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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

On 18 February 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to purchase, the Sale Equity Interest, representing 55% of the equity interest of the Target Company for a consideration of RMB421,239,530.34, which shall be paid by the Purchaser to the Vendor in cash.

The Target Company is a joint venture between the Group and Ningbo Hairao and acts as the holding company of the Target Group which is principally engaged in real estate development in the PRC. As at the date of this announcement, the projects under the joint venture have been completed, the saleable properties have been substantially sold and settled, and the joint venture has also completed profit distribution. Upon completion of the Disposal, the Group will no longer hold any interest in the Target Company and the Target Company and other members of the Target Group will cease to be accounted as subsidiaries of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

18 February 2022

Parties

- (i) the Vendor; and
- (ii) the Purchaser.

Assets to be disposed of

Pursuant to the Agreement, the Vendor has agreed to sell the Sale Equity Interest to the Purchaser. The Sale Equity Interest represent 55% of the equity interest of the Target Company.

Consideration

The consideration for the Disposal is RMB421,239,530.34, which shall be paid by the Purchaser to the Seller in cash within three (3) days after the Agreement becoming effective.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser and on normal commercial terms taking into consideration (i) the amount of capital contribution to the Target Company and its subsidiaries made by the Vendor; (ii) the current financial position of the Target Group; and (iii) the reasons for the Disposal as mentioned in the section headed "Reasons for the Disposal and Use of Proceeds" below.

Completion

Pursuant to the terms of the Agreement, the Sale Equity Interest shall be transferred to the Purchaser free from encumbrances and the Vendor shall cooperate with the Purchaser and the Target Company to complete the registration formalities for the transfer with the relevant industry and commerce registration authority.

Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company and the Target Company and other members of the Target Group will cease to be accounted as subsidiaries of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of the Company. As at the date of this announcement, the Target Company is owned as to 55% and 45% by the Vendor and Ningbo Hairao respectively. The Target Company is a joint venture between the Group and Ningbo Hairao and acts as the holding company of the Target Group which is principally engaged in real estate development in the PRC. As at the date of this announcement, the projects under the joint venture have been completed, the saleable properties have been substantially sold and settled, and the joint venture has also completed profit distribution.

The unaudited consolidated net asset value of the Target Group was approximately RMB765.9 million as at 31 January 2022. The unaudited consolidated financial results of the Target Group for the two years ended 31 December 2021 are as follows:

	For the year ended	
	31 December	
	2020	2021
	<i>RMB million</i>	<i>RMB million</i>
Net profit/(loss) before taxation	261.0	122.6
Net profit/(loss) after taxation	222.1	90.9

Subject to final audit, it is expected that the Group will realise no gain nor loss from the Disposal, which is calculated with reference to the unaudited consolidated net asset value of the Target Group as at 31 January 2022.

INFORMATION ON THE GROUP, THE VENDOR AND THE PURCHASER

The Group

The Company is an investment holding company. The Group is a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. The Group is primarily engaged in the development of mid- to high-end residential properties, and also develops commercial properties integrated with or in the vicinity of its residential properties, including office buildings, retail shops and other commercial properties.

The Vendor

The Vendor is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company which is principally engaged in property development in the PRC.

The Purchaser

The Purchaser is a limited liability company established in the PRC, which is principally engaged in industrial investment, investment consultation, investment management and wholesales and retail sales of non-ferrous metal materials and building materials. The Purchaser is ultimately wholly owned by Mr. Feng Hailiang.

To the best of the Directors' knowledge, information and belief, after made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Target Company is a joint venture between the Group and Ningbo Hairao and acts as the holding company of the Target Group which is principally engaged in real estate development in the PRC. As at the date of this announcement, the projects under the joint venture have been completed, the saleable properties have been substantially sold and settled, and the joint venture has also completed profit distribution. Therefore, the Board considers that it would be in the interest of the Company and its shareholders to withdraw its investment in the Target Company so that the Group can focus its resources on its existing businesses. The Disposal will also increase the cash resources of the Group for further development and expansion of its business and for other better investment opportunities as and when they arise.

The proceeds from the Disposal are currently intended to be used by the Group for repayment of bank loans.

The Directors are of the view that the terms of the Agreement were negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the equity transfer agreement dated 18 February 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Ronshine China Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Hairao”	Ningbo Hairao Investment Co., Ltd.* (寧波海饒投資有限公司), a limited liability company established in the PRC and an Independent Third Party save for its equity interest in the Target Company
“PRC”	the People’s Republic of China
“Purchaser”	Zhejiang Beize Group Company Limited* (浙江貝澤集團有限公司), a limited liability company established in the PRC and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Equity Interest”	55% of the equity interest of the Target Company
“Share(s)”	ordinary share(s) of nominal value of HK\$0.00001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司), a limited liability company established in the PRC and is owned as to 55% and 45% by the Vendor and Ningbo Hairao, respectively, as at the date of this announcement
“Target Group”	collectively, the Target Company, its subsidiaries and its invested entity, including its wholly-owned subsidiaries, namely (i) Fuyang Hailiang Fuhe Property Co., Ltd.* (阜陽海亮阜合房地產有限公司), (ii) Ningxia Hailiang Property Co., Ltd.* (寧夏海亮房地產有限公司), (iii) Bengbu Hailiang Property Co., Ltd.* (蚌埠海亮房地產有限公司), (iv) Fuyang Hailiang Investment Co., Ltd.* (阜陽海亮投資有限公司), (v) Hailiang Property Holding Group Management Co., Ltd.* (海亮地產控股集團管理有限公司), (vi) Lanzhou Hailiang Property Development Co., Ltd.* (蘭州海亮房地產開發有限公司), (vii) Xining Hailiang Property Development Co., Ltd.* (西寧海亮房地產開發有限公司), (viii) Ganzhou Hailiang Property Co., Ltd.* (贛州海亮房地產有限公司), (ix) Nantong Hailiang Property Co., Ltd.* (南通海亮房地產有限公司), (x) Fuyang Hailiang Yingdong Property Co., Ltd.* (阜陽海亮穎東房地產有限公司), (xi) Zhengzhou Hailiang Property Development Co., Ltd.* (鄭州海亮房地產開發有限公司), (xii) Lu’an Hailiang Property Co., Ltd.* (六安海亮房地產有限公司), (xiii) Bengbu Hailiang Investment Co., Ltd. (蚌埠海亮投資有限公司), and (xiv) Fuyang Hailiang Property Co., Ltd.* (阜陽海亮房地產有限公司), its non wholly-owned subsidiaries, namely (i) Suzhou Industrial Park Shengzhe Property Co., Ltd.* (蘇州工業園區聖哲房地產有限公司), (ii) Fuyang Haikuo Yingdong Real Estate Co., Ltd.* (阜陽海闊穎東置業有限公司), (iii) Fuyang Haikuo Fuhe Property Co., Ltd.* (阜陽海闊阜合房地產有限公司), and (iv) Fuyang Hailiang Xingcheng Real Estate Co., Ltd.* (阜陽海亮星城置業有限公司), and its 35%-owned entity, namely Hefei Hailiang Real Estate Co., Ltd.* (合肥海亮置業有限公司), each of which is a company established in the PRC with limited liability

“Vendor”

Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

By order of the Board of
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 18 February 2022

As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng are the independent non-executive Directors.

* *For identification purpose only*