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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 AND CONNECTED TRANSACTION DISPOSAL OF EQUITY INTERESTS IN PROJECT COMPANY**

### **EQUITY TRANSFER AGREEMENT**

On 15 August 2022, Guangzhou Hongyu (an indirect wholly-owned subsidiary of the Company), Guangzhou Merchants, Wuhan Dabenying and the Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Hongyu agreed to sell the Sale Shares and the Sale Loan, and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan, for an aggregate consideration of RMB856,812,677.90. Upon completion of the Disposal, the Project Company will cease to be a subsidiary of the Company and the financial results of the Project Company will no longer be consolidated with the financial statements of the Group.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, as at the date of the Equity Transfer Agreement, Guangzhou Merchants and Wuhan Dabenying are substantial shareholders of the Project Company, being a non-wholly owned subsidiary of the Company, and hence connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Guangzhou Merchants and Wuhan Dabenying are connected persons of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the Disposal is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **EQUITY TRANSFER AGREEMENT**

On 15 August 2022, Guangzhou Hongyu (an indirect wholly-owned subsidiary of the Company), Guangzhou Merchants, Wuhan Dabenying and the Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Hongyu agreed to sell the Sale Shares and the Sale Loan, and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan, for an aggregate consideration of RMB856,812,677.90. The principal terms of the Equity Transfer Agreement are set out below:

**Date:** 15 August 2022

**Parties:**

- (a) Guangzhou Hongyu, an indirect wholly-owned subsidiary of the Company;
- (b) Guangzhou Merchants, a company established in the PRC with limited liability;
- (c) Wuhan Dabenying, a company established in the PRC with limited liability; and
- (d) the Project Company, a company established in the PRC with limited liability which is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying as at the date of this announcement.

**Subject Matter**

Pursuant to the Equity Transfer Agreement, Guangzhou Hongyu agreed to sell the Sale Shares, representing 34% equity interests in the Project Company, and the Sale Loan, representing the shareholder's loan owed by the Project Company to Guangzhou Hongyu; and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan. Upon completion of the Disposal, the Project Company will cease to be a subsidiary of the Company and the financial results of the Project Company will no longer be consolidated with the financial statements of the Group.

## **Consideration**

Pursuant to the Equity Transfer Agreement, the respective consideration payable by each of Guangzhou Merchants and Wuhan Dabenying shall be RMB428,406,338.95, which consists of:

- (a) the consideration for the transfer of 50% of the Sale Shares, representing 17% equity interests in the Project Company, in the amount of RMB171,000,000; and
- (b) the consideration for the assignment of 50% of the Sale Loan in the amount of RMB257,406,338.95,

and accordingly the aggregate consideration of the Disposal shall be RMB856,812,677.90.

Guangzhou Merchants and Wuhan Dabenying shall deposit the consideration to the escrow account confirmed by Guangzhou Merchants and Guangzhou Hongyu, and the escrow account confirmed by Wuhan Dabenying and Guangzhou Hongyu (the “**Escrow Accounts**”), respectively, within two working days after the signing of the Equity Transfer Agreement.

The consideration was determined on the basis of normal commercial terms and after arm’s length negotiations with reference to, among others, the estimated valuation of the Project Company’s equity and the amount of the Sale Loan.

## **Completion**

The completion of the Disposal shall take place on the day on which the local market supervision and administration authority issues the notice of registration of approval for the Disposal or the Project Company obtains the new business licence. The consideration deposited in the Escrow Accounts shall be released by the escrow banks to the bank account designated by Guangzhou Hongyu after receiving instructions from Guangzhou Merchants and Wuhan Dabenying, respectively, and the instructions shall be given within one working day after the completion of the Disposal takes place.

Among others, within seven days from the date of completion of the registration of the change of shareholding pursuant to the Equity Transfer Agreement, the Project Company shall cease to use all the brands related to “Hongyang” and complete the renaming of the projects accordingly.

## **INFORMATION OF THE PARTIES**

Guangzhou Merchants, a company established in the PRC with limited liability, is principally engaged in management of property development and sales of property in the PRC. It is an indirect wholly-owned subsidiary of China Merchants Land Limited, the

shares of which are listed on the main board of the Stock Exchange (Stock Code: 978) and is in turn owned by CMSK as to approximately 74.35% as at the date of this announcement.

Guangzhou Hongyu, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development.

Wuhan Dabenying, a company established in the PRC with limited liability, is principally engaged in management consultation and property management in the PRC. It is a direct wholly-owned subsidiary of Langold Real Estate Co., Ltd.\* (南國置業股份有限公司), the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 002305). As at the date of this announcement, Langold Real Estate Co., Ltd.\* is owned by Power China Real Estate Group Ltd. (中國電建地產集團有限公司), being its largest shareholder, as to approximately 22.4%. Power China Real Estate Group Ltd. is a wholly owned subsidiary of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司), the shares of which are listed on Shanghai Stock Exchange (Stock Code: 601669).

#### **INFORMATION OF THE PROJECT COMPANY**

The Project Company is a company established in the PRC with limited liability on 7 May 2021 which is principally engaged in property development of the Land. As at the date of this announcement, the Project Company is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying.

The table below sets forth a summary of certain financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the period from 7 May 2021 (being the date of establishment of the Project Company) to 31 December 2021 and the period from 1 January 2022 to 31 July 2022:

	<b>For the period from 7 May 2021 to 31 December 2021 <i>RMB'000</i> (unaudited)</b>	<b>For the period from 1 January 2022 to 31 July 2022 <i>RMB'000</i> (unaudited)</b>
Net loss before taxation	3,793	3,377
Net loss after taxation	2,844	2,675

The unaudited net asset value of the Project Company as at 31 July 2022 was approximately RMB1,794,480,000.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon completion of the Disposal, it is estimated that the Company would record a loss on the Disposal before taxation of approximately RMB270 million, being the difference between the net investment of the Company of approximately RMB1,126,800,000 and the total consideration for the Disposal of RMB856,812,677.90. The actual loss as a result of the Disposal to be recorded by the Group shall be subject to final audit to be performed by the Company's auditors.

## **USE OF PROCEEDS**

The Company intends to use the proceeds from the Disposal for concentrating resources to strengthen the Company's development and enhance the Company's competitiveness.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Upon completion of the Disposal, it will be beneficial for the Company to strengthen its cash flow, which can facilitate further development of guaranteed delivery and guaranteed operation.

The terms of the Equity Transfer Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the 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 its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, as at the date of the Equity Transfer Agreement, Guangzhou Merchants and Wuhan Dabenying are substantial shareholders of the Project Company, being a non-wholly owned subsidiary of the Company, and hence connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Guangzhou Merchants and Wuhan Dabenyong are connected persons of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the Disposal is on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

None of the Directors have any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and accordingly, none of the Directors are required to abstain from voting on the Board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“CMSK”	China Merchants Shekou Industrial Zone Holdings Company Limited (招商局蛇口工業區控股股份有限公司), a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979 (A share)) and more than 63% of its total issued share capital are held by China Merchants Group Limited (招商局集團有限公司) (a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council), being the intermediate controlling shareholder of Guangzhou Merchants and indirectly holds approximately 74.35% of the total issued share capital of Guangzhou Merchants as at the date of this announcement
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

“Directors”	the directors of the Company
“Disposal ”	the disposal of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 15 August 2022 entered into between Guangzhou Merchants, Guangzhou Hongyu, Wuhan Dabenying and the Project Company in respect of the Disposal
“Group”	the Company and its subsidiaries
“Guangzhou Hongyu”	Guangzhou Hongyu Real Estate Development Co., Ltd* (廣州市弘裕房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Guangzhou Merchants”	Guangzhou Merchants Property Development Limited* (廣州招商房地產有限公司), a company established in the PRC with limited liability and a party to the Equity Transfer Agreement
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Land”	a piece of land situated at Lot AB2401065, AB2401073 and AB2401076, Chaoyang Lianxin East Street, Shimen Street, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區石門街朝陽聯新東街 AB2401065, AB2401073, AB2401076地塊) with a site area of 88,941 sq. m.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Guangzhou Zhaoying Real Estate Co., Ltd.* (廣州招贏房地產有限責任公司), a company established in the PRC with limited liability on 7 May 2021 which is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying as at the date of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan owed by the Project Company to Guangzhou Hongyu in the amount of RMB514,812,677.9
“Sale Shares”	the 34% equity interests in the Project Company held by Guangzhou Hongyu as at the date of this announcement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Wuhan Dabenying”	Wuhan Dabenying Commercial Management Co., Ltd.* (武漢大本營商業管理有限公司), a company established in the PRC with limited liability and a party to the Equity Transfer Agreement
“%”	per cent

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

Hong Kong, 15 August 2022

*As of the date of this announcement, the executive Directors are Mr. Zeng Huansha, Mr. Zeng Junkai and Mr. Lui Wai Pang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.*

*\* for identification purposes only*