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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 75% EQUITY INTEREST
IN THE TARGET COMPANY**

THE EQUITY TRANSFER AGREEMENT

On 6 September 2018 (after the trading hours of the Stock Exchange), the Purchaser, an indirect subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendors and the Target Company, pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to acquire an aggregate of 75% equity interest in the Target Company at the total Consideration of RMB430.50 million.

As more than one of the applicable percentage ratios in respect of the acquisition of the Target Equity Interests contemplated under the Equity Transfer Agreement exceeds 5% but all such ratios are less than 25%, such 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 6 September 2018 (after the trading hours of the Stock Exchange), the Vendors, the Purchaser and the Target Company entered into the Equity Transfer Agreement, particulars of the principal terms of which are set out below:

Date

6 September 2018

Parties

1. Zhongbo International, Fujian Changrun and Fujian Zhongbo, as vendors
2. the Purchaser, as purchaser
3. the Target Company, as 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 Vendors and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Vendors have agreed to sell and the Purchaser has agreed to acquire the Target Equity Interests at the total Consideration in cash of RMB430.50 million.

Further particulars of the Target Company are set out in the section headed "Information on the Target Company and the Project" below.

Consideration and payment terms

The particulars of the Consideration are set out below:

- (i) RMB10 million shall be paid in cash to the Target Company by way of shareholder's loan from the Purchaser for repaying book debts of the Target Company incurred or to be incurred before the transfer of the operation of the Target Company to the Purchaser, after all documents to effect the transfer of the Target Equity Interests have been received;
- (ii) RMB10 million shall be paid in cash to the Target Company by way of shareholder's loan from the Purchaser for repaying book debts of the Target Company incurred or to be incurred before the transfer of the operation of the Target Company to the Purchaser, on the day following the date on which, among others, the registration of the transfer of the Target Equity Interests to the Purchaser has been completed with the relevant Administration for Industry and Commerce;

- (iii) RMB80 million shall be paid in cash to the Target Company by way of shareholder's loan from the Purchaser for repaying book debts of the Target Company incurred or to be incurred before the transfer of the operation of the Target Company to the Purchaser, on or before 30 September 2018;
- (iv) RMB200 million shall be paid in cash to the Vendors on or before 30 October 2018, subject to, among others, the Purchaser having become the owner of the Target Equity Interests, the Target Company having received RMB100 million, the land of the Project and the work-in-progress thereon impounded having been released, the punishment procedure of the Target Company by the relevant Administration for Foreign Exchange having been completed, the construction equipment and personnel having been vacated from the land of the Project and the contracts of the Target Company which have not been fully performed having been terminated as required by the Purchaser and all amounts payable thereunder having been paid. Such sum shall be used in priority towards repayment of indebtedness of the Target Company, with any balance belonging to the Vendors; and
- (v) RMB130.50 million shall be paid in cash to the Vendors, subject to completion of the matters referred to in sub-paragraphs (i) to (iv) above.

The Consideration will be financed by the Group's internal resources.

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 and the prospect of the Project; (ii) the valuation of the Project as indicated by an independent valuer as at 31 August 2018 of approximately RMB562,000,000; and (iii) the opportunity to expand the portfolio of the Group in Jiaxing City, Zhejiang Province, the PRC.

The Directors consider that the Consideration is on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

Due diligence

The Purchaser is allowed to complete a due diligence investigation against the land of the Project within five business days from the date of signing of the Equity Transfer Agreement. If nothing is found to be apparently inconsistent with the matters disclosed in the Equity Transfer Agreement, the parties shall proceed to perform their obligations under the Equity Transfer Agreement.

Undertakings

Pursuant to the Equity Transfer Agreement, the Vendors undertakes, among others: (a) to bear all construction costs and expenses incurred or to be incurred in relation to the construction works carried out on the land of the Project before the transfer of the operation and management of the Target Company to the Purchaser; and (b) to bear all compensations and claims arising from non-payment of construction costs of the land of the Project before the transfer of the operation and management of the Target Company to the Purchaser and to indemnify the Purchaser and the Target Company from any damages which may arise therefrom.

Completion

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

Upon Completion, the Target Company will be owned as to 75% by the Purchaser and 25% by Zhongbo International and it will become an indirect non-wholly owned subsidiary of the Company whose financial results will be consolidated into the financial statements of the Group.

Management of the Target Company

Subject to and upon Completion, the Purchaser shall have the right to nominate two directors of the Target Company and Zhongbo International shall have the right to nominate one. The chairman of the board of directors of the Target Company shall be designated by the Purchaser. Such chairman shall also be the legal representative of the Target Company.

INFORMATION ON THE TARGET COMPANY AND THE PROJECT

The Target Company was established in the PRC on 13 June 2014 and is principally engaged in the development of the Project. As at the date of this announcement, the equity interest of the Target Company is owned as to 40% by Zhongbo International, 30% by Fujian Changrun and 30% by Fujian Zhongbo and the registered capital of the Target Company is US\$50 million.

As at the date of this announcement, the Target Company owns the Project and the book value of the Project together with its prepaid costs as at 31 May 2018 was approximately RMB289,613,000 according to its unaudited management accounts.

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2017 according to its audited financial statements:

	For the years ended 31 December	
	2016	2017
	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before taxation	(10,858)	(1,551)
Net loss after taxation	(10,858)	(1,551)

As at 31 May 2018, the unaudited net assets of the Target Company amounted to approximately RMB105,272,000.

As at the date of this announcement, the Target Company is involved as the defendant in an outstanding lawsuit in the PRC arising from a loan agreement between the lender and the Target Company as the defendant. The amount being claimed against the Target Company is approximately RMB31 million. During the proceedings of this lawsuit, the land of the

Project has been impounded at the instigation of the plaintiff. Under the Equity Transfer Agreement, the Vendors have agreed to be responsible for all costs arising from this lawsuit, including but not limited to litigation fees, legal fees and sums payable to the plaintiff.

The Vendors have further represented under the Equity Transfer Agreement that the Target Company is not and will not be involved in any other lawsuit or dispute up to the date of transfer of the operation of the Target Company to the Purchaser. The Vendors have undertaken in favour of the Purchaser and the Target Company that should there be any such other lawsuit or dispute, the Vendors shall bear all costs and indemnify the Purchaser and the Target Company from all damages that may be caused.

INFORMATION ON THE VENDORS

Zhongbo International is a company established in Hong Kong with limited liability and is principally engaged in investment holding. Fujian Changrun is a company established in the PRC with limited liability and is principally engaged in equity investment and property development projects. Fujian Zhangbo is a company established in the PRC with limited liability and is principally engaged in equity investment and property development projects.

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 Vendors and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

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

The Board believes that the acquisition of the Target Equity Interests will provide an opportunity to expand the property development portfolio in the PRC. The Project is located at a prime location in Jiaying City. The Group, after Completion, intends to continue the development of the Project into a residential and commercial complex together with hotel and apartments with total construction area of approximately 222,000 square meters. It is expected that the Target Company will invest approximately RMB800,000,000 in the development of the Project. It is expected that pre-sale of certain portion of the Project will commence in late 2018 and the construction of the Project will be completed in 2019 by stage. The acquisition of the Target Equity Interests will enable the Group to generate income and provide capital appreciation potential to the Group.

Based on the above, the Directors consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and in the interests 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 of the Target Equity Interests contemplated under the Equity Transfer Agreement exceeds 5% but all such ratios are less than 25%, such 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.

“Board”	the board of Directors
“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 Equity Transfer Agreement in accordance with its terms
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB430.50 million payable by the Purchaser to the Target Company and the Vendors for the Target Equity Interests under the Equity Transfer Agreement
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 6 September 2018 between the Vendors as vendors, the Purchaser as purchaser and the Target Company as target company in relation to, among others, the sale and purchase of the Target Equity Interests
“Fujian Changrun”	福建昌潤投資有限公司 (Fujian Changrun Investment Co., Ltd.*), a company established in the PRC with limited liability
“Fujian Zhongbo”	福建中博投資有限公司 (Fujian Zhongbo Investment Co., Ltd.*), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“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 located at north of Waihuan Road and east of Nanwan Road, Jiaxing Port District (嘉興港區外環路北側，南灣路東側), Jiaxing City, Zhejiang Province, the PRC, which is owned by the Target Company as at the date of this announcement
“Purchaser”	上海福晟置業有限公司(Shanghai Fullsun Properties Co., Ltd.*), a company established in the PRC with limited liability and an 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”	嘉興市鉑金置業有限公司(Jiaxing City Bojin Properties Co., Ltd.*), a company established in the PRC with limited liability
“Target Equity Interests”	an aggregate of 75% of the equity interest in the Target Company
“Vendors”	Zhongbo International, Fujian Changrun and Fujian Zhongbo
“Zhongbo International”	Zhongbo International (China) Investment Co., Limited (中鉑國際(中國)投資有限公司), a company incorporated in Hong Kong with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* for identification purpose only

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

Hong Kong, 6 September 2018

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