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Sunfonda Group Holdings
SUNFONDA GROUP HOLDINGS LIMITED
新豐泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01771)

ANNOUNCEMENT

**DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF 25%
EQUITY INTERESTS IN THE TARGET COMPANY**

The Board hereby announces that each of the Transferors, i.e. Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie, all being indirect wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements with the Transferee, i.e. Xi'an Longbing, and the Target Company, i.e. Xi'an Qinrui Real Estate Co., Ltd.* (西安秦睿置業有限公司) on 17 May 2021, pursuant to which the Transferors have agreed to dispose of, and the Transferee has agreed to purchase an aggregate of 25% equity interests in the Target Company held by the Transferors at a total consideration of RMB152,704,450. Upon completion of the Disposal, each of the Transferors will cease to hold any equity interests in the Target Company.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Disposal contemplated under the Equity Transfer Agreements constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that each of the Transferors, i.e. Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie, all being indirect wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreements with the Transferee and the Target Company on 17 May 2021, pursuant to which the Transferors have agreed to dispose of, and the Transferee has agreed to

purchase an aggregate of 25% equity interests in the Target Company held by the Transferors at a total consideration of RMB152,704,450. Upon completion of the Disposal, each of the Transferors will cease to hold any equity interests in the Target Company.

EQUITY TRANSFER AGREEMENTS

The principal terms of the Equity Transfer Agreements are as follows:

- Date:** 17 May 2021
- Parties:**
- (i) Xi'an Longbing, as the Transferee
 - (ii) Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie, as the Transferors
 - (iii) Xi'an Qinrui Real Estate Co., Ltd., as the Target Company
- Effective Date:** Each of the Equity Transfer Agreements shall take effect on the date of being chopped with official chops of all parties and being signed or chopped by the legal representatives of all parties.
- Target Equity:** An aggregate of 25% equity interests in the Target Company held by the Transferors (the "**Target Equity**")
- Consideration and Payment Arrangement:** The total consideration for the Disposal is RMB152,704,450.
- The Transferee shall pay the consideration for the Disposal to each of the Transferors respectively on a pro rata basis in accordance with their respective equity interests in the Target Company within three working days from the date when the industrial and commercial registration of changes in respect of the equity transfer of the Target Company is fully completed.
- The consideration for the Disposal was determined upon arm's length negotiations between the Transferors and the Transferee with reference to, among other things, (i) the carrying amount of total assets and net assets of the Target Company as at 30 April 2021; (ii) expected gain from future operations of the Target Company; and (iii) market conditions, etc.

Closing: The Transferors and the Target Company shall ensure that the registration of changes in respect of the transfer of the Target Equity is completed within 10 working days after the signing of the Equity Transfer Agreements.

INFORMATION ON PARTIES TO THE DISPOSAL

Information on the Transferors

Shaanxi Sunfonda Shangzhong is a company incorporated in Xi'an, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, the sales of new vehicles, sales of whole vehicles and electric accessories for new energy vehicles, retail of automobile spare parts, sales of automobile decoration supplies, car trailer and rescue services, sales of chemical products, metalware, retail of hardware, used car dealership, appraisal and assessment, information consulting service, motor vehicle repair and maintenance, lease of land use right and non-residential real estate. As of the date of this announcement, Shaanxi Sunfonda Shangzhong is an indirect wholly-owned subsidiary of the Company.

Shaanxi Sunfonda ATD is a company incorporated in Xi'an, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, the sales agency, sales of new and used vehicles, sales of whole vehicles and electrical accessories for new energy vehicles, retail and wholesale of auto parts, retail and wholesale of hardware products, sales of chemical products, car decoration supplies and general merchandise, motor vehicle repair and maintenance, used car dealership, brokerage, appraisal and assessment, information technology consulting services, information consulting services, concurrent insurance agency, etc. As of the date of this announcement, Shaanxi Sunfonda ATD is an indirect wholly-owned subsidiary of the Company.

Shaanxi Sunfonda Huixiang is a company incorporated in Xi'an, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, the retail of automobile spare parts, retail of hardware, sales of chemical products, sales of automobile decoration supplies, car trailer and rescue services, motor vehicle repair and maintenance, used car dealership, appraisal and assessment, sales of new cars, information consulting service, sales of metalware, rubber products and leather products, retail of stationery, sporting goods and equipment, and sales of electronic products. As of the date of this announcement, Shaanxi Sunfonda Huixiang is an indirect wholly-owned subsidiary of the Company.

Suzhou Sunfonda is a company incorporated in Suzhou, Jiangsu Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, the sales of brand automobile, auto parts, hardware and electrical equipment and chemical raw materials, wholesale of auto spare parts, maintenance of passenger cars, used car dealership, appraisal and assessment. As of the date of this announcement, Suzhou Sunfonda is an indirect wholly-owned subsidiary of the Company.

Suzhou Sunfonda Toyota is a company incorporated in Suzhou, Jiangsu Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, the sales of FAW Toyota and imported Toyota brand automobiles, sales of auto parts, hardware and electrical equipment and chemical raw materials, wholesale of auto spare parts, repair and rescue of cars, used car dealership, appraisal and assessment. As of the date of this announcement, Suzhou Sunfonda Toyota is an indirect wholly-owned subsidiary of the Company.

Yinchuan Shunchi Lujie is a company incorporated in Yinchuan, Gansu Province, the PRC under the laws of the PRC with limited liability that principally engages in, among others, sales of automobiles, used cars, auto accessories, auto supplies, hardware and electrical equipment, chemical raw materials, machinery and equipment, electronic products, general merchandise, clothing and shoes, cleaning, repair and decoration and after-sales service of cars and used cars, wholesale of auto parts and automobile sales consulting. As of the date of this announcement, Yinchuan Shunchi Lujie is an indirect wholly-owned subsidiary of the Company.

Information on the Transferee

The Transferee is a company incorporated in Xi'an, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in real estate development and operation. As of the date of this announcement, Xi'an Longbing is owned as to 70% by Xi'an Longhu Real Estate Development Co. Ltd.* (西安龍湖地產發展有限公司) and 30% by Xi'an Jingzhao Bingyi Enterprise Management Co., Ltd.* (西安京兆秉義企業管理有限公司). The ultimate beneficial owner of Xi'an Longbing is Longfor Group Holdings Limited (stock code: 960), a company listed on the Stock Exchange. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Xi'an Longbing and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Xi'an, Shaanxi Province, the PRC under the laws of the PRC with limited liability that principally engages in property management and real estate development and management. As of the date of this announcement, the Target Company is owned as to 75%, 6.25%, 3.75%, 3.75%, 3.75%, 3.75% and 3.75% by Xi'an Longbing, Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie, respectively. Upon completion of the Disposal, Xi'an Longbing will own 100% equity interests in the Target Company.

The Target Company was established in December 2020. Based on the unaudited consolidated financial statements of the Target Company for the four months ended 30 April 2021, the total assets and net asset value of the Target Company as at 30 April 2021 was approximately RMB630 million and RMB30 million, respectively.

GAIN FROM THE DISPOSAL AND USE OF PROCEEDS

According to the difference in amount between the aforesaid total consideration for the Disposal and the carrying amount of the net assets of the Target Company attributable to the Transferors calculated on a pro rata basis in accordance with their equity interests in the Target Company, the Company expected that an unaudited gain (before tax) generated from the Disposal will be approximately RMB145.20 million. The actual amount of gain from the Disposal is subject to audit.

The sales proceeds from the Disposal are intended to be used for the development of main business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group focuses on the development of its main business, and continues to optimize various resources with an aim to increase the scale of its main business and consolidate its core competitiveness. The Disposal is beneficial to improving the Group's asset utilization rate and optimizing its financial position and asset liquidity. The income and cash flow from the Disposal can further facilitate the Group to use its advantages and resources to develop its main business.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreements are fair and reasonable, and the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Disposal contemplated under the Equity Transfer Agreements constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“Board”	the board of Directors of the Company
“Company”	Sunfonda Group Holdings Limited (新豐泰集團控股有限公司), an exempted company incorporated in the Cayman Islands on 13 January 2011 with limited liability, the issued 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
“Director(s)”	director(s) of the Company

“Disposal”	the disposal by Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie of an aggregate of 25% equity interests in the Target Company to Xi’an Longbing subject to and upon the terms and conditions of the Equity Transfer Agreements
“Equity Transfer Agreements”	six Equity Transfer Agreements dated 17 May 2021 entered into by each of Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie (as the Transferors) with Xi’an Longbing (as the Transferee) and the Target Company in relation to the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Sunfonda ATD”	Shaanxi Sunfonda Automobile Technology Development Co., Ltd.* (陝西新豐泰汽車技術開發有限責任公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Huixiang”	Shaanxi Sunfonda Huixiang Automobile Sales Service Co., Ltd.* (陝西新豐泰匯翔汽車銷售服務有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Shaanxi Sunfonda Shangzhong”	Shaanxi Sunfonda Shangzhong Automobile Sales Service Co., Ltd.* (陝西新豐泰尚眾汽車銷售服務有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Suzhou Sunfonda”	Suzhou Sunfonda Automobile Sales Services Co., Ltd.* (蘇州新豐泰汽車銷售服務有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company

“Suzhou Sunfonda Toyota”	Suzhou Sunfonda Toyota Automobile Sales Services Co., Ltd.* (蘇州新豐泰豐田汽車銷售服務有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Target Company”	Xi’an Qinrui Real Estate Co., Ltd., a company incorporated in the PRC with limited liability
“Transferors”	Shaanxi Sunfonda Shangzhong, Shaanxi Sunfonda ATD, Shaanxi Sunfonda Huixiang, Suzhou Sunfonda, Suzhou Sunfonda Toyota and Yinchuan Shunchi Lujie
“Xi’an Longbing” or the “Transferee”	Xi’an Longbing Real Estate Co., Ltd.* (西安龍秉置業有限公司), a company incorporated in the PRC with limited liability
“Yinchuan Shunchi Lujie”	Yinchuan Shunchi Lujie Automobile Sales Service Co., Ltd.* (銀川順馳路捷汽車銷售服務有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* denotes English translation of the name of a Chinese company, and is provided for identification purposes only.

By Order of the Board
Sunfonda Group Holdings Limited
Mr. Wu Tak Lam
Chairman

17 May 2021

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Wu Tak Lam, Ms. Chiu Man, Mr. Gou Xinfeng and Ms. Chen Wei; and three independent non-executive Directors, namely, Mr. Liu Jie, Mr. Song Tao and Dr. Liu Xiaofeng.