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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 40% EQUITY INTEREST IN THE TARGET COMPANY**

#### **ACQUISITION**

On 7 February 2018 (after the trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 40% equity interest held by the Vendor in the Target Company at the consideration of RMB120,000,000 (equivalent to approximately HK\$150,000,000).

As one or more of the applicable percentage ratios in respect of the Acquisition exceeded 5% but were 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.

#### **THE ACQUISITION**

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The principle terms of the Equity Transfer Agreement are set out below.

#### **Date**

7 February 2018

#### **Parties**

1. Changsha Hongya Property Development Co., Ltd.\* (長沙宏雅房地產開發有限公司), as the Vendor;
2. Hunan Fullsun Group Co., Ltd.\* (湖南福晟集團有限公司), as the Purchaser.

The Vendor is a company established in the PRC with limited liability and principally engaged in property development in Hunan Province, the PRC. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and its beneficial owner(s) are independent of the Company and its connected persons.

### **Subject Matters**

Pursuant to the Equity Transfer Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Target Equity Interest held by the Vendor at the consideration of RMB120,000,000 (equivalent to approximately HK\$150,000,000). 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 RMB120,000,000 (equivalent to approximately HK\$150,000,000), of which:

- (i) RMB60,000,000 (equivalent to approximately HK\$75,000,000), as advance payment, shall be paid in cash by the Purchaser within 7 business days from the date of the Equity Transfer Agreement; and
- (ii) RMB60,000,000 (equivalent to approximately HK\$75,000,000) shall be paid in cash by the Purchaser within 15 business days from the date of the Equity Transfer Agreement and subject to the fulfilment of the Conditions.

The Consideration will be financed by the Group’s internal resources and the proceeds as raised in the placing of shares and convertible bonds as disclosed in the circular of the Company dated 27 October 2017 and announcement of the Company on 1 December 2017.

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 current development status (as disclosed in item (iii) of the section headed “Conditions precedent” in this announcement) and the prospect of the Project; (ii) the preliminary valuation of the Project as indicated by an independent valuer as at 31 January 2018 of approximately RMB1,184,000,000; and (iii) the synergetic effect that can be created among the Group and the Target Company.

### **Conditions precedent**

Completion of the Acquisition is conditional upon and subject to, the following conditions:

- (i) *with respect to the Target Equity Interest*
  - the Vendor is the legal and beneficial owner of the Target Equity Interest prior to the Completion;
  - the Target Equity Interest is not subject to any encumbrances and legal proceedings in respect of the Acquisition brought by third parties;

- the Vendor having fully performed and complied with its obligations, agreements and covenants under the Equity Transfer Agreement;

*(ii) with respect to the Target Company*

- the Target Company has maintained normal operations and there are no material violations or irregularities;
- saved for the mortgages over the land use right of the Project and the properties erected thereon, there being no encumbrance over the assets of the Target Company;
- there being no event which might affect the ordinary business of the Target Company;
- all licences, approvals and consents for the Target Company and/or the Project having remained valid and in full force and effect and no circumstances or events that may result in the revocation and/or cancellation of such licences, approvals and consents have occurred;
- there being no undisclosed debt;
- there being no material adverse change in the business of the Target Company;
- the Target Company having fully performed and complied with its obligations, agreements and covenants as required under the Equity Transfer Agreement;

*(iii) with respect to the Project*

- the Project comprises three phases as follows:
  - (a) the construction of phase I has been completed with a total gross floor area of approximately 198,859 square meters, for which the pre-sale permit has been obtained. The gross floor area of approximately 14,937 square meters in relation to residential units, 3,647 square meters in relation to shops and 994 car parking spaces remain unsold;
  - (b) phase II is being under construction, of which, the construction permit in relation to a total gross floor area of approximately 64,585 square meters has been obtained, with respect to the remaining portion of the second phase, the construction permit has not yet been obtained; and
  - (c) with respect to phase III, the development and construction have not yet commenced;

- all the materials and information, including the project construction information, technical documentation, floor plans, administrative and financial information as required by the Purchaser are complete;
- the Target Company and Daye Trust shall continue to perform their obligations under the transfer of the right of return on specific assets and repurchase agreement entered into between them;
- the Vendor having notified Daye Trust with respect to the proposed transfer of the Target Equity Interest.

If any of the Conditions has not been fulfilled, the Purchaser shall have the right to terminate the Equity Transfer Agreement and seek damages from the Vendor. The Purchaser shall have the right to waive any of the above Conditions.

### **Completion**

The date of Completion shall fall on the date on which the registration in respect of the transfer of the Target Equity Interest with the relevant Administration of Industry and Commerce Bureau has been completed.

Upon Completion, the Purchaser will be interested in 40% equity interest in the Target Company.

### **Information relating to the Target Company and the Project**

The Target Company was established in the PRC in 1993 and is principally engaged in property development in Hunan Province, the PRC. As at the date of this announcement, it is owned as to 51% by Daye Trust and 49% by the Vendor and the registered capital of the Target Company is RMB30,000,000.

As at the date of this announcement, the Target Company owns the Project and the book value of the Project together with its prepaid construction costs as at 31 January 2018 was approximately RMB632,352,000 according to its management accounts.

As at the date of this announcement, the land use right of the Project and the properties (accounted as inventories) erected thereon have been mortgaged in favour of Daye Trust as security for a loan amount of RMB820,000,000 owed by the Target Company to Daye Trust. Pursuant to the financing arrangement entered into between the Target Company and Daye Trust, the 49% equity interest of the Target Company currently held by Daye Trust is held as collateral to secure the repayment obligation of Target Company. Daye Trust is obliged under the terms of the financing arrangement with repurchase obligation to transfer back to the Vendor such equity interest in Target Company upon its repayment of the agreed amounts, comprising the principal of the loan and the fixed income return.

The financial information of Target Company for the two financial years ended 31 December 2017 according to its management accounts is set out below:

|                          | <b>For the year ended</b> |                  |
|--------------------------|---------------------------|------------------|
|                          | <b>31 December</b>        |                  |
|                          | <b>2016</b>               | <b>2017</b>      |
|                          | <i>(RMB'000)</i>          | <i>(RMB'000)</i> |
| Profit/(loss) before tax | (3,815)                   | (2,844)          |
| Profit/(loss) after tax  | (3,815)                   | (2,844)          |

As at 31 January 2018, the net liabilities value of Target Company was approximately RMB33,230,000.

### **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. The Purchaser was established in the PRC and is principally engaged in equity investment.

In order to enhance the Group's position in the property market of Changsha City, the Board believes that the Acquisition will provide a good opportunity for property development portfolio in Changsha City. The Acquisition will enable the Group to generate income and provide capital appreciation potential to the Group.

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

### **Listing Rules implications**

As one or more of the applicable percentage ratios in respect of the Acquisition exceeded 5% but were 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.

### **DEFINITIONS**

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

|               |                                                                     |
|---------------|---------------------------------------------------------------------|
| “Acquisition” | the proposed acquisition of Target Equity Interest by the Purchaser |
| “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                          |
| “Company”                   | Fullsun International Holdings Group Co., Limited (福晟國際控股集團有限公司), a company incorporated in the Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “Completion”                | completion of the Acquisition                                                                                                                                                                          |
| “connected person”          | has the meaning ascribed to it under the Listing Rules                                                                                                                                                 |
| “Conditions”                | the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions precedent” of this announcement                                                           |
| “Consideration”             | the consideration for the Acquisition, being RMB120,000,000 (equivalent to approximately HK\$150,000,000)                                                                                              |
| “Daye Trust”                | Daye Trust Co., Ltd.* (大業信託有限責任公司), a state-controlled company established in the PRC with Limited liability, a connected person of the Company at the subsidiary level                                |
| “Directors”                 | the directors of the Company                                                                                                                                                                           |
| “Equity Transfer Agreement” | the conditional equity transfer agreement dated 7 February 2018 entered into between the Vendor and the Purchaser in relation to the Acquisition                                                       |
| “Group”                     | the Company and its subsidiaries                                                                                                                                                                       |
| “HK\$”                      | Hong Kong Dollar, the lawful currency of Hong Kong                                                                                                                                                     |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                 |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                    |
| “PRC”                       | the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement                                                               |

|                          |                                                                                                                                                                                                                                                         |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Project”                | a commercial and residential property project with land and the buildings erected thereon located at 423 Xin Kai Pu Lu* (新開鋪路), Changsha City, Hunan Province, the PRC named Ke La Mei Li Shan Zhuang* (克拉美麗山莊項目), which is owned by the Target Company |
| “Purchaser”              | Hunan Fullsun Group Co., Ltd.* (湖南福晟集團有限公司), a company established in the PRC with limited liability and in indirect wholly-owned subsidiary of the Company                                                                                             |
| “RMB”                    | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                 |
| “Target Company”         | Hunan Zhenghao Property Development Co., Ltd.* (湖南正昊置業發展有限公司), a company established in the PRC with limited liability                                                                                                                                  |
| “Target Equity Interest” | the 40% equity interest in the Target Company                                                                                                                                                                                                           |
| “Vendor”                 | Changsha Hongya Property Development Co., Ltd.* (長沙宏雅房地產開發有限公司), a company established in the PRC with limited liability                                                                                                                                |
| “%”                      | per cent.                                                                                                                                                                                                                                               |

\* for identification purpose only

*For illustration purpose only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 = HK\$1.25. Such conversion should not be construed as a representation that any amount have been, could have been, or may be, exchanged at this or any other rate.*

By Order of the Board  
**Fullsun International Holdings Group Co., Limited**  
**Pan Weiming**  
*Chairman*

Hong Kong, 7 February 2018

*As at the date of this announcement, the Board comprises eight executive Directors, namely Mr. PAN Weiming, Mr. PAN Jungang, Ms. CHEN Weihong, Mr. LI Jinrong, Mr. PAN Haoran, Mr. TANG Kwok Hung, Ms. WU Jihong and Mr. WU Yang and four independent non-executive Directors, namely Mr. MAK Ka Wing, Patrick, Mr. YUEN Chee Lap, Carl, Mr. YANG Xiaoping and Dr. CHEUNG Wai Bun, Charles J.P..*