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FULLSUN INTERNATIONAL HOLDINGS GROUP CO., LIMITED

福晟國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 30% EQUITY INTEREST
IN THE TARGET COMPANY AND THE SHAREHOLDER'S LOAN**

ACQUISITION

On 30 December 2019 (after the trading hours of the Stock Exchange), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor and the Target Company, pursuant to which, among others, the Vendor has agreed to sell and the Purchaser has agreed to acquire 30% equity interest in the Target Company and the Shareholder's Loan at the aggregate consideration of RMB270,000,000.

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 30 December 2019 (after the trading hours of the Stock Exchange), the Vendor, the Purchaser and the Target Company entered into the Equity Transfer Agreement, the principal terms of which are set out below:

Date

30 December 2019

Parties

1. Changsha Guangan Property Development Co., Ltd.* (長沙廣安房地產開發有限公司), as the Vendor;
2. Guangzhou Pinli Trading Co., Ltd.* (廣州品禮貿易有限公司), as the Purchaser; and
3. Hunan Heda Investment Group Co., Ltd.* (湖南和達投資集團有限公司), as the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Vendor, the Target Company and their respective ultimate beneficial owners (where applicable) is a third party independent of the Company and its connected persons.

Subject matters

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Target Equity Interest and the Shareholder's Loan at the aggregate consideration of RMB270,000,000.

As at the date of this announcement, the equity interest of the Target Company is registered as to 51% in the name of Changsha Guangan, 39% in the name of the Trust Company and 10% in aggregate in the names of the Minority Shareholders respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Trust Company and the Minority Shareholders and their respective ultimate beneficial owners (where applicable) is a third party independent of the Company and its connected persons.

Further particulars of the Target Company are set out in the section headed “Information relating to the Target Company and the Project” below.

Consideration and payment terms

The Consideration is RMB270,000,000, comprising approximately RMB219,000,000 for the Target Equity Interest and approximately RMB51,000,000 for the Shareholder’s Loan, of which:

- (i) RMB300,000,000, as a refundable deposit, was paid in cash to Changsha Guangan by the Purchaser pursuant to the Letter of Intent, which will be applied to set off against an equivalent amount of the Consideration payable to Changsha Guangan on the Completion Date. The difference between the Consideration and the refundable deposit mentioned above amounting to RMB30,000,000 shall be refunded to the Purchaser within one business day from the date of the Equity Transfer Agreement; and
- (ii) within 20 business days from the date of the Equity Transfer Agreement, (a) Changsha Guangan shall transfer to the Purchaser the Target Equity Interest, and (b) Changsha Guangan shall assign the Shareholder’s Loan to the Purchaser.

The Consideration will be financed by internal resources of the Group.

The Consideration was determined upon arm’s length negotiation between the parties and the Group has taken into account the following factors: (i) the location, the development status (as disclosed in item (iii) of the section headed “Conditions precedent” in this announcement) and the prospects of the Project; (ii) the preliminary valuation of the Project as indicated by an independent valuer as at 31 August 2019 of approximately RMB2,200,000,000; and (iii) the synergetic effect that can be created between the Group and the Target Company.

Conditions precedent

The payment of Consideration and transfer of equity interest as disclosed in items (i) to (ii) of the section headed “Consideration and payment terms” in this announcement is conditional upon and subject to the following conditions, among others:

(i) with respect to the Target Equity Interest

- the Vendor agreeing to transfer to the Purchaser 30% equity interest in the Target Company owned by the Vendor and assign the Shareholder’s loan to the Purchaser;

- after the signing of the Equity Transfer Agreement and before Completion, there shall be no change in the equity interest of the Target Company owned by the Vendor and no obstacles to rights may be added over such equity interest without the written consent of the Purchaser;
- the Vendor having fully performed and complied with its obligations, representations and warranties, commitments, agreements and conditions under the Equity Transfer Agreement;

(ii) with respect to the Target Company

- there being no material adverse impact to the Target Company from the date of signing of the Equity Transfer Agreement up to the Completion Date;
- the Target Company having fully performed and complied with all obligations, representations and warranties, commitments, agreements and conditions as required under the Equity Transfer Agreement;

(iii) with respect to the Project

- all pre-sale permits have been obtained for the entirety of phase I of the Project, the gross floor area of which is 199,185.8 square metres;
- all pre-sale permits have been obtained for the entirety of the first batch of phase II of the Project, the gross floor area of which is 107,680.09 square metres;
- development and construction of the second batch of phase II, and phases III to IV of the Project has yet to commence;
- all the materials and information, including the project construction information, technical documentation, floor plans, administrative and financial information of the Target Company (including but not limited to original and electronic files) as required by the Purchaser have been prepared; and

(iv) with respect to the Listing Rules

- (where applicable) the Company shall have obtained the approval of the shareholders of the Company for the Equity Transfer Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

If any of the above conditions has not been fulfilled, the Purchaser shall have the right to terminate the Equity Transfer Agreement and seek the refund of the refundable deposit and any paid Consideration and damages from the Vendor.

Completion

The Completion Date shall fall on the date on which the Shareholder's Loan has been assigned to the Purchaser and the registration in respect of the transfer of the Target Equity Interest to the Purchaser with the relevant local Administration of Industry and Commerce Bureau has been completed.

Upon Completion, the Purchaser will be the registered owner of 30% equity interest in the Target Company. The results of the Target Company will not be consolidated into those of the Company.

Management of the Target Company

Subject to and upon Completion, the Purchaser shall have the right to nominate one director of the Target Company.

Information relating to the Target Company and the Project

The Target Company was established in the PRC in 2003 and is principally engaged in property development in Hunan Province, the PRC, i.e. the development of the Project.

The financial information of the Target Company for the two financial years ended 31 December 2018 according to its unaudited management accounts is set out below:

	For the year ended	
	31 December	
	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	42,525	15,327
Loss after tax	42,525	15,327

As at 31 October 2019, the net asset value of Target Company was approximately RMB1,397,826,000.

Information on the Vendor

Changsha Guangan is a company established in the PRC with limited liability and principally engaged in property development in the PRC.

Reasons for the Acquisition

The Company is an investment holding company and the Group is principally engaged in the development and sale of residential and commercial properties in the PRC including Hong Kong. The Purchaser was established in the PRC and is principally engaged in equity investment.

The Board believes that the Acquisition will provide a good opportunity to expand the property development portfolio in Hunan Province. The Group, after Completion, intends to continue the development of the Project into a residential and commercial complex. Pre-sale of a certain portion of the Project has commenced in 2019 and the Group expects that the construction of the Project will be completed in stages starting from 2020.

The Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement and the transactions contemplated thereunder (including the Acquisition) are on normal commercial terms, and fair and reasonable, and are in the best interest of the Company and its shareholders as a whole.

Listing Rules implications

As more than one of the applicable percentage ratios in respect of the Acquisition exceed 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the proposed acquisition of the Target Equity Interest and the Shareholder’s Loan by the Purchaser from the Vendor
“Board”	the board of Directors
“business day(s)”	a day (other than a Saturday or a Sunday or a public holiday) on which licensed banks in the PRC are open for general banking business throughout their normal business hours
“Changsha Guangan”	Changsha Guangan Property Development Co., Ltd.* (長沙廣安房地產開發有限公司), a company established in the PRC with limited liability
“Company”	Fullsun International Holdings Group Co., Limited (福晟國際控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition, being RMB270,000,000
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 30 December 2019 entered into between the Vendor, the Purchaser and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Letter of Intent”	the Letter of Intent dated 1 February 2019 entered into between Changsha Guangan and the Purchaser in relation to the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minority Shareholders”	Hu Mihua and Zhang Hongbing, being individuals in the PRC who (1) as at the date of this announcement own 9% and 1% of the equity interest of the Target Company respectively; and (2) are individual investors of the Target Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Project”	four state-owned construction sites located to the west of Binjiang Road* (濱江路), Jiuhua Demonstration Zone* (九華示範區), Xiangtan City, Hunan Province, the PRC, which is owned by the Target Company
“Purchaser”	Guangzhou Pinli Trading Co., Ltd.* (廣州品禮貿易有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder’s Loan”	all the interests, benefits and rights of and in the unsecured, interest-free shareholder’s loan amounting to approximately RMB51,000,000 owed by the Target Company to the Vendor as at the date of the Equity Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Hunan Heda Investment Group Co., Ltd.* (湖南和達投資集團有限公司), a company established in the PRC with limited liability
“Target Equity Interest”	the 30% equity interest in the Target Company
“Trust Company”	光大興隴信託有限責任公司, a company established in the PRC with limited liability and whose principal business is the provision of financial and asset trust services
“Vendor”	Changsha Guangan
“%”	per cent.

By Order of the Board
Fullsun International Holdings Group Co., Limited
Pan Haoran
Executive Director

Hong Kong, 30 December 2019

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Pan Haoran, Mr. Tong Wentao, Mr. Pan Jungang, Ms. Wu Jihong, Mr. Wu Yang, Mr. Li Jinrong and Mr. Tang Kwok Hung and four independent non-executive Directors, namely Dr. Cheung Wai Bun, Charles J.P., Dr. Tse Hiu Tung, Sheldon, Mr. Yang Xiaoping and Mr. Yuen Chee Lap, Carl.

* *for identification purpose only*