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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 PROVISION OF FINANCIAL ASSISTANCE TO A JOINT VENTURE

On 23 November 2020, the Borrower (a joint venture company owned as to 49% by Hong Yang Land, which is in turn an indirect wholly-owned subsidiary of the Company) and the Syndicate entered into the Syndicated Loan Agreement, pursuant to which the Syndicate, comprising Bank of Communications (as the leading bank, the agent bank and a lending bank) and Ping An Bank (as a co-leading bank and a lending bank), has agreed to provide the Syndicated Loan in the principal amount of up to RMB1,730,000,000 to the Borrower for a term of three years from the date of withdrawal of the Syndicated Loan for the development of the Nanjing Land Project.

In connection therewith, on 11 January 2021,

- (i) Hong Yang Land (an indirect wholly-owned subsidiary of the Company), as guarantor, entered into the First Guarantee Agreement with Bank of Communications in connection with the Syndicated Loan Agreement, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of the Syndicate for an amount of up to RMB847,700,000 (representing 49% of the entire principal amount of RMB1,730,000,000 of the Syndicated Loan to be provided by the Syndicate under the Syndicated Loan Agreement) to guarantee the repayment obligations of the Borrower; and
- (ii) Hong Yang Land, as guarantor, entered into the Second Guarantee Agreement with Ping An Bank in connection with the Syndicated Loan Agreement, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of Ping An Bank for an amount of up to RMB392,000,000 (representing 49% of RMB800,000,000, being the portion of the principal amount of the Syndicated Loan to be provided by Ping An Bank as a member bank of the Syndicate under the Syndicated Loan Agreement) to guarantee the repayment obligations of the Borrower.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Guarantee Agreements exceeds 5% but are all below 25%, the entering into of the Guarantee Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 23 November 2020, the Borrower (a joint venture company owned as to 49% by Hong Yang Land, which is in turn an indirect wholly-owned subsidiary of the Company) and the Syndicate entered into the Syndicated Loan Agreement, pursuant to which the Syndicate, comprising Bank of Communications (as the leading bank, the agent bank and a lending bank) and Ping An Bank (as a co-leading bank and a lending bank), has agreed to provide the Syndicated Loan in the principal amount of up to RMB1,730,000,000 to the Borrower for a term of three years from the date of withdrawal of the Syndicated Loan for the development of the Nanjing Land Project.

In connection therewith, on 11 January 2021,

- (i) Hong Yang Land (an indirect wholly-owned subsidiary of the Company), as guarantor, entered into the First Guarantee Agreement with Bank of Communications in connection with the Syndicated Loan Agreement, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of the Syndicate for an amount of up to RMB847,700,000 (representing 49% of the entire principal amount of RMB1,730,000,000 of the Syndicated Loan to be provided by the Syndicate under the Syndicated Loan Agreement) to guarantee the repayment obligations of the Borrower; and
- (ii) Hong Yang Land, as guarantor, entered into the Second Guarantee Agreement with Ping An Bank in connection with the Syndicated Loan Agreement, pursuant to which Hong Yang Land agreed to provide a joint liability guarantee in favour of Ping An Bank for an amount of up to RMB392,000,000 (representing 49% of RMB800,000,000, being the portion of the principal amount of the Syndicated Loan to be provided by Ping An Bank as a member bank of the Syndicate under the Syndicated Loan Agreement) to guarantee the repayment obligations of the Borrower.

THE GUARANTEE AGREEMENTS

The principal terms of the Guarantee Agreements are set out as follows:

The First Guarantee Agreement

Date: 11 January 2021

Parties: (1) Hong Yang Land (as guarantor); and
(2) Bank of Communications (as the agent bank, for and on behalf of the Syndicate)

Guarantee: Hong Yang Land agreed to provide a joint liability guarantee in favour of the Syndicate to guarantee the repayment obligation of the Borrower under the Syndicated Loan Agreement for an amount of up to RMB847,700,000 (representing 49% of the entire principal amount of RMB1,730,000,000 of the Syndicated Loan to be provided by the Syndicate under the Syndicated Loan Agreement).

Term of guarantee: For a period commencing from the date of the First Guarantee Agreement and ending on the date of expiry of a three-year period after the discharge of all of the repayment obligations of the Borrower under the Syndicated Loan Agreement

The Second Guarantee Agreement

Date: 11 January 2021

Parties: (1) Hong Yang Land (as guarantor); and
(2) Ping An Bank (as co-leading bank and lending bank)

Guarantee: Hong Yang Land agreed to provide a joint liability guarantee in favour of Ping An Bank to guarantee the repayment obligation of the Borrower under the Syndicated Loan Agreement for an amount of up to RMB392,000,000 (representing 49% of RMB800,000,000, being the portion of the principal amount of the Syndicated Loan to be provided by Ping An Bank as a member bank of the Syndicate under the Syndicated Loan Agreement).

Term of guarantee: For a period commencing from the date of the Second Guarantee Agreement and ending on the expiry of a three-year period after the discharge of all of the repayment obligations of the Borrower under the Syndicated Loan Agreement

The maximum liability of Hong Yang Land under the Guarantee Agreements is RMB847,700,000 (being 49% of the entire principal amount of the Syndicated Loan to be provided by the Syndicate as guaranteed under the First Guarantee Agreement, among which an amount of up to RMB392,000,000, being 49% of the portion of the principal amount of the Syndicated Loan to be provided by Ping An Bank, is also guaranteed under the Second Guarantee Agreement), and Hong Yang Land will not receive any fee or commission for the provision of the Guarantees pursuant to the arrangements amongst the parties.

INFORMATION ON THE PARTIES TO THE GUARANTEE AGREEMENTS

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.

Hong Yang Land

Hong Yang Land 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.

The Borrower

The Borrower is a company established under the laws of the PRC with limited liability which is owned as to 49% by Nanjing Hongjie (an indirect wholly-owned subsidiary of Hong Yang Land), 49% by Nanjing Zhengyun (an indirect wholly-owned subsidiary of Zhenro Properties) and 2% by Nanjing Bofeilong which is owned as to 100% by Mr. Wang Hong (王宏). It is principally engaged in property development.

Bank of Communications

Bank of Communications is a licensed banking institution in the PRC and provides a variety of banking services to corporate and personal banking customers. It is a branch of Bank of Communications Co., Ltd., a company of which shares are listed on the Main Board of the Stock Exchange (stock code: 3328).

Ping An Bank

Ping An Bank is a licensed banking institution in the PRC and provides a variety of banking services to corporate and personal banking customers. It is a branch of Ping An Bank Co., Ltd., a company of which shares are listed on the Shenzhen Stock Exchange (stock code: 00001).

To the best of the Director's knowledge, information and belief, and after making all reasonable enquiries, Bank of Communications, Ping An Bank and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE GUARANTEE AGREEMENTS

The Borrower is a joint venture company owned as to 49% by Hong Yang Land. The principal activity of the Borrower is property development, including the investment for and development of the Nanjing Land Project.

Nanjing Land Project is a residential development project located at Nanjing, the PRC. Given the vast demand for high-quality residential projects in the region, the Group believes that the completion of Nanjing Land Project will generate additional sources of income for the Borrower.

The provision of the Guarantees by Hong Yang Land under the Guarantee Agreements will facilitate the Borrower to meet its funding needs for the development of the Nanjing Land Project. Pursuant to the Guarantee Agreements, the maximum liability of the Group to the Syndicate would be limited to a maximum amount of RMB847,700,000 (including the amount of guarantee of up to RMB392,000,000 to Ping An Bank), which is determined after arm's length negotiation amongst the parties and proportionate to the 49% indirect equity interest held in the Borrower by Hong Yang Land. The Company considers that risk associated with the provision of the Guarantees by Hong Yang Land to be fair and controllable since the shareholders of the Borrower (being Hong Yang Land, Nanjing Zhengyun and Nanjing Bofeilong) will each, on a several basis, provide a guarantee in proportion to their respective shareholdings in the Borrower, and the Nanjing Land Project, benefitting from its favorable location, is expected to bring a stable source for repayment in the future.

The proceeds from the Syndicated Loan will be solely applied towards the development of the Nanjing Land Project. As such, the provision of the Guarantees by the Group would help provide funding at commercially favorable terms to support the continuous development of the Nanjing Land Project, which would ultimately benefit the Group as a 49% indirect shareholder.

Based on the above factors and taking into consideration the financial position of the Borrower, the Directors (including the independent non-executive Directors) are of the view that the terms of the Guarantee Agreements were determined through arm's length negotiations, 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

As one or more of the applicable percentage ratios in respect of the Guarantee Agreements exceeds 5% but are all below 25%, the entering into of the Guarantee Agreements and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is 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:

“Bank of Communications”	Jiangsu Branch of Bank of Communications Co., Ltd. (交通銀行股份有限公司江蘇省分行)
“Board”	the board of Directors
“Borrower”	Nanjing Hongzheng Real Estate Co., Ltd.* (南京弘正房地產開發有限公司), a company established under the laws of the PRC with limited liability
“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 Guarantee”	the joint liability guarantee provided by Hong Yang Land in favour of the Syndicate in respect of the Syndicated Loan pursuant to the terms of the First Guarantee Agreement
“First Guarantee Agreement”	the guarantee agreement dated 11 January 2021 entered into between Hong Yang Land and Bank of Communications
“Group”	the Company and its subsidiaries

“Guarantee Agreements”	collectively, the First Guarantee Agreement and the Second Guarantee Agreement
“Guarantees”	collectively, the First Guarantee and the Second Guarantee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Yang Land”	Hong Yang Land Company Limited (弘陽置地(集團)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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanjing Bofeilong”	Nanjing Bofeilong Construction Engineering Co., Ltd.* (南京博飛隆建築工程有限公司), a company established under the laws of the PRC with limited liability
“Nanjing Hongjie”	Nanjing Hongjie Real Estate Development Co., Ltd.* (南京弘傑房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect subsidiary of Hong Yang Land
“Nanjing Land Parcel”	a land parcel located in Nanjing, the PRC (no.2020G40), with a total site area of approximately 65,226.7 square meters
“Nanjing Land Project”	the development project located in Nanjing, the PRC undertaken by the Borrower for the land parcel no.2020G40
“Nanjing Zhengyun”	Nanjing Zhengyun Real Estate Development Co., Ltd.* (南京正韻置業發展有限公司), a company established under the laws of the PRC with limited liability and an indirect subsidiary of Zhenro Properties
“Ping An Bank”	Nanjing Branch of Ping An Bank Co., Ltd. (平安銀行股份有限公司南京分行)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Guarantee”	the joint liability guarantee provided by Hong Yang Land in favour of Ping An Bank in respect of the Syndicated Loan pursuant to the terms of the Second Guarantee Agreement

“Second Guarantee Agreement”	the guarantee agreement dated 11 January 2021 entered into between Hong Yang Land and Ping An Bank
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Syndicate”	the syndicate of banks formed by Bank of Communications (as the leading bank, the agent bank and a lending bank) and Ping An Bank (as a co-leading bank and a lending bank) under the Syndicated Loan Agreement
“Syndicated Loan”	the loan in the principal amount of up to RMB1,730,000,000 from the Syndicate to the Borrower pursuant to the Syndicated Loan Agreement
“Syndicated Loan Agreement”	the syndicated loan agreement dated 23 November 2020 entered into between the Borrower and the Syndicate
“Zhenro Properties”	Zhenro 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: 6158)
“%”	per cent

* *for identification purposes only*

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

Hong Kong, 11 January 2021

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 Director is Mr. Jiang Daqiang; and the independent non-executive Directors are Mr. Lee Kwok Tung Louis, Mr. Leung Yau Wan John and Mr. Au Yeung Po Fung.