limited liability and an Independent Third Party
“%”	per cent

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

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

Hong Kong, September 25, 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.