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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 THE TARGET COMPANIES**

#### **ACQUISITION**

On 16 March 2018 (after the trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendors and the Vendors' Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors agreed to sell entire issued share capital of the Target Companies and Vendor 2 and the Vendors' Guarantor agreed to sell the Sale Loans at the Initial Consideration (subject to Adjustments). The principal assets of the Target Companies are the Property.

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 Sale and Purchase Agreement are set out below.

#### **Date**

16 March 2018

#### **Parties**

1. Delano Hills Limited, as Vendor 1;

2. Ms. Park Gi Youn, as Vendor 2;
3. Giant Astute Limited, as Purchaser; and
4. Easyknit International Holdings Limited, as the vendor of the Sale Loans of Gold Asset and the Vendors' Guarantor.

Each of Vendor 1 and the Vendors' Guarantor is an investment holding company. Vendor 1 is a wholly-owned subsidiary of the Vendors' Guarantor. The Vendors' Guarantor is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1218). The Vendors' Guarantor, together with its subsidiary, is principally engaged in property investment, property development, securities investment and loan financing business. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Vendor 2, Vendor 1 and the Vendors' Guarantor and their respective beneficial owners are independent of the Company and its connected persons.

### **Subject Matters**

Pursuant to the Sale and Purchase Agreement, (i) the Purchaser has conditionally agreed to acquire and the Vendors has conditionally agreed to sell the entire issued shares of the Target Companies, (ii) the Purchaser has conditionally agreed to acquire and the Vendors' Guarantor and Vendor 2 have conditionally agreed to sell the Sale Loans. The principal assets of the Target Companies are the Property.

Upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company.

### **Consideration and Payment Terms**

The Initial Consideration for the Acquisition shall be the amount of the Agreed Property Value (as defined below), as adjusted by reference to the Net Assets Value as shown in the Proforma Completion Accounts. The agreed property value is calculated by multiplying the total saleable area of the Property (as certified by an authorized person upon issuance of the occupation permit and certificate of compliance (if applicable) of the Property) by the agreed price of HK\$28,034 per square feet, or HK\$920 million, whichever is the lower (the "**Agreed Property Value**"). Based on the information provided by the Vendors, the total saleable area of the Property as assessed by an authorized person was 32,817 square feet as of 28 February 2018.

The Consideration for the Acquisition shall be the amount of the Initial Consideration after adjusting the Net Assets Value as shown in the Audited Completion Accounts. The aforementioned consideration adjustments are more particularly set out in the section headed "**The Adjustments**" below.

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

The Consideration will be settled in cash by stages in the following manners:

- (i) HK\$92 million as the first deposit shall be paid to the solicitors of the Vendors as stakeholder upon the entering into of the Sale and Purchase Agreement (the “**First Deposit**”);
- (ii) subject to the fulfillment or waiver of the Conditions (1) to (4), HK\$138 million as the second deposit shall be paid to the solicitors of the Vendors as stakeholder on the 60th days from the date of the Sale and Purchase Agreement (the “**Second Deposit**”, together with the First Deposit, the “**Deposits**”);
- (iii) the balance payment, which is equivalent to the Initial Consideration less the Deposits, shall be paid to the solicitors of the Vendors as stakeholders, or such other person(s) as designated by the Vendors and the Vendors’ Guarantor at Completion.

The Consideration was agreed after arm’s length negotiation between the Purchaser and the Vendors having taken into account, among others, (i) the location, the current development status and the prospect of the Property; (ii) the preliminary valuation of the Property as indicated by an independent valuer as at 16 March 2018 of approximately HK\$930 million; and (iii) the prospects of the property market in Hong Kong.

The Consideration shall be split between the Vendors in proportion to their respective interests in the Property.

### **The Adjustments**

The Initial Consideration will be adjusted based on the audited accounts of the Target Companies for the year ended 31 March 2018 and the Proforma Completion Accounts which shall be provided by the Vendors to the Purchaser at least five (5) business days prior to the Completion Date in the following manner:

If the Net Assets Value at the Completion Date as shown in the Proforma Completion Accounts is more or less than zero, the Initial Consideration for the Acquisition shall be adjusted upwards or downwards (as the case may be):

- (i) by adding the Net Assets Value of the Target Companies as shown in the Proforma Completion Accounts; or
- (ii) by deducting the absolute amount of the Net Assets Value (if the Net Assets Value presents a negative amount) of the Target Companies as shown in the Proforma Completion Accounts.

The Vendors shall deliver to the Purchaser within 60 business days from the Completion Date the Audited Completion Accounts. If the Net Assets Value as shown in the Audited Completion Accounts is more or less than the Net Assets Value as shown in the Proforma Completion Accounts, the Purchaser or the Vendors and the Vendors’ Guarantor (as the case may be) shall pay the difference to the other party within five (5) business days from the date of receipt of the Audited Completion Accounts.

## Conditions precedent

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

- (1) Vendor 1 is the legal and beneficial owner of the entire issued share capital of Gold Asset prior to the Completion. The Vendors' Guarantor is the legal and beneficial owner of the portion of the Sale Loans owed by Gold Asset to it. Vendors 2 is the legal and beneficial owners of the entire issued share capital of Wise Think and the portion of the Sale Loans owed by Wise Think to her. The issued share capital of the Target Companies and Sale Loans are not subject to any encumbrances (except for the existing mortgage which shall be released upon the Completion);
- (2) Gold Asset is the sole legal and beneficial owner of the 75% interest in the Property and Wise Think is the sole legal and beneficial owner of the 25% interest in the Property. The Property is not subject to any encumbrances (except for the existing mortgage which shall be released upon the Completion);
- (3) the Target Companies are able to give and prove titles to the Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) respectively;
- (4) the Purchaser having reasonably satisfied with the results of the due diligence review on the Target Companies and the Property (other than matters concerning construction work fees, additional work fees and retention amount relating to the construction works) on the 60th calendar day from the date of the Sale and Purchase Agreement. The results of the due diligence shall be deemed to be satisfactory to the Purchaser, unless:
  - (i) the Vendors are unable to prove any of the Conditions (1) to (3);
  - (ii) there having been actual or potential liability on the part of the Target Companies exceeding the amount of HK\$25,000,000 which is not reflected in or provided for in the accounts of the Target Companies;
  - (iii) there having been material defects in any of the material documents in relation to the Target Companies, Sale Loans or the titles of the Property involving an amount exceeding HK\$25,000,000;
  - (iv) there having been any litigation or other legal proceedings in which any of the Target Companies is involved with the aggregate claim amounts exceeding HK\$25,000,000 and are not fully settled on or before the 60th calendar day from the date of the Sale and Purchase Agreement;
  - (v) there having been any material violations of applicable laws and/or regulations which has not been rectified and will result in the potential liability on any of the Target Companies exceeding the amount of HK\$25,000,000;
  - (vi) any of the warranties given by the Vendors or the Vendors' Guarantor in the Sale and Purchase Agreement being found untrue, inaccurate or misleading involving an amount exceeding HK\$25,000,000;

- (5) saved for those information in the documents disclosed under the due diligence review and matters concerning construction work fees, additional work fees and retention amount relating to the construction works, all warranties given by the Vendors and the Vendors' Guarantor under the Sale and Purchase Agreement are and shall remain true, accurate, correct and not misleading in all material respects on the date of the Sale and Purchase Agreement and the Completion Date;
- (6) the Target Companies having fully repaid all the debts (other than those liabilities under Sale Loans) and received settlements of all the receivables on or before the Completion Date and subject to the terms of the Sale and Purchase Agreement;
- (7) save for those information in the documents disclosed under the due diligence review, there being no material adverse change in the business, assets, property, financial information or operation of the Target Companies prior to the Completion Date (other than that as a result of the fluctuation of the Hong Kong property market); and
- (8) at least ten (10) business days prior to the Completion Date (the "**Work Completion Deadline**"),
  - (a) the Property having obtained the relevant occupation permit issued by the Building Authority of Hong Kong certifying that the construction work of the Property having been completed pursuant to the approved building plans (including any subsequent amendment as approved by the Building Authority of Hong Kong); and (if applicable) the Property having obtained the certificate of compliance issued by the Director of the Lands Department pursuant to the Government land grant or other written evidence certifying all positive obligations set out in the Government land grant having being satisfied;
  - (b) an authorized person having certified the saleable area of the Property upon issuance of the occupation permit and certificate of compliance (if applicable);
  - (c) an authorized person having issued a certificate confirming all fittings, finishes or appliances set out in the Sale and Purchase Agreement having been installed;
  - (d) an authorized person having issued the certificate of practical completion to the main contractor of the Property; and
  - (e) the Target Companies having prepared a sales brochure in respect of the development project of the Property according to the specification set out in the Sale and Purchase Agreement; and
- (9) shareholders' approval of the Vendors' Guarantor as required under the Listing Rules having been obtained.

If Condition (8) above cannot be satisfied before the Work Completion Deadline, the Vendors may before such deadline notify the Purchaser in writing to postpone the Completion Date to a date no later than 28 November 2018.

## **Termination and refund of deposits**

In the event that the Purchaser fails to pay any part of the Consideration (other than the consideration adjustments) in the manners pursuant to the Sale and Purchase Agreement, the Vendors and the Vendors' Guarantor shall be entitled to terminate the Sale and Purchase Agreement and forfeit all Deposits paid as liquidated damages.

In the event that any of the Conditions (1) to (4) is not satisfied or waived on or before the 60th calendar day from the date of the Sale and Purchase Agreement, the Purchaser shall have the right to terminate the Sale and Purchase Agreement.

In the event that any of the Conditions (1) to (9) (other than Condition (4)) is not satisfied or waived on or before the Completion Date, the Purchaser shall have the right to terminate the Sale and Purchase Agreement.

If the Sale and Purchase Agreement is terminated as a result of any of the Conditions (1) to (3) not being satisfied or waived on or before the 60th calendar day from the date of the Sale and Purchase Agreement, the Vendors and the Vendors' Guarantor shall refund all Deposits received without interest or fee and pay an additional liquidated damages equivalent to 10% of the Consideration to the Purchaser within ten (10) business days after the termination of the Sale and Purchase Agreement.

In the event that the Sale and Purchase Agreement is terminated as a result of Condition (4) not being satisfied or waived on or before the 60th calendar day from the date of the Sale and Purchase Agreement, the Vendors and the Vendors' Guarantor shall refund all Deposits without interest or fee within ten (10) business days after the termination of the Sale and Purchase Agreement.

If Condition (9) cannot be satisfied (such Condition (9) shall not be waived) prior to the Completion Date, the Sale and Purchase Agreement shall be terminated and the Vendors and the Vendors' Guarantor shall refund all Deposits without interest or fee and pay an additional liquidated damages equivalent to 25% of the Consideration to the Purchaser within ten (10) business days after the termination of the Sale and Purchase Agreement.

If the Sale and Purchase Agreement is terminated as a result of non-fulfillment of any of the Conditions (1) to (8) (other than Condition (4)) above, the Vendors and the Vendors' Guarantor shall refund all Deposits without interest or fee and pay an additional liquidated damages equivalent to 12.5% of the Consideration to the Purchaser within ten (10) business days after the termination of the Sale and Purchase Agreement.

If any force majeure event occurs causing the matters under Condition (8) above cannot be completed as scheduled, the Vendors shall issue a notice of force majeure event to the Purchaser as soon as possible. If the Vendors and the Purchaser fail to reach a consensus on the completion of the matters under Condition (8) and other related completion matters within 60 calendar days from the date of the notice of force majeure event, the Vendors or the Purchaser may terminate the Sale and Purchase Agreement, the Vendors and the Vendors' Guarantor shall refund all Deposits to the Purchaser without interest or fee with ten (10) business days after the termination of the Sale and Purchase Agreement

## **Completion**

Completion shall, subject to all the Conditions are satisfied or, if applicable, waived, take place on 28 September 2018 or such other date as the Vendors and the Purchaser may agree in writing, provided that the Vendors may postpone the Completion Date to a date no later than 28 November 2018 if the Condition (8) cannot be satisfied before the Work Completion Deadline.

## **Guarantee**

The Vendors' Guarantor has agreed to guarantee to the Purchaser the performance by the Vendors of all of their respective obligations under the Sale and Purchase Agreement until their obligations thereunder have been satisfied in full. The Vendors' Guarantor shall indemnify the Purchaser in respect the loss, liability and cost arising out of any breach of obligations.

## **Information relating to the Target Companies and the Property**

### *Information on the Target Companies*

Gold Asset, a wholly owned subsidiary of Vendor 1, is a company incorporated in Hong Kong and is principally engaged in property development. Wise Think is a company incorporated in BVI, which is wholly owned by Vendor 2, and is principally engaged in property development. Based on the development agreement (as supplemented) entered into, among others, between Gold Asset and Wise Think, the interests in the Property are attributable to Gold Asset and Wise Think as to 75% and 25%, respectively. The Property is located at La Salle Road, Ho Man Tin, Kowloon, known as Kowloon Inland Lot No.2320.

The Property is situated on the south side of Prince Edward Road West at its junction with La Salle Road, one of the prestigious addresses in Ho Man Tin District, Kowloon, with close proximity to the La Salle College and Maryknoll Convent School. The surrounding area is characterized by a mixture of medium-rise apartment buildings and high-rise residential developments which are mainly populated by the upper-middle and upper income groups.

The Property is proposed to be developed into a 17-storey residential block over one basement floor with a saleable area of approximately 32,817 square feet in total. It is proposed to comprise 78 residential units offering a range of one and two bedroom apartments and 1 duplex unit, club house facilities and car parking space.

The Property is currently under development and the construction work thereon has been substantially finished as at the date of this announcement. It is proposed that the application for occupation permit will be submitted in March 2018. Barring any unforeseen circumstances, the target date in obtaining the occupation permit and certificate of compliance is by the end of May 2018 and August 2018, respectively.

The Property is subject to a charge in favour of a third party bank being the chargee in relation to the existing encumbrance over the Property. Pursuant to the Sale and Purchase Agreement, the Vendors shall procure the Target Companies to repay existing bank loan (including any interest or other fees) and discharge and release such encumbrance on or before Completion unless otherwise agreed by the parties pursuant to the terms of the Sale and Purchase Agreement.

*Financial information of the Target Companies*

Set out below is the financial information extracted from the financial statements of Gold Asset for the years ended 31 March 2016 and 2017 and the nine months ended 31 December 2017 as provided by the Vendors:

	<b>For the year ended 31 March</b>		<b>For the nine months ended 31 December</b>
	<b>2016</b>	<b>2017</b>	<b>2017</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Net loss	<u>(787,618)</u>	<u>(378,764)</u>	<u>(3,903,823)</u>

The audited net assets of Gold Asset as at 31 March 2017 was approximately HK\$30,307,753. The unaudited net assets of Gold Asset as at 31 December 2017 was approximately HK\$26,403,930.

Set out below is the financial information extracted from the financial statements of the Wise Think for the years ended 31 March 2016 and 2017 and the nine months ended 31 December 2017 as provided by the Vendors:

	<b>For the year ended 31 March</b>		<b>For the nine months ended 31 December</b>
	<b>2016</b>	<b>2017</b>	<b>2017</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Net profit/(loss)	538,074	(213,013)	(1,346,957)

The audited net liabilities of Wise Think as at 31 March 2017 was approximately HK\$1,311,074. The unaudited net liabilities of Wise Think as at 31 December 2017 was approximately HK\$2,658,031.

The Property is preliminarily valued at the existing market value of HK\$930 million as at 16 March 2018 by a valuer.



## **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 BVI and is an investment holding company.

The Group focuses on acquisition opportunities in Changsha City and also closely monitors the economic growth of other cities and locations in order to capture opportunities to acquire quality property investment project. Hong Kong is one of the most important financial centre in the world, with the recent wealth effect from the booming stock market and record-low unemployment, Hong Kong is experiencing high economic growth in the recent years. With reference to the property market statistics, the management expects that the demand continues to outpace the supply of residential properties, home prices in Hong Kong will keep for a sustainable growth in the foreseeable future. The management considers that tapping into the property market in Hong Kong diversifies the investment portfolio and broadens the revenue base of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase 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 Companies and the Sale Loans by the Purchaser
“Adjustments”	the adjustments to the Consideration, details of which is set out in the paragraph headed “The Adjustments” in this announcement
“Audited Completion Accounts”	the audited financial statements in respect of the respective Target Companies comprising the statement of assets and liabilities as at the Completion Date and the statement of profit or loss for the period from 1 April 2018 to the Completion Date
“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 Hong Kong are open for general banking business throughout their normal business hours
“BVI”	the British Virgin Islands
“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
“Completion Accounts”	The audited consolidated profit and loss accounts of the Target Companies as at the Completion Date
“Completion Date”	the date of Completion, which shall be 28 September 2018 or such other date as the Purchaser and the Vendors may agree in writing
“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 total consideration for the Acquisition (subject to Adjustments)
“Directors”	the directors of the Company
“Gold Asset”	Gold Asset Investment Limited, a company incorporated in Hong Kong with limited liability, which is held as to 100% by Vendor 1
“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
“Initial Consideration”	the initial consideration for the Acquisition (subject to Adjustments)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Assets Value”	the aggregate of all assets (excluding (i) the values of the Property and its fittings, finishes and appliances, equipment, facilities and other assets; (ii) loans between the Target Companies; and (iii) any intangible assets) less all liabilities (excluding (i) value of the Sale Loans; (ii) loans between the Target Companies; and (iii) any deferred tax arising from property revaluation and/or revenue as a result of sale of the whole or any part of the Property after Completion) of the respective Target Companies as at the Completion Date
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Proforma Completion Accounts”	the unaudited proforma financial statements in respect of the respective Target Companies comprising the statement of assets and liabilities as at the Completion Date and the statement of profit or loss for the period from 1 April 2018 to the Completion Date
“Property”	a property located at La Salle Road, Ho Man Tin, Kowloon, known as Kowloon Inland Lot No. 2320
“Purchaser”	Giant Astute Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 16 March 2018 entered into among the Purchaser, the Vendors and the Vendors’ Guarantor in relation to the Acquisition
“Sale Loans”	the shareholders’ loan due and owed by the Target Companies to the Vendors’ Guarantor and Vendor 2 on the Completion Date (amounted to approximately HK\$343,663,000 as at 31 December 2017)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Gold Asset and Wise Think
“Vendor 1”	Delano Hills Limited, a company incorporated in BVI with limited liability
“Vendor 2”	Ms. Park Gi Youn
“Vendors”	collectively, Vendor 1 and Vendor 2

“Vendors’ Guarantor” Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

“Wise Think” Wise Think Global Limited, a company incorporated in BVI with limited liability, which is held as to 100% by Vendor 2

“%” per cent.

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

Hong Kong, 16 March 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..*