

**THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE REGISTERED AND BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF BENEFICIAL OWNERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.**

**If you have recently sold or otherwise transferred your entire holding(s) of Notes (as defined below), you should immediately forward this document to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

August 24, 2022

**NOTICE TO HOLDERS OF**  
**US\$350,000,000 7.30% Senior Notes Due 2025**  
**Issued by**  
**Redsun Properties Group Limited**  
**(ISIN: XS2244315110; Common Code: 224431511)**  
**(the “2025 Notes”)**

Reference is made to that certain indenture, dated as of January 13, 2021 (the “**Indenture**”), among, *inter alios*, Redsun Properties Group Limited, as issuer (the “**Issuer**”), The Bank of New York Mellon, London Branch, as trustee (the “**Trustee**”). Capitalized terms used but not defined in this notice have the meanings given in the Indenture.

**Notice of Event of Default**

We note that, on August 11, 2022, the Issuer issued a Profit Warning and Appointment of External Advisors notice (the “**Profit Warning Notice**”) (appended to this notice), in which the Issuer stated, among other things, that:

“As at the date of this announcement, the most recently due interest payment on the 2025 Notes (as defined in this announcement) has not been made and it is not expected that it will be made by the expiry of the grace period on 12 August 2022. This may, subject to the conditions under the relevant indenture, result in demand by the holders of the 2025 Notes for immediate redemption, which may further result in cross default and acceleration of the Company’s other indebtedness including the USD Notes (as defined in this announcement). As at the date of this announcement, none of such events has occurred.”

The Bank of New York Mellon, London Branch, as paying agent has not received, as of the date hereof, the full payment of interest which was due and payable on July 13, 2022. Such amounts are due from the Issuer pursuant to Section 4.01(a) of the Indenture and Section 1 of the Global Notes.

Pursuant to Section 6.01(a) of the Indenture, an event of default occurs when there is a default in the payment of interest on any 2025 Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days (the “**Event of Default**”).

Further, pursuant to Section 6.02 of the Indenture, if the Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the 2025 Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or pre-funding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the 2025 Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable.

A letter has been sent by the Trustee to the Issuer requesting the Issuer to confirm what action it proposes to take in respect of the Event of Default.

### **Direction from Holders**

As more fully set forth in Section 6.05 of the Indenture, and subject to the conditions set forth in Article 7 of the Indenture, Holders of at least a majority in aggregate principal amount of the outstanding 2025 Notes may direct the time, method, and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. We also note that Section 7.01(d) of the Indenture provides that the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any Holders, unless such Holders have provided to the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any loss, liability or expenses that might be suffered or incurred by it in compliance with such request or direction.

The Holders are requested to contact the Trustee in accordance with the procedures set out below and provide their proposed instructions as to what actions (if any) such Holders request the Trustee to take in relation to the Event of Default, and indemnification and/or security and/or pre-funding (to the Trustee’s satisfaction).

### **Verification of Holdings**

Please note that in any correspondence with the Trustee, the Holders will be required to submit their proof of holding(s) together with due written authorization. Accordingly, in order to facilitate any communications with the Holders and the provision of any information such as transaction documents, the Trustee hereby invites the Holders to make themselves known to the Trustee and to verify their holdings of their applicable 2025 Notes to the Trustee contacting their custodian and directing it to have Euroclear/Clearstream send a SWIFT to The Bank of New York Mellon, London Branch (IRVTGB2XEXC) (attention: Default Group – Jeremy Hollingsworth) disclosing:

1. ISIN for the 2025 Notes (XS2244315110);
2. account no.;
3. participant name;

4. nominal amount; and
5. beneficial holder details (including email address).

### **Contact Details of the Trustee**

The Trustee may be contacted using the following details:

Address: The Bank of New York Mellon, London Branch  
One Canada Square,  
London  
E14 5AL

with a copy to:

The Bank of New York Mellon  
Level 5, 360 Collins Street  
Melbourne, Victoria 3000  
Australia

For the attention of:  
Email:

Jeremy Hollingsworth  
[jeremy.hollingsworth@bnymellon.com](mailto:jeremy.hollingsworth@bnymellon.com) with copy to  
[dagemea@bnymellon.com](mailto:dagemea@bnymellon.com)

The above communication is made without prejudice to any and all of the rights of the Trustee under the Indenture, all of which are expressly reserved.

### **Further Information**

**The Trustee provides the information above for the information of Holders, but makes no representation as to the accuracy or completeness thereof and cannot accept any liability for any loss caused by any inaccuracy therein. Holders should not rely on the Trustee as their sole source of information and are encouraged to review notices and announcements published by the Issuer on The Stock Exchange of Hong Kong Limited and its own website (<https://en.rsunproperty.hk/invest/info3>) on a regular basis. The Trustee expresses no opinion as to the action (if any) that Holders should take in relation to the matters set out above.**

**The Trustee makes no recommendations and gives no legal, investment, accounting, financial, or tax advice herein or as to the 2025 Notes generally. Holders should take and rely on their own independent legal, financial or other professional advice, and may not rely on advice or information provided to the Trustee, statements as to the legal position included in notices issued by the Trustee relating to the 2025 Notes or otherwise or the views of the Trustee expressed herein or otherwise.**

**ISIN and Common Code numbers appearing herein have been included solely for the convenience of the Holders. The Trustee assumes no responsibility for the selection or use of such number and makes no representation as to the correctness of the numbers listed above.**

**The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of significant information to all Holders or parties in**

interest. In such event, the Trustee may decline to provide a response to a particular inquiry when presented in favor of sending a notice to all Holders setting forth such specific response.

This notice is given by  
**THE BANK OF NEW YORK MELLON, LONDON BRANCH**  
in its capacity as the Trustee

## **APPENDIX**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **PROFIT WARNING AND APPOINTMENT OF EXTERNAL ADVISORS**

This announcement is made by Redsun Properties Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09, Rule 37.47, Rule 37.47A, Rule 37.47B and Rule 37.47E of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

### **Profit Warning**

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the latest available unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (the “**Period**”), the Group is expected to record net loss during the Period in the range of approximately RMB350 million to RMB450 million (the corresponding period in 2021: net profit of RMB990 million).

The net loss of the Period was mainly attributable to the facts that (1) the overall market size of the real estate industry declined and the gross profit of the projects which the Company closed for settlement during the Period was relatively low; (2) as the COVID-19 pandemic continues, the selling prices of the development projects of the Group fell short of expectation. Both the occupancy rate and rental income of investment properties have decreased. During the Period, the fair value assessment of non-recurring profit or loss is estimated to be impaired. The impairment loss of assets arising from the provision for decline in value of inventories based on the principle of prudence is expected to increase; and (3) there has incurred significant exchange loss in respect of the USD-denominated debts of the Group due to the depreciation of RMB against USD.

As at the date of this announcement, the Company is still in the process of finalizing the interim results of the Group for the Period. The information in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group for the Period, which have not been finalized or reviewed by the Company's auditor or the audit committee of the Company. The actual financial results of the Group for the Period may differ from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to carefully read the interim results announcement of the Company for the six months ended 30 June 2022, which will be published by the Company by the end of August 2022.

### **Appointment of External Advisors**

The real property sector in China has experienced dramatic changes since mid-2021. It has become increasingly difficult for many Chinese property developers to obtain external financing in both the domestic and offshore lending and capital markets. Access to the traditional channels for financing and refinancing, such as bank loans and in particular the offshore debt capital markets is effectively closed to the private-owned Chinese property developers. Coupled with other factors, such as the recent outbreak of the COVID-19 epidemic in the regions where the Company operates, the deteriorating market conditions have affected consumer confidence and sentiment and further led to a significant slowdown in sales of residential property in China. As a result, the contracted sales of the Group declined significantly, which further exacerbated the constraints of the Company's liquidity.

In light of such circumstances, the Company has taken various measures to maintain the stability of the operations of the Group and has made "guaranteed delivery" its top priority to ensure that the sold projects are delivered on schedule so as to protect the interests of the home buyers. Since 1 January 2022 and up to 30 June 2022, the Group has completed and delivered a total of 27,078 units of property with an aggregate GFA of 3.78 million square meters.

At the same time, the Company endeavored and exerted its upmost effort to meet its debt obligations. Since 1 January 2022 and up to 30 June 2022, the Company proactively managed and repaid its indebtedness, and the total principal amount of debt reduced through such repayment, plus the amount of interest payments, amounted to US\$1,522.71 million, of which US\$616.36 million was offshore. Such offshore debt the Company repaid during this period includes the US\$450,000,000 9.95% senior notes due in April 2022 with the last interest payment.

Despite of the Company's relentless efforts in proactively managing its exposure under all of its indebtedness, it remains under significant pressure. The Company has certain offshore senior notes and bank loans that will become due, and Company cannot guarantee that it will be able to meet the obligations, including the repayment of principal and interest when they fall due or within the relevant grace period. As at the date of this announcement, the most recently due interest payment on the 2025 Notes (as defined in this announcement) has not been made and it is not expected that it will be made by the expiry of the grace period on 12 August 2022. This may, subject to the conditions under the relevant indenture, result in demand by the holders of the 2025 Notes for immediate redemption, which may further result in cross default and acceleration of the Company's other indebtedness including the USD Notes (as defined in this announcement). As at the date of this announcement, none of such events has occurred.

In order to further engage with its offshore creditors to pursue a transparent dialogue in respect of matters of common interest, the Company has appointed Haitong International Securities Company Limited as its financial advisor and Linklaters as its legal advisor. The Company and the advisors will proactively communicate with all offshore creditors to explore all feasible options to pursue a holistic solution to the current situation. The Company will strive to uphold the principle of equitability and treat all offshore creditors fairly in the seeking of the holistic solution with a view to securing the long term future of the Company for the benefit of all stakeholders.

The Company encourages its offshore creditors to contact Haitong International Securities Company Limited and Linklaters in respect of the progress of the offshore debt solution. Their contact information is as the following:

**Haitong International Securities Company Limited**

Address: 28/F One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong

Tel: + 852 2840 1680

Email: [project.redsun.lm@htisec.com](mailto:project.redsun.lm@htisec.com)

**Linklaters**

Address: 11/F, Alexandra House, Chater Road, Hong Kong

Tel: + 852 2842 4888

Email: [dlredsun@linklaters.com](mailto:dlredsun@linklaters.com)

The Company will closely monitor the situation and provide updates as appropriate on any material developments.

The USD Notes issued by the Company includes:

<b>Notes</b> (collectively, the “ <b>USD Notes</b> ”)	<b>ISIN/Common Code</b>	<b>Stock Code</b>
US\$250 million 10.5% Senior Notes Due 2022	XS2009857884/200985788	05987
US\$455 million 9.70% Senior Notes Due 2023	XS2103199050/210319905	40126
US\$350 million 7.30% Senior Notes Due 2025 (the “ <b>2025 Notes</b> ”)	XS2244315110/224431511	40531
US\$210 million 7.30% Senior Green Notes Due 2024	XS2328508846/232850884	40690
US\$200 million 9.50% Senior Green Notes Due 2023	XS2384273475/238427347	40848

**Shareholders and other investors of the Company are advised not to rely solely on the information contained in this announcement and should exercise caution when dealing in the securities of the Company. When in doubt, the shareholders and other investors of the Company are advised to seek professional advice from their own professional or financial advisors.**

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

Hong Kong, 11 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.*