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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 58.5% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

On 18 March 2022, the Vendor, a 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, 58.5% equity interest in the Target Company at a consideration of RMB272,000,000 in cash.

The Target Company is principally engaged in the business of properties development.

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 18 March 2022, the Vendor, a 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: 18 March 2022

Parties: (1) the Vendor (a 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, 58.5% of the equity interest in the Target Company at the total consideration of RMB272,000,000 in cash.

Consideration

The total consideration of RMB272,000,000 was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) the Vendor's original acquisition cost of the Target Company being RMB272,000,000; (ii) the unaudited total asset of the Target Company being RMB178,273,299.96 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 58.5% 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.

Although the Target Company is beneficially owned as to 58.5% to the Vendor, it is not a subsidiary of the Company as the Company cannot control the majority vote on the shareholders' meeting of the Target Company. Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company and the Target Company will be owned as to 58.5% by the Purchaser, 31.5% by Linhai Zhongsheng Real Estate Development Co., Ltd.* (臨海市中晟房地產開發有限公司) and 10% by Hangzhou Second Construction Co., Ltd.* (杭州二建建設有限公司).

FINANCIAL EFFECTS OF THE DISPOSAL

The Target Company was acquired by the Vendor in the consideration of RMB272,000,000 in October 2019. As at 30 September 2019, the Target Company has an unaudited net asset of RMB6,570,620.74. It is estimated that the Group will record a gain of approximately RMB3,566,754.10 from the Disposal. Such gain is calculated as the difference between: (i) the consideration of the Disposal of RMB272,000,000; and (ii) the value of the Target Company attributable to the Vendor, being RMB268,433,245.90 which is 58.5% of the sum of (a) the acquisition premium of the Target Company being RMB268,156,186.9 divided by 58.5% being the equity interests in the Target Company held by the Vendor; and (b) the net asset of the Target Company being RMB473,605.17 as at 31 December 2021. Shareholders should note that the actual amount of gain on the Disposal to be recorded by the Company will be subject to review and audit by the auditors of the Company.

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. The principal asset of the Target Company is a village renewal construction project (the “**Tangli Villiage BT Project**”) (塘里村BT項目) including residential and ancillary properties under development located in Dayang Street, Linhai City, Taizhou City, Zhejiang Province, the PRC with a total gross floor areas of approximately 400,000 square metres.

As at the date of this announcement (before trading hours), the Target Company is held as to 58.5% by the Vendor, 31.5% by Linhai Zhongsheng Real Estate Development Co., Ltd.* (臨海市中晟房地產開發有限公司) and 10% by Hangzhou Second Construction Co., Ltd.* (杭州二建建設有限公司). Both of Linhai Zhongsheng Real Estate Development Co., Ltd.* (臨海市中晟房地產開發有限公司) and Hangzhou Second Construction Co., Ltd.* (杭州二建建設有限公司) and their ultimate beneficial owners are Independent Third Parties.

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

	For the year ended 31 December 2021 RMB (unaudited)	For the year ended 31 December 2020 RMB (unaudited)
Revenue	—	—
Loss before tax	(2,808,749.48)	(3,201,950.69)
Loss after tax	(3,594,466.46)	(2,401,463.02)
Total assets	178,273,299.96	134,791,335.80
Net asset value	473,605.17	4,068,071.63

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 a 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 the business of enterprise management consulting. It is wholly owned by Li Xiuyu (李秀玉).

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

REASONS FOR AND BENEFITS OF 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 Tangli Villiage BT Project is a village renewal construction project, it may take time for settlement of the demolition and resettlement issues, thus it may need longer time to generate cash inflow which did not meet the expectation of the Company. The Disposal offers an opportunity for the Group to realise its investments, 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 proceeds from the Disposal will be used by the Group 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 58.5% 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 18 March 2022 between the Vendor and the Purchaser
“Group”	the Company and its subsidiaries
“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”	Zhuji Guoyue Enterprise Management Consulting Co., Ltd.* (諸暨國躍企業管理諮詢有限公司), a company established 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”	Linhai Ziyuan Yintong Real Estate Co., Ltd.* (臨海紫元銀通置業有限公司), a company established in the PRC with limited liability
“Vendor”	Shinsun Property Group Co., Ltd.* (祥生地產集團有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 18 March 2022

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

* for identification purpose only