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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)

**(1) INSIDE INFORMATION
POSSIBLE APPLICATION FOR WHITEWASH WAIVER;
AND
(2) RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions.

TERM SHEET

The Board wishes to announce that on 11 May 2022 (after trading hours), the Company and the Potential Investor entered into the Term Sheet, pursuant to which the Parties have set out their understanding with regard to the Proposed Restructuring and the Possible Subscription. It is contemplated that the Proposed Restructuring will comprise (i) the Possible Subscription; and (ii) the implementation of the Creditors' Scheme.

The Potential Investor intends to provide a funding of US\$20 million (the “**Proceeds**”) in cash for the Company to allot and issue the Subscription Shares which would represent 90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. In consideration of the waiver of all debts due from the Company to its creditors, the Potential Investor intends to (i) assign 10% of the Subscription Shares to be allotted and issued to the Creditors’ Scheme; and (ii) allow the Company to utilise HK\$5 million from the Proceeds as cash consideration for the Creditors’ Scheme. It is intended that the remainder of the Proceeds will be utilised to settle the restructuring cost and as the working capital of the PRC subsidiaries of the Company.

Upon the completion of the Proposed Restructuring, it is expected that the Potential Investor will own 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Potential Investor would then place down 5% of the enlarged issued share capital of the Company to the public, resulting in a reduction of the Potential Investor’s shareholding percentage in the Company from 80% to 75%. The Potential Investor will become a controlling shareholder of the Company.

The Potential Investor and its ultimate beneficial owner(s) is an Independent Third Party not connected with any of the Company’s directors, chief executives, substantial shareholders, subsidiaries and associates (as defined under the Listing Rules).

Conditions precedent

According to the Term Sheet, completion of the Proposed Restructuring will be conditional upon satisfaction or waiver (if applicable) of the following:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions reasonably acceptable to both Parties) the listing of and permission to deal in the Subscription Shares;
- (ii) the Whitewash Condition;
- (iii) resolutions in relation to the Definitive Agreement and the transactions contemplated thereunder including the issue of the Subscription Shares, having been duly passed by the Independent Shareholders in general meeting and all other consents and acts required under the Listing Rules and the Takeovers Code having been obtained and completed;

- (iv) resolutions in relation to the Definitive Agreement and the transactions contemplated thereunder including the issue of the Subscription Shares having been duly passed by the Board;
- (v) resolutions in relation to the approval of the Whitewash Waiver shall have been duly passed by the Independent Shareholders in general meeting;
- (vi) the Creditors' Scheme having become effective; and
- (vii) the Potential Investor's satisfaction on its due diligence on the Group.

For the avoidance of doubt, none of the Parties may waive the Whitewash Condition to be incorporated in the Definitive Agreement.

Exclusivity Period

Pursuant to the Term Sheet, the Company has undertaken to the Potential Investor that no solicitation or discussion on the investment similar to that contemplated under the Term Sheet will be made by the Company and/or its related parties with any other parties and the Definitive Agreement or the like is exclusive for the Potential Investor during the period commencing on the date of the Term Sheet up to (and including) the earlier of the Long Stop Date and the date on which the Definitive Agreement is signed by the Parties.

Non-legally binding nature

The Term Sheet is not, and is not intended to become, legally binding on the Parties except for provisions in relation to, among others, the exclusivity period, the legal status of the Term Sheet, confidentiality and governing law.

The Proposed Restructuring and the Possible Subscription is subject to further negotiations between the Parties and the signing of the Definitive Agreement. The Parties shall negotiate in good faith the terms of the Definitive Agreement which shall reflect the terms and conditions of the Proposed Restructuring as set out in the Term Sheet and enter into the Definitive Agreement on or before the Long Stop Date.

REASONS FOR THE PROPOSED RESTRUCTURING AND POSSIBLE SUBSCRIPTION

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 including Hong Kong.

The Potential Investor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CIS Group Limited (together with its subsidiaries the “**CIS Group**”) which is ultimately held by Kan King Yee Karen as to 31.96%, Lun Shunhua as to 25.60%, Tan Shenning as to 23.6% and three other persons as to an aggregate of 18.84%. The core businesses of the CIS Group include, among others, securities & asset management, equity and debt capital market, insurance and wealth management, capital & equity investment, money lending and immigration service.

The Group has faced severe liquidity challenges and has been actively seeking to restructure its business and improve its financial position. The Directors are of the view that despite the various economic and COVID-19 related headwinds, investment of new money under the Proposed Restructuring and the Possible Subscription (i) will provide the Group with the necessary funding to repay its outstanding debts; and (ii) presents an opportunity to restore the Company’s business.

The Company will initiate the procedures at the High Court of Hong Kong to implement the Creditors’ Scheme as soon as practicable.

RELEVANT SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has a total of 11,365,386,067 Shares in issue.

POSSIBLE WHITEWASH WAIVER

The Possible Subscription, if materialised, will lead to the Potential Investor holding 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and in the absence of the Whitewash Waiver, will trigger an obligation of the Potential Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all Shares not already owned or agreed to be acquired by the Potential Investor and the parties acting in concert with it. In this regard, an application will be made by the Potential Investor to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Shares if the Definitive Agreement is entered into.

The Whitewash Waiver, if granted by the Executive, will be subject to, among others, approval by the Independent Shareholders at the special general meeting of the Company by way of a poll. Pursuant to the Term Sheet, the Whitewash Condition will be incorporated in the Definitive Agreement (if materialised) and shall not be waivable by the Company nor the Potential Investor. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Proposed Restructuring and the Possible Subscription will not proceed.

MONTHLY UPDATE

The Proposed Restructuring and the Possible Subscription may or may not proceed. Shareholders will be informed of any further developments with regard to the Proposed Restructuring and the Possible Subscription by way of further announcement(s) as and when necessary in accordance with the Listing Rules and the Takeovers Code.

However in any event, monthly announcement(s) setting out the progress of the Proposed Restructuring and the Possible Subscription will be made until an announcement of a firm intention to proceed with the Proposed Restructuring and the Possible Subscription under Rule 3.5 of the Takeovers Code or of a decision is made not to proceed with the Proposed Restructuring and the Possible Subscription.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 12 May 2022 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 May 2022 following the publication of this announcement.

WARNING

The Term Sheet is non-legally binding in nature except for provisions in relation to, among others, the exclusivity period, the legal status of the Term Sheet, confidentiality and governing law, and there is no assurance that the Proposed Restructuring and the Possible Subscription will materialise or eventually be consummated. Shareholders and potential investors of the Company should be aware that the terms of the Proposed Restructuring and the Possible Subscription are subject to further negotiations between the Parties, and the completion of the Proposed Restructuring and the Possible Subscription and is subject to the Definitive Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“acting in concert”	having the meaning as ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“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
“controlling shareholder”	having the meaning ascribed thereto under the Listing Rules
“Creditors’ Scheme”	the proposed scheme of arrangement to be implemented to settle the Company’s liabilities
“Director(s)”	the director(s) of the Company
“Definitive Agreement”	a legally binding formal agreement that may be entered into between the Parties in relation to, among others, the Proposed Restructuring and the Possible Subscription
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholder(s)”	Shareholder(s) other than: (i) the Potential Investor and parties acting in concert with it and their associates (as defined under the Takeovers Code); (ii) those who are involved in or interested in the Proposed Restructuring and the Possible Subscription and the Whitewash Waiver and the transactions contemplated thereunder (if any); and (iii) those who are required to abstain from voting at the special general meeting of the Company (if any) to consider and approve, among others, the Definitive Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Inside Information Provisions”	having the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 August 2022 or such later date as the Parties may from time to time agree in writing
“Parties”	the Company and the Potential Investor
“Possible Subscription”	the possible subscription of the Subscription Shares by the Potential Investor
“Potential Investor”	Jet Power Investments Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region and Taiwan

“Proposed Restructuring”	the proposed debt restructuring of the Company comprising (i) the Possible Subscription; and (ii) the implementation of the Creditors’ Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of the Company having a par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Share(s)”	Such number of new Shares to be allotted and issued by the Company as will represent 90% of the issued share capital of the Company as enlarged by the allotment and issue of such new Shares
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Term Sheet”	the non-legally binding term sheet (except certain provisions) dated 11 May 2022 and entered into between the Parties in relation to, among others, the Proposed Restructuring and the Possible Subscription
“US\$”	United States Dollars, the lawful currency of the United States of America
“Whitewash Condition”	the condition precedent that completion of the Proposed Restructuring is conditional upon the Whitewash Waiver having been granted by the Executive and the satisfaction of any conditions attached thereto, if any, and such Whitewash Waiver not having been subsequently revoked or withdrawn

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Potential Investor to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Potential Investor and any parties acting in concert with it which would, if the Possible Subscription proceeds, otherwise arise as a result of the completion of the Possible Subscription

“%”

per cent.

By order of the Board
Fullsun International Holdings Group Co., Limited
Pan Haoran
Executive Director and Chief Executive Officer

Hong Kong, 13 May 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Pan Haoran and Mr. Li Jinrong and three independent non-executive Directors, namely Mr. Kong Tat Yee, Mr. Yau Pak Yue and Mr. Zheng Zhen.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.