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**SHINSUN 祥生**

**Shinsun Holdings (Group) Co., Ltd.**

**祥生控股(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 02599)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY**

**THE DISPOSAL**

On 12 July 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, under which the Purchaser agreed to acquire and the Vendor agreed to sell, the Sale Shares, representing 100% of the registered capital of the Target Company at a cash consideration of RMB339,734,559.85 (equivalent to approximately HK\$397,490,000).

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The Group will cease to have any interests in the Target Company and the financial results of the Target Company will cease to be consolidated into the accounts of the Group.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**THE DISPOSAL**

On 12 July 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement in respect of the Disposal. The salient terms of the Equity Transfer Agreement are summarized below:

**EQUITY TRANSFER AGREEMENT**

**Dates:** 12 July 2022

**Parties:** (1) the Vendor (an indirect wholly-owned subsidiary of the Company)  
(2) the Purchaser

## **Subject Matter**

Pursuant to the terms and conditions of the Equity Transfer Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire, the Sale Shares, representing 100% of the registered capital of the Target Company at a cash consideration of RMB339,734,559.85 (equivalent to approximately HK\$397,490,000).

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The Group will cease to have any interests in the Target Company and the financial results of the Target Company will cease to be consolidated into the accounts of the Group.

## **Consideration**

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) the valuation amount of the Target Company as at 31 May 2022 of RMB339,105,349.49 as valued by an independent valuer using asset-based approach; (ii) the unaudited net asset value of the Target Company as at 31 May 2022, being RMB474,840,679.81, and the Target Company's historical loss-making position; and (iii) the current market conditions and the increasingly challenging operating environment in the real estate industry, which have resulted in poor sales performance of the Target Company and continued increase in operating costs. The transaction will provide the Group with immediate cash inflow which will relieve the Group's liquidity pressure and be used to finance the Group's future business development needs.

The Consideration will be paid in four instalments as set out below:

### ***First Instalment***

Approximately RMB17,453,108.90 (the "**First Instalment**"), being the 5.14% of the Consideration, shall be paid to a bank account designated by the Vendor on the first business day after the satisfaction of (i) the Equity Transfer Agreement having been signed; (ii) the Vendor having presented to the Purchaser a demand for payment letter; (iii) the Vendor having reached an agreement with employees on the employees' moving out of the employee dormitories; and (iv) the submission of all relevant materials to the relevant authorities regarding the transfer of shares.

### ***Second Instalment***

Approximately RMB70,046,891.10 (the "**Second Instalment**"), being the 20.61% of the Consideration, shall be paid to a bank account designated by the Vendor within three business days of the Vendor having presented to the Purchaser a designated bank account confirmation letter.

The payment of the Second Instalment shall be subject to (i) the registration of 100% of the Target Company's shares under the name of the Purchaser (or any such person the Purchaser may designate) and the Target Company having obtained a new business licence; (ii) the Vendor having completed the compilation of creditors' rights and completion of account settlement with the payment confirmation in accordance with the Equity Transfer Agreement; (iii) the Vendor having duly completed the procedure for employee dismissal; and (iv) the Vendor having presented to the Purchaser an irrevocable written confirmation for payment of RMB40,220,000 (being the amount guaranteed by the Group for its subsidiary and recorded as liabilities in its consolidated financial accounts) into a designated bank account.

### ***Third Instalment***

RMB164,734,559.85 (the “**Third Instalment**”), being 48.49% of the Consideration, shall be paid directly to the Target Company by the Purchaser as settlement of the amount due by the Vendor to the Target Company at a time to be determined by mutual agreement between the Purchaser and the Target Company.

The payment of the Third Instalment shall be subject to (i) the due payment of the Second Instalment; (ii) the Vendor having presented to the Purchaser a demand for payment letter for the amount of RMB164,734,570.96, in which the demand for payment letter shall specify that the amount will be used to repay the debts owed by the Vendor to the Target Company, that such demand for payment letter shall be irrevocable, that the specific arrangements such as the payment time and payment method by the Purchaser for the Third Instalment shall be negotiated between the Purchaser and the Target Company, and that the Vendor confirms that it will not make any default claims or entitlement claims against the Purchaser in respect of the Third Instalment; and (iii) the Target Company having confirmed and agreed to the payment arrangements contained in the demand for payment letter. In particular, the Target Company shall issue a letter to the Vendor agreeing to the arrangements in the aforesaid demand for payment letter from the Vendor and confirming that the Vendor shall be deemed as having repaid the debts of RMB164,734,559.85 owed to the Target Company upon the presentation of the aforesaid demand for payment letter for the Third Instalment by the Vendor to the Purchaser. After that, the balance of debts and liabilities of the Target Company owed by the Vendor is zero, and no debt repayment obligation is required to be undertaken to the Target Company, and the Vendor is not entitled to claim any debt principal, interest or liquidated damages against the Target Company. The parties also confirmed that the payment arrangements of the Third Instalment shall not affect the performance of other agreements by the parties as agreed in the Equity Transfer Agreement (the payment of the Fourth Instalment shall not be conditional on the payment of such instalment) and other rights and obligations of the parties.

The Target Company shall issue a letter to the Purchaser agreeing to the arrangements in the aforesaid demand for payment letter by the Vendor, and that specific arrangements such as the payment time and payment method by the Purchaser for the Third Instalment shall be separately negotiated between the Purchaser and the Target Company.

### ***Fourth Instalment***

The remainder of the Consideration being RMB87,500,000 (the “**Fourth Instalment**”), being 25.76% of the Consideration, shall be paid to a bank account designated by the Vendor within thirty days upon signing of the Equity Transfer Agreement.

The payment of the Fourth Instalment shall be subject to (i) the due payment of the First Instalment and the Second Instalment; (ii) the Target Company being transferred in accordance with the Equity Transfer Agreement; (iii) the Vendor not having existing litigation claims against the Purchaser and all property preservation measures having been lifted; and (iv) the Vendor having presented to the Purchaser an irrevocable written confirmation for payment of RMB30,000,000 as part of the Fourth Instalment (being the amount guaranteed by the Group for its subsidiary and recorded as liabilities in its consolidated financial accounts) into a designated bank account.

In addition, an invoice shall be issued to the Target Company in relation to the Vendor’s settlement of the financing interest amounting to RMB136,693,923.29, together with a full set of financing contract documents.

### ***Other Possible Adjustments***

The Vendor and the Purchaser confirmed that the Consideration will be adjusted and settled by the parties when the Fourth Instalment is paid if the Equity Transfer Agreement becomes effective and the following circumstances occur before the Fourth Instalment is paid:

- (i) the Vendor has concealed or falsified the “balance sheet” appended to the Equity Transfer Agreement and the relevant documents, resulting in asset impairment and/or new debts;
- (ii) upon the occurrence of the above-mentioned adjustments of the Consideration, the Purchaser shall have the right to choose from impairment assets and/or new undisclosed debts or all direct and indirect losses suffered by the Purchaser arising from impairment assets and/or new undisclosed debts, and the equivalent amount shall be deducted when payment of the Fourth Instalment is made; and
- (iii) under the Equity Transfer Agreement, if the impairment amount and/or new undisclosed liabilities of the Purchaser or the Target Company accumulate to more than RMB20,000,000 as a result of the Vendor, the Purchaser shall have the right to terminate the Equity Transfer Agreement and request the Vendor to bear the corresponding liabilities for default.

### **Completion**

Completion of the Equity Transfer Agreement shall take place upon (i) 100% equity interest in the Target Company having been transferred from the Vendor to the Purchaser; (ii) the industrial and commercial registration of such equity transfer having been completed; and (iii) the Consideration has been duly paid by the Purchaser to the Vendor.

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The Group will cease to have any interests in the Target Company and the financial results of the Target Company will cease to be consolidated into the accounts of the Group.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the unaudited management accounts of the Target Company as at 30 June 2022, it is estimated that the Company will record a loss of approximately RMB132,589,174.83 (equivalent to approximately HK\$155,580,137.75). Such loss is calculated as the difference between the Consideration and the unaudited net asset value of the Target Company as at 30 June 2022. The actual loss to be recorded is subject to audit and may be different from the estimated amount as it will depend on (i) the actual net asset value of the Target Company as at the date of Completion; and (ii) the actual transaction costs incurred.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability and is principally engaged in the business of properties development. As at the date of this announcement, the Target Company has a project with total gross floor area of approximately 159,208.23 square metres under development, including residential and ancillary properties located in Shaoxing City, Zhejiang Province, the PRC.

Set out below is a summary of the unaudited consolidated financial information of the Target Group (as prepared in accordance with International Financial Reporting Standards) for the years ended 31 December 2020 and 2021:

	<b>For the year ended 31 December 2021</b>	For the year ended 31 December 2020
	<b>RMB</b>	<b>RMB</b>
Revenue	<b>0</b>	0
Loss before tax	<b>(32,422,257.92)</b>	(1,086,038.40)
Loss after tax	<b>(24,316,630.93)</b>	(842,689.26)

The unaudited total assets of the Target Company as at 30 June 2022 was RMB2,849,156,495.45, with a net asset value of approximately RMB472,323,734.68 (equivalent to approximately HK\$554,224,670.27).

### **INFORMATION ON THE COMPANY, THE VENDOR AND THE PURCHASER**

The Company is an investment holding company and its subsidiaries are principally engaged in developing and selling properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region in the PRC.

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

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property development and sale. It is owned as to 51.0044% by Guangzhou Panyu Agile Realty Development Co., Ltd.\* (廣州番禺雅居樂房地產開發有限公司) and as to 48.9956% by Nanjing Agile Real Estate Development Co., Ltd.\* (南京雅居樂房地產開發有限公司) respectively. Both Guangzhou Panyu Agile Realty Development Co., Ltd. and Nanjing Agile Real Estate Development Co., Ltd. are indirect wholly-owned subsidiaries of Agile Group Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3383).

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **REASONS FOR THE DISPOSAL AND USE OF PROCEEDS**

The Group is a comprehensive real estate developer in the PRC focusing on the development of quality residential properties in certain regions in the PRC.

The Target Company was established by the Vendor on 9 September 2020 for the construction and development of the properties located in Shaoxing City, Zhejiang Province, the PRC. As at the date of this announcement, while most of the property projects developed by the Target Company have been constructed and are ready to be sold, there are still certain property projects with a total gross floor area of approximately 37,454.75 square metres that are under development. The Directors expect that such property projects that are under development will be completed and delivered by 30 March 2024. Unfortunately, due to the adverse market conditions, the Target

Company was unable to sell the completed properties without making material losses. Therefore, the Disposal offers an opportunity for the Group to monetize the value in its investment in the Target Company and relieve the Group's liquidity pressure by having immediate cash inflow, which can be used to finance the Group's future business development needs. The Company also expects that the Disposal will improve the Group's asset turnover rate and generate additional cash inflow for general working capital. The Disposal is therefore beneficial to the Group in optimizing the allocation of its resources, increasing its capital reserve and reducing its gearing ratio, which will help the Group to reduce risks and achieve long-term stable and healthy development.

It is expected that the proceeds from the Disposal will be used by the Group for repayment of its debts amounting to approximately RMB244,789,593.19 in aggregate (being the amount guaranteed by the Group for its subsidiaries and recorded as liabilities in its consolidated financial accounts), with the remaining amount after repayment of the aforementioned debts to be used as general working capital of the Group.

In view of the above, the Board considers that the terms and conditions of the Equity Transfer Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shinsun Holdings (Group) Co., Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal pursuant to the Equity Transfer Agreement
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal, being RMB339,734,559.85
“controlling shareholders”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of 100% equity interest in the Target Company by the Vendor pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 12 July 2022 between the Vendor and the Purchaser with respect to the Disposal
“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)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Hangzhou Yuhang Agile Real Estate Development Co., Ltd.* (杭州余杭雅居樂房地產開發有限公司), a company established in the PRC with limited liability, and is owned as to 51.0044% by Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) and as to 48.9956% by Nanjing Agile Real Estate Development Co., Ltd.* (南京雅居樂房地產開發有限公司) respectively.
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	100% of the equity interest in the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the meaning as ascribed to it under the Listing Rules
“substantial shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Target Company”	Shaoxing Shinsun Hongxing Real Estate Development Co., Ltd.* (紹興祥生弘興房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Vendor” Hangzhou Yaoyang Enterprise Management Co., Ltd.\* (杭州耀揚企業管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent

*For illustration purposes, amounts denominated in RMB in this announcement have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.17.*

By Order of the Board  
**Shinsun Holdings (Group) Co., Ltd.**  
**Chen Guoxiang**  
*Chairman*

Hong Kong, 12 July 2022

*As of the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Han Bo and Mr. Zhao Leiyi as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.*

\* *for identification purposes only*