福晟國際
FULLSUN

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)

CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

AMASSE CAPITAL
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CONTINUING CONNECTED TRANSACTIONS

On 22 October 2018, Fuzhou Fullsun Group, which is an indirect wholly-owned subsidiary of the Company, entered into the Master Construction Agreement with Fujian Liujian Group in relation to the provision of the Construction Works to the Group by Fujian Liujian Group for the Projects for a term commencing from 1 September 2018 to 31 December 2020 (both dates inclusive).

LISTING RULES IMPLICATIONS

Fujian Liujian Group is owned as to 70% by Fujian Fusheng Group which is a wholly owned subsidiary of Fusheng Group. Fusheng Group is owned as to 90% by Mr. Pan and as to 10% by Ms. Chen. Therefore, Fujian Liujian Group is a close associate of Mr. Pan and a connected person of the Company. Accordingly, the transactions contemplated under the Master Construction Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Continuing Connected Transactions are, on an annual basis, over 5%, the Continuing Connected Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Continuing Connected Transactions; and (ii) the Proposed Caps.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Continuing Connected Transactions and (ii) the Proposed Caps.

A circular containing, amongst other things, details of the Continuing Connected Transactions and the Proposed Caps, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and a notice convening the Special General Meeting for the Independent Shareholders to consider and, if thought fit, approve (i) the Continuing Connected Transactions and (ii) the Proposed Caps will be despatched to Shareholders on or before 12 November 2018.

The Board announces that on 22 October 2018, Fuzhou Fullsun Group, which is an indirect wholly-owned subsidiary of the Company, entered into the Master Construction Agreement with Fujian Liujian Group in relation to the provision of the Construction Works to the Group by Fujian Liujian Group for the Projects for a term commencing from 1 September 2018 to 31 December 2020 (both dates inclusive).

THE MASTER CONSTRUCTION AGREEMENT

Date:	22 October 2018
Parties:	(1) Fuzhou Fullsun Group, which is an indirect wholly-owned subsidiary of the Company, as appointer (2) Fujian Liujian Group, as contractor
Subject:	Pursuant to the Master Construction Agreement, the Group may engage Fujian Liujian Group as contractor to provide the Construction Works for the Projects on the terms thereof.
Term:	a term commencing from 1 September 2018 to 31 December 2020 (both dates inclusive)
Contract sum:	The contract sum for each Project will be determined with reference to the estimated amount of current and relevant construction contracts of the Group charged by independent third party contractors for similar works and projects.

The contract sum will be payable with reference to specific work stages or milestones achieved in various aspects of work. In general, an aggregate of 95% of the final contract sum will be paid according to the stage of completion and the payment schedule, and the remaining 5% will be withheld as work quality guarantee and repair fund.

The Directors (excluding Mr. Pan, Ms. Chen, Mr. Pan JG and Ms. Wu and the independent non-executive Directors whose view will be given after considering the opinion from the Independent Financial Adviser) consider that the basis for determining the contract terms is fair and reasonable.

THE PROPOSED CAPS

Set out below are the Proposed Caps for the Continuing Connected Transactions contemplated under the Master Construction Agreement for the four months ending 31 December 2018 and the two years ending 31 December 2020:

	For the period commencing from		
	1 September 2018 to 31 December 2018	**1 January 2019 to 31 December 2019**	**1 January 2020 to 31 December 2020**
	RMB million	*RMB million*	*RMB million*
Proposed Cap	150	1,500	1,500

The Proposed Caps are determined based on the estimates made by the Group based on the information currently available (including the complexity of the construction projects, development schedule and prevailing market conditions) and, in particular, the estimated amount of the provision of Construction Works for the Group's existing Projects being undertaken and future Projects which may be undertaken by the Group.

INTERNAL CONTROL MEASURES

The Building Construction and Municipal Facilities Construction Tender Management Regulations* (房屋建築和市政基礎設施工程施工招標投標管理辦法) (the "**Tender Regulations**") promulgated in June 2001 state that if the estimated price of a single construction contract amounts to at least RMB2 million or the total investment of the project is at least RMB30 million, the developer is required to undertake a bidding process for the award of the construction contracts and a tender appraisal committee should be set up for the appraisal of the tender for construction works for a project.

Accordingly, the Group has set up a tender appraisal committee (the "**Tender Appraisal Committee**") to appraise tenders for construction works for the Projects. The Tender Appraisal Committee has five members constituted by representatives from the Group and relevant specialists selected by the Group from a list certified by the construction administration authorities in the PRC. The relevant specialists make up no less than twothirds of the Tender Appraisal Committee in compliance with the requirements of the Tender Regulations. The members of the Tender Appraisal Committee are independent of and not related to, among others, Fujian Liujian Group, its ultimate beneficial owners and their respective associates. Selection criteria adopted by the Tender Appraisal Committee include but are not limited to industry experience of the bidders, quality and management of the proposed work, fee quote as well as safety measures employed. The Group will only award the Construction Works being tendered for by, among other bidders, Fujian Liujian Group from time to time if the Tender Appraisal Committee is satisfied in its assessment based on the selection criteria that it is in the best commercial interest of the Group to engage Fujian Liujian Group among other bidders.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER CONSTRUCTION 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. Fuzhou Fullsun Group was established in the PRC with limited liability and is principally engaged in equity investment.

Fujian Liujian Group was established in the PRC with limited liability and is principally engaged in building construction and civil engineering operations, including foundation works, site investigation mechanical and electrical engineering works.

Fujian Liujian Group is a qualified Special-grade Main Contractor for Building Construction Works* (建築工程施工總承包特級企業), among other relevant qualifications, and has obtained all relevant licences as a construction contractor in the PRC. Fujian Liujian Group is experienced in providing construction services in the PRC and has been able to meet the Group's requirements on different aspects such as prices tendered, project deliverables and quality. In view of the expertise and experience of Fujian Liujian Group in the provision of construction services (including Construction Works), the entering into of the Master Construction Agreement is beneficial to the Group's business and could bring mutual synergy between the Group and Fujian Liujian Group.

Having considered the above, the Directors (excluding Mr. Pan, Ms. Chen, Mr. Pan JG and Ms. Wu and the independent non-executive Directors whose view will be given after considering the opinion from the Independent Financial Adviser) consider that the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms of the Master Construction Agreement (including the Proposed Caps) are fair and reasonable.

LISTING RULES IMPLICATIONS

Fujian Liujian Group is owned as to 70% by Fujian Fusheng Group which is a wholly owned subsidiary of Fusheng Group. Fusheng Group is owned as to 90% by Mr. Pan and as to 10% by Ms. Chen. Therefore, Fujian Liujian Group is a close associate of Mr. Pan and a connected person of the Company. Accordingly, the transactions contemplated under the Master Construction Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Continuing Connected Transactions are, on an annual basis, over 5%, the Continuing Connected Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Pan JG, an executive Director, is the brother of Mr. Pan, who is the Chairman of the Board and an executive Director, and therefore an associate of Mr. Pan for the purpose of the Listing Rules. Mr. Pan JG is also a director of Fujian Liujian Group. Ms. Wu, an executive Director, is the sister-in-law of Ms. Chen, who is an executive Director, and therefore a deemed connected person of the Company for the purpose of the Listing Rules.

As such, each of Mr. Pan, Ms. Chen, Mr. Pan JG and Ms. Wu is considered to have a material interest in the Master Construction Agreement and the transactions contemplated thereunder, and each of them abstained from voting at the Board meeting at which the Master Construction Agreement and the transactions contemplated thereunder were approved.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Continuing Connected Transactions and (ii) the Proposed Caps.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Continuing Connected Transactions and (ii) the Proposed Caps.

A circular containing, amongst other things, details of the Continuing Connected Transactions and the Proposed Caps, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and a notice convening the Special General Meeting for the Independent Shareholders to consider and, if thought fit, approve (i) the Continuing Connected Transactions and (ii) the Proposed Caps will be despatched to the Shareholders on or before 12 November 2018.

As at the date of this announcement, Tongda Enterprises Limited and Mr. Pan are interested in 6,415,060,000 and 1,080,000 Shares, representing approximately 56.51% and 0.01% of the total number of Shares in issue, respectively. Tongda Enterprises Limited, Mr. Pan and their respective associates will abstain from voting on the ordinary resolution to be proposed at the Special General Meeting in respect of the Continuing Connected Transactions and the Proposed Caps.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Works”	pile foundation engineering, earthwork and structural supporting engineering, construction works and other relevant services
“Continuing Connected Transactions”	the transactions contemplated under the Master Construction Agreement
“Directors”	the directors of the Company
“Fujian Fusheng Group”	Fujian Fusheng Group Co., Ltd.* (福建福晟集團有限公司), a company established in the PRC with limited liability and wholly owned by Fusheng Group
“Fujian Liujian Group”	Fujian Liujian Group Co., Ltd.* (福建六建集團有限公司), a company established in the PRC with limited liability and owned as to 70% by Fujian Fusheng Group
“Fusheng Group”	Fusheng Group Co., Ltd.* (福晟集團有限公司), a company established in the PRC with limited liability and owned as to 90% by Mr. Pan and as to 10% by Ms. Chen
“Fuzhou Fullsun Group”	Fuzhou Fullsun Group Co., Ltd.* (福州福晟集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the independent committee of the Board, comprising all the 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, formed to advise the Independent Shareholders as to (i) the Continuing Connected Transactions and (ii) the Proposed Caps
"Independent Financial Adviser"	Amasse Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the Proposed Caps
"Independent Shareholder(s)"	Shareholder(s) who do(es) not have a material interest in the Master Construction Agreement and the transactions contemplated thereunder
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Master Construction Agreement"	the framework agreement dated 22 October 2018 entered into between Fuzhou Fullsun Group and Fujian Liujian Group in relation to the provision of the Construction Works to the Group by Fujian Liujian Group for the Projects
"Mr. Pan"	Mr. Pan Weiming (潘偉明先生), the Chairman of the Board and an executive Director
"Mr. Pan JG"	Mr. Pan Jungang (潘俊鋼先生), an executive Director
"Ms. Chen"	Ms. Chen Weihong (陳偉紅女士), an executive Director
"Ms. Wu"	Ms. Wu Jihong (吳繼紅女士), an executive Director
"PRC"	the People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
"Project(s)"	residential and/or commercial property project(s) located in the PRC of the Group from time to time
"Proposed Caps"	the estimated annual monetary value of the Continuing Connected Transactions for the four months ending 31 December 2018 and the two years ending 31 December 2020

"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Special General Meeting"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving (i) the Continuing Connected Transactions and (ii) the Proposed Caps
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"m^2"	square metre(s)
"%"	per cent.

* *for identification purpose only*

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

Hong Kong, 22 October 2018

As at the date of this announcement, the Board comprises eight executive Directors, namely Mr. Pan Weiming, Mr. Tong Wentao, 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. Yang Xiaoping and Mr. Yuen Chee Lap, Carl.