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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 25 March 2018, the New Purchaser, an indirect wholly-owned subsidiary of the Company, the Purchaser, the Vendor and the Vendor's Guarantors entered into the Deed of Novation, pursuant to which the Purchaser agreed to novate and the New Purchaser agreed to assume, from the date of the Deed of Novation, all the Purchaser's rights and obligations in and under the Sale and Purchase Agreement in relation to the acquisition of the entire issued share capital of the Target Companies at the Initial Consideration (subject to Adjustments) upon and subject to the terms and conditions set out therein. Accordingly, the Purchaser is released from any obligation under the Sale and Purchase Agreement to be performed on or after the date of the Deed of Novation. The principal assets of the Target Companies are the Properties.

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**

On 25 March 2018, the New Purchaser, an indirect wholly-owned subsidiary of the Company, the Purchaser, the Vendor and the Vendor's Guarantors entered into the Deed of Novation, pursuant to which the Purchaser agreed to novate and the New Purchaser agreed to assume, from the date of the Deed of Novation, all the Purchaser's rights and obligations in and under the Sale and Purchase Agreement in relation to the acquisition of the entire issued share capital of the Target Companies at the Initial Consideration (subject to Adjustments) upon and subject to the terms and conditions set out therein. Accordingly, the Purchaser is released from any obligation under the Sale and Purchase Agreement to be performed on or after the date of the Deed of Novation.

The Purchaser, the Vendor and the Vendor's Guarantors are investment holding companies. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser, the Vendor, the Vendor's Guarantors and their respective beneficial owners are independent of the Company and its connected persons.

The principal terms of the Sale and Purchase Agreement are set out below.

### **Parties**

1. Best Catch Ventures Limited, as the Vendor;
2. Exquisite Ardent Limited, as the Purchaser;
3. Mark Well Investment Limited; as the Vendor's Guarantor; and
4. Wisdom King Investments Limited, as the Vendor's Guarantor.

### **Subject Matters**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued shares of the Target Companies and Sale Loan. The principal assets of the Target Companies are the Properties.

As the New Purchaser has assumed all the Purchaser's rights and obligations in and under the Sale and Purchase Agreement, upon Completion, the Target Companies and the Subsidiaries will become indirect wholly-owned subsidiaries of the Company.

### **Consideration and Payment Terms**

The Consideration for the Acquisition shall be the amount of the Initial Consideration as adjusted by reference to the Net Assets Value as shown in the Completion Accounts.

The Initial Consideration for the Acquisition shall be the amount of HK\$1,336,000,000 (the "**Agreed Property Value**"), as adjusted by reference to the Net Assets Value as shown in the Proforma Completion Accounts.

The Net Assets Value as shown on the Proforma Completion Accounts provided by the Vendor was approximately negative HK\$6,100,000. As such, the Initial Consideration amount was adjusted to approximately HK\$1,329,900,000.

The Vendor shall deliver to the Purchaser within 45 business days from the Completion Date the Completion Accounts. If the Net Assets Value as shown in the Completion Accounts is more or less than the Net Assets Value as shown in the Proforma Completion Accounts, the Purchaser or the Vendor (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 Completion Accounts.

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

- (i) HK\$66.8 million as the first deposit was paid to the solicitors of the Vendor as stakeholder upon the entering into of the provisional sale and purchase agreement (the “**First Deposit**”);
- (ii) HK\$66.8 million as the further deposit was paid to the solicitors of the Vendor as stakeholder upon the entering into of the Sale and Purchase Agreement (“**Second Deposit**”, together with the First Deposit, the “**Deposits**”);
- (iii) subject to the full repayment of the loan under the Loan Agreement and the release of the obligations under the Security Documents, the balance payment, which is equivalent to the Initial Consideration less the Deposits, shall be paid by the Purchaser at Completion. The Purchaser shall also pay to the Vendor an extension payment under the Supplemental Agreement (the “**Extension Payment**”) equivalent to such amount calculated on HK\$1,202,400,000 (90% of the Agreed Property Value) at the rate of 5% per annum on the basis of actual number of dates elapsed and a 365-day year, from but excluding 12 March 2018 up to and including the Completion Date.

The Deposits have been paid by the Purchaser. Pursuant to a letter of confirmation, the New Purchaser shall pay the sum of HK\$133,600,000, which is equivalent to the Deposits to the Purchase within 7 business days from the date of the execution of the Deed of Novation. The remaining balance of Initial Consideration of approximately HK\$1,196,300,000 and the Extension Payment of approximately HK\$2,306,000 will be paid by the New Purchaser to the Vendor on the Completion Date which is expected to be 26 March 2018.

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

The Consideration was agreed by the New Purchaser having taken into account, among others, (i) the location and the prospect of the Properties; (ii) the preliminary valuation of the Properties as indicated by an independent valuer as at 21 March 2018 of approximately HK\$1,350,000,000; and (iii) the prospects of the property market in Hong Kong.

### **Conditions precedent**

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

- (1) the Target Group are able to give and prove titles to the Properties in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) respectively;
- (2) the Purchaser having completed its due diligence review on the Target Group and the Properties and none of the following is found during the due diligence review:
  - any material adverse effect on the legal and beneficial ownership of the Target Group and the Properties (other than that as a result of the fluctuation of the Hong Kong property market);

- actual or potential liability on the part of the Target Group exceeding the amount of HK\$200,000,000 which is not reflected in or provided for in the audited accounts or management accounts of the Target Group (other than the Sale Loan);
  - material defects in any of the material documents in relation to the Target Group, Sale Loan or the titles of the Properties;
  - any undischarged litigation or other legal proceedings in which any of the Target Group is involved with the aggregate claim amounts exceeding HK\$200,000,000;
  - any material violations of applicable laws and/or regulations which will result in the potential liability on any of the Target Group exceeding the amount of HK\$200,000,000;
  - the Vendor being unable to give and prove titles to the Properties in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) respectively and the Vendor being unable or unwilling to satisfy the Purchaser in respect of all requisitions relating to the titles to the Properties; or
  - any of the warranties given by the Vendor in the Sale and Purchase Agreement being found untrue, inaccurate or misleading involving an amount exceeding the amount of HK\$200,000,000;
- (3) saved for the encumbrance created under the Loan Agreement and the Securities Documents which shall be discharged upon the Completion, the Vendor is the sole legal and beneficial owner of all the issued share capital of the Target Companies and Sale Loan free from any encumbrance and third parties' rights;
  - (4) saved for the encumbrance created under the Loan Agreement and the Securities Documents, the Target Companies are the sole legal and beneficial owners of all the issued share capital of their respective Subsidiaries free from any encumbrance and third parties' rights;
  - (5) saved for the encumbrance created under the Loan Agreement and the Securities Documents, the Vendor is the sole legal and beneficial owner of the Properties free from any encumbrance and third parties' rights;
  - (6) the Target Group having fully repaid all the debts (other than those liabilities under Sale Loan, the Loan Agreement, intra-group loans and those recorded in the Completion Accounts and liabilities with aggregate amount of not exceeding HK\$200,000);
  - (7) there being no material adverse change in the business, assets, properties, financial information or operation of the Target Group (other than that as a result of the fluctuation of the Hong Kong property market); and
  - (8) the warranties given by the Vendor in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects on the Completion Date.

If any of the Conditions has not been fulfilled on or before the Completion Date, the Purchaser shall have the right to notify the Vendor to terminate the Sale and Purchase Agreement, in which event, the Vendor shall refund the Deposits to the Purchaser without any interest and neither party shall claim against the other party.

## **Completion**

Completion is expected to take place on 26 March 2018.

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

## **Guarantees**

The Vendor's Guarantors shall guarantee to the Purchaser the obligations of the Vendor under the Sale and Purchase Agreement.

## **Information relating to the Target Group and the Properties**

### *Information on the Target Group*

The Target Companies are property investment companies all incorporated in BVI with limited liability. The Subsidiaries are property investment companies all incorporated in Hong Kong with limited liabilities. The principal assets of the Target Group are the Properties.

### *Financial information of the Target Group*

Set out below is the financial information extracted from the financial statements of the Target Group for the years ended 31 December 2017 and 2016, respectively, (in aggregation basis) as provided by the Vendor:

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Profit before tax	1,119,000	14,271,000
Profit/(loss) after tax	(459,000)	10,920,000

As at 31 December 2017, the net liabilities of Target Group (in aggregation basis) was approximately HK\$726,044,000 including carrying amount of the Properties of approximately HK\$164,841,000 and the amount due to the Vendor of approximately HK\$883,726,000.

### *Information on the Properties*

The Properties consist of 41<sup>st</sup>, 42<sup>nd</sup>, 43<sup>rd</sup>, 45<sup>th</sup> and 46<sup>th</sup> floors, 16 car parking spaces and the certain retained portions representing 3 external signage areas (the "**Retained Portions**") of "Enterprise Square Three (企業廣場3期)", No. 39 Wang Chiu Road, Kowloon, Hong Kong. The gross floor area of the Properties (excluding the 16 car parking spaces and the Retained Portions) is approximately 72,800 sq. ft. As at the date of this announcement, 43rd, 45th and

46th floors together with 10 car parking spaces and the Retained Portions are currently leased out to a tenant, which is an independent third party, to June 2022. The remaining portion of the Properties is currently vacant. For the avoidance of doubt, the 42nd, 43rd, 45th and 46th floors among the Properties are numbered according to the record of the Land Registry. However, such floors are also known as 43rd, 45th, 47th and 49th floors, respectively, and are shown in the respective premises. In this announcement, the number of the floors of the Properties are stated according to the record of the Land Registry.

### **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 New Purchaser was incorporated in BVI and is principally engaged in equity investment.

The Group intends to lease out the Properties to generate rental income and occupy one vacant floor as office of the Group, to the extent that the Group does not fully utilise a whole floor, any surplus space will be leased out.

The management considers that the diversification to property investment in Hong Kong will enable the Group to maintain relatively stable and recurring rental income as well as to achieve possible long term capital appreciation.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Deed of Novation, 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 Group by the New Purchaser
“Adjustments”	the adjustments to the Consideration, details of which is set out in the paragraph headed “Consideration and Payment Terms” in this announcement
“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 balance sheet of the Target Group as at the Completion Date
“Completion Date”	the date of Completion, which shall be 26 March 2018 or such other date as the Purchaser and the Vendor may agree in writing
“Conditions”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions precedent” of this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition (subject to Adjustment)
“Deed of Novation”	a deed of novation dated 25 March 2018 entered into amongst the New Purchaser, an indirect wholly-owned subsidiary of the Company, the Purchaser, the Vendor and the Vendor’s Guarantors
“Directors”	the directors of the Company
“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 of HK\$1,336,000,000 for the Acquisition (subject to Adjustments)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Agreement”	the loan agreement dated 23 March 2016 entered into among the Vendor, the Subsidiaries, Australia and New Zealand Banking Group Limited and Hang Seng Bank Limited in relation to the loan of HK\$650,000,000 granted to the Vendor
“Mark Well”	Mark Well Investment Limited, a company incorporated in Hong Kong with limited liability
“New Asset Value”	the aggregate of all assets (excluding (i) the values of the Properties; (ii) loans between the Target Group; and (iii) any intangible assets) less all liabilities (excluding (i) value of the Sale Loan; (ii) any deferred tax arising from property revaluation and/or revenue as a result of sale of the whole or any part of the Properties after Completion; and (iii) loans between the Target Group) of the respective Target Group as at the Completion Date
“New Purchaser”	Splendor Keen Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“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 balance sheet in respect of the respective Target Group comprising the statement of assets and liabilities as at the Completion Date
“Properties”	41 <sup>st</sup> , 42 <sup>nd</sup> , 43 <sup>rd</sup> , 45 <sup>th</sup> and 46 <sup>th</sup> floors, 16 car parking spaces and the Retained Portions of “Enterprise Square Three (企業廣場3期)”, No. 39 Wang Chiu Road, Kowloon, Hong Kong
“Purchaser”	Exquisite Ardent Limited, a company incorporated in BVI with limited liability
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 3 November 2017 (as supplemented by the Supplemental Agreement dated 5 March 2018) entered into among the Purchaser, the Vendor and the Vendor’s Guarantors in relation to the Acquisition
“Sale Loan”	all the interests, benefits and rights of and in the shareholder’s loan owed by the Target Companies to the Vendor on the Completion Date
“Security Documents”	the security documents as security for the repayment obligations of the Vendor under the Loan Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	Wisdom Bloom Investments Limited, All Brilliant Investments Limited, Candidwell Investments Limited, Gainer Investments Limited, Leadfirst Investments Limited and Enterprise Carpark Limited which were incorporated in Hong Kong with limited liabilities, all are wholly-owned subsidiaries of the Target Companies
“Supplemental Agreement”	the supplemental agreement dated 5 March 2018 entered into among the Purchaser, the Vendor and the Vendor’s Guarantors in relation to the amendment and supplement of certain terms of the Sale and Purchase Agreement
“Target Companies”	collectively, Stardust King Group Limited, Gleaming Sun Investments Limited, Charming Way Ventures Limited, Auspicious Time Global Limited, Pleasant View Group Limited and Obvious Bliss Investments Limited which were incorporated in the BVI with limited liabilities
“Target Group”	the Target Companies and the Subsidiaries
“Vendor”	Best Catch Ventures Limited, a company incorporated in the BVI with limited liability
“Vendor’s Guarantors”	Mark Well and Wisdom King
“Wisdom King”	Wisdom King Investments Limited, a company incorporated in the BVI with limited liability
“%”	per cent.

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

Hong Kong, 25 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..*