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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 23.8095% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE DISPOSAL**

On 7 January 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, 23.8095% equity interest in the Target Company at a consideration of RMB336,990,471.75 (equivalent to approximately HK\$410,963,989.939) in cash.

The Target Company is principally engaged in the business of elderly care services, health and sports related consulting services (excluding diagnosis and treatment services), hospital management, property management, hotel management, park management services.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **THE DISPOSAL**

On 7 January 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**

**Date:** 7 January 2022

**Parties:** (1) the Vendor (an indirect wholly-owned subsidiary of the Company); and  
(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, 23.8095% of the equity interest in the Target Company at the total consideration of RMB336,990,471.75 (equivalent to approximately HK\$410,963,989.939) in cash.

## **Consideration**

The total consideration of RMB336,990,471.75 (equivalent to approximately HK\$410,963,989.939) was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) the Vendor's initial investment of US\$25,000,000 in the Target Company, all of which is accounted for as the registered capital of the Target Company; (ii) the unaudited net asset value of the Target Company of RMB680,088,864.71 as at 31 December 2021; and (iii) the financial position of the Target Company and the business prospect of the Target Company, which has yet to generate any profit since establishment.

The Directors (including the independent non-executive Directors) consider the consideration of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Completion**

Completion of the Equity Transfer Agreement shall take place on the date on which (i) the 23.8095% equity interest in the Target Company has been transferred by the Vendor to the Purchaser; (ii) the industrial and commercial registration of such equity transfer has been completed; and (iii) settlement of the total consideration by the Purchaser to the Vendor.

Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company. The Target Company will be owned as to 35.2381% by Zhejiang Sunflower Juhui New Energy Technology Co., Ltd.\* (浙江向日葵聚輝新能源科技有限公司), 23.8095% by the Purchaser, 23.8095% by Chuangyu Trading Co., Ltd.\* (創譽貿易有限公司) and 14.1429% by Zhejiang Youchuang Technology Industrial Park Development Co., Ltd.\* (浙江優創科技產業園發展有限公司).

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is estimated that the Group will record a gain of approximately RMB175,064,713.507 from the Disposal. Such gain is calculated as the difference between: (i) the consideration of the Disposal of RMB336,990,471.75; and (ii) the fair value of unaudited net asset of the Target Company is RMB680,088,864.71 as at 31 December 2021, among which, RMB161,925,758.243 is attributable to the Vendor.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 20 November 2020 with registered capital of US\$105,000,000, which has been fully paid-up. It is principally engaged in the business of elderly care services, health and sports related consulting services (excluding diagnosis and treatment services), hospital management, property management, hotel management, park management services. The principal asset of the Target Company is a healthcare and elderly support center with a gross floor area of 353,755.8 square meters, located in Zhuji City, Zhejiang province, the PRC, currently under construction.

As at the date of this announcement, the Target Company is held by the Vendor and three other Independent Third Parties. The Target Company is owned as to 35.2381% by Zhejiang Sunflower Juhui New Energy Technology Co., Ltd.\* (浙江向日葵聚輝新能源科技有限公司), a company established in the PRC principally engaged in energy product research and development, 23.8095% by the Vendor, 23.8095% by Chuangyu Trading Co., Ltd.\* (創譽貿易有限公司), a company established in the PRC principally engaged in domestic trading and production and processing of textiles, table cloths and clothing, and 14.1429% by Zhejiang Youchuang Technology Industrial Park Development Co., Ltd.\* (浙江優創科技產業園發展有限公司), a company established in the PRC principally engaged in park management services, business management and real estate leasing.

Set out below is the net loss (both before and after taxation) of the Target Company (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 RMB (unaudited)</b>	<b>For the year ended 31 December 2020 RMB (unaudited)</b>
Revenue	0	0
Profit/(Loss) before tax	(5,527,238.32)	(395,533.92)
Profit/(Loss) after tax	(5,527,238.32)	(395,533.92)
Total assets	1,150,175,707.42	357,707,071.63
Net asset value	680,088,864.71	182,707,069.73

## 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 incorporated in Hong Kong with limited liability on 24 February 2020 and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property development.

The Purchaser is a wholly-owned subsidiary of Ningbo Economic and Technological Development Zone Beilun Electric Power Fuel Co., Ltd.\* (寧波經濟技術開發區北侖電力燃料有限公司), a company established in the PRC principally engaged in wholesale of diesel and other chemicals and which is owned as to 60% by Ningbo Hongji Energy Chemical Co., Ltd.\* (寧波鴻基能源化工有限公司), a company established in the PRC principally engaged in wholesale of petroleum and products, and 40% by Ningbo Economic and Technological Development Zone Tiancheng Energy Materials Co., Ltd.\* (寧波經濟技術開發區天成能源物資有限公司), a company established in the PRC principally engaged in wholesale and retail of chemical raw materials, metal materials and products.

Ningbo Hongji Energy Chemical Co., Ltd. is owned as to 76% by Mr. Wang Guoying and 24% by Mr. Wang Zhiliang. Ningbo Economic and Technological Development Zone Tiancheng Energy Materials Co., Ltd. is owned as to 60% by Mr. Wang Guoying and 40% by Mr. Wang Zhiliang.

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 select regions in the PRC.

As the Group (through the Vendor) holds a minority stake in the Target Company and since the operating conditions of the Target Company has not met expectations as the part of the project of Target Company may need a longer time of self operation in order to generate cash inflow, the Disposal offers an opportunity for the Group to realise its investments at a profit, thereby improving the liquidity of the Group. The Company also expects that the Disposal will improve the Group's asset turnover rate and generate additional cash inflow for general working capital.

It is expected that the net proceeds from the Disposal will be used by the Group for repayment of loans and as general working capital of the Group.

In view of the above, the Board (including all independent non-executive Directors) consider 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 (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement 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
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“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 23.8095% 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 7 January 2022 between the Vendor and the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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”	Zhuji Tiancheng Hongwei Property Co., Ltd.* (諸暨市天成宏偉置業有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC

“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”	Zhejiang Sunflower Health Industry Development Co., Ltd.* (浙江向日葵健康產業發展有限公司), a company established in the PRC with limited liability and is owned as to 35.2381% by Zhejiang Sunflower Juhui New Energy Technology Co., Ltd.* (浙江向日葵聚輝新能源科技有限公司), 23.8095% by the Vendor, 23.8095% by Chuangyu Trading Co., Ltd.* (創譽貿易有限公司) and 14.1429% by Zhejiang Youchuang Technology Industrial Park Development Co., Ltd.* (浙江優創科技產業園發展有限公司) as at the date of this announcement
“US\$”	United States dollar, the lawful currency of United States
“Vendor”	Shinsun Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 24 February 2020 and is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.82 to HK\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK\$ or RMB has been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 7 January 2022

*As at 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. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman as independent non-executive Directors.*

\* for identification purpose only