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寶新金融集團有限公司
GLORY SUN FINANCIAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)



寶新置地集團有限公司
GLORY SUN LAND GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 299)

**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY**

THE DISPOSAL

On 20 July 2021 (after trading hours), the GSFG Board and the GSLG Board announce that, the Vendor, an indirect non-wholly owned subsidiary of each of GSFG and GSLG, entered into the Equity Transfer Agreement with the Purchaser in relation to the Disposal, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the entire equity interest of the Target Company, for a Consideration of RMB300 million (equivalent to approximately HK\$360 million).

Upon Completion, each of GSFG and GSLG will cease to have any interest in the Target Company and the Target Group will cease to be subsidiaries of each of GSFG and GSLG. The total liabilities of the GSLG Group will be decreased by approximately HK\$5,380 million, and the gearing ratio of the GSLG Group will be decreased by approximately 20.5%, calculated with reference to the audited consolidated financial statements of GSLG as at 31 December 2020. The total liabilities of the GSFG Group will be decreased by approximately HK\$5,380 million, and the gearing ratio of the GSFG Group will be decreased by approximately 18.9%, calculated with reference to the audited consolidated financial statements of GSFG as at 31 December 2020.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25% for each of GSFG and GSLG, the Disposal constitutes a discloseable transaction of each of GSFG and GSLG and is subject to the reporting and announcement requirements but exempt from the shareholders' approval for each of GSFG and GSLG under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 20 July 2021 (after trading hours), the GSFG Board and the GSLG Board announce that, the Vendor, an indirect non-wholly owned subsidiary of each of the GSFG and GSLG, entered into the Equity Transfer Agreement with the Purchaser in relation to the Disposal, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the entire equity interest of the Target Company for a Consideration of RMB300 million (equivalent to approximately HK\$360 million).

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:–

Date

20 July 2021 (after trading hours)

Parties

- (1) the Vendor, an indirect non-wholly owned subsidiary of each of GSFG and GSLG; and
- (2) the Purchaser, 深圳新路通實業有限公司 (Shenzhen Xinlutong Industrial Company Limited#)

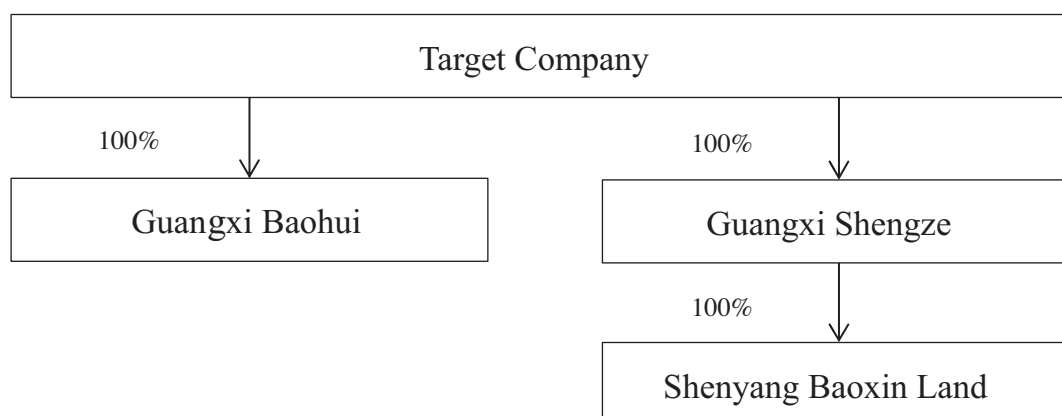
To the best knowledge, information and belief of each of the GSFG Board and the GSLG Board, having made all reasonable enquires, the Purchaser and the ultimate beneficial owner of the Purchaser are Independent Third Parties of each of GSFG and GSLG and their respective connected persons.

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, the entire equity interest of the Target Company.

As at the date of this announcement, the Target Company is the holding company of two direct wholly-owned subsidiaries namely Guangxi Baohui and Guangxi Shengze. The Target Company also indirectly holds the entire equity interest of Shenyang Baoxin Land through Guangxi Shengze. The Target Group holds the Nanning Real Estate Development Projects, the Shenyang Real Estate Development Project and their corresponding land use rights.

The following diagram shows the corporate structure of the Target Group as at the date of this announcement:



Consideration and Payment terms

The Consideration for the Disposal payable by the Purchaser to the Vendor is RMB300 million (equivalent to approximately HK\$360 million) and shall be payable on Completion by the following instalments:–

- (a) the first installment being RMB50 million (equivalent to approximately HK\$60 million) on or prior to the 10th day from the date of this announcement;
- (b) the second installment, being RMB125 million (equivalent to approximately HK\$150 million) on or prior to the 10th day from the date on which all the Conditions Precedent having been fulfilled or waived (as the case may be) pursuant to the Equity Transfer Agreement; and
- (c) the third installment, being RMB125 million (equivalent to approximately HK\$150 million) on or prior to the 30th day from the date on which all the Conditions Precedent having been fulfilled or waived (as the case may be) pursuant to the Equity Transfer Agreement.

Basis for the determination of the Consideration

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the value of the Target Group of HK\$359,800,000 (equivalent to approximately RMB300,000,000) as at 30 June 2021 pursuant to the valuation report issued by an independent professional valuer instructed by the Vendor and agreed by the Purchaser.

Any payment for the Consideration shall be settled by the Purchaser by banker's draft or telegraphic transfer of immediately available funds to the designated account of the Vendor.

The GSFG Board (including the independent non-executive directors of GSFG) considers that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of GSFG and its shareholders as a whole.

The GSLG Board (including the independent non-executive directors of GSLG) considers that the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of GSLG and its shareholders as a whole.

Conditions Precedent

Completion is conditional upon the fulfillment or waiver of, as the case may be, the following Conditions Precedent on or before the Long Stop Date:–

- 1) GSFG and GSLG having complied with their respective obligations under the Listing Rules in respect of the Disposal;
- 2) the shareholders of the Purchaser passing a resolution to approve the transactions contemplated hereunder the Equity Transfer Agreement and having obtained all necessary consent from the governmental or official authority (if any);

- 3) the warranties remaining true, accurate and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the Equity Transfer Agreement and Completion;
- 4) there having been no material adverse change in respect of the Target Group since the date of the Equity Transfer Agreement;
- 5) no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Equity Transfer Agreement, the consummation of the transactions contemplated under the Equity Transfer Agreement or the operation of the companies in the Target Group after Completion having been proposed, enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere; and
- 6) unconditional release of all the liabilities of the Vendor as the Guarantor under the Project Loan

Either Party may waive any of the Condition Precedent above (save for (1), (2) and (6)).

If the Conditions Precedent have not been fulfilled (or waived, where applicable) in accordance with the Equity Transfer Agreement by the Long Stop Date, the Equity Transfer Agreement shall cease to be of any effect except for certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the Equity Transfer Agreement.

Completion

Completion shall take place on the Completion Date after the fulfillment of all the Conditions Precedent (or waiver as the case may be) and on the date upon the completion of the registration of the equity transfer in the Target Company and other relevant changes of the Target Group with the applicable local administration bureau for industry and commerce in the PRC. On Completion, the Vendor and the Purchaser shall comply with their respective completion obligations pursuant to the terms and conditions of the Equity Transfer Agreement.

Upon Completion, each of GSFG and GSLG will cease to have any interest in the Target Company and the Target Group will cease to be subsidiaries of each of GSFG and GSLG and the financial results of the Target Group will cease to be consolidated into the consolidated financial statements of each of GSFG and GSLG.

REASONS AND BENEFITS OF THE DISPOSAL

The GSLG Board undertakes strategic review of the GSLG's assets from time to time with a view to maximizing returns to its shareholders. The Disposal forms a part of GSLG's strategic plan to reorganize its existing property investment and development project portfolios for optimizing the gearing ratio, in order to effectively reducing the financial risks of the GSLG Group. In the long run, with the implementation of this strategic plan (including the Disposal), which is in alignment with the PRC government's policies of "Three Red Lines" in the real estate sector, the GSLG Group aims to accomplish the preferable green ranking ultimately.

Upon Completion, the Target Company will no longer be a subsidiary of GSLG, and the profit and loss as well as the assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of GSLG. The total liabilities of the GSLG Group will be decreased by approximately HK\$5,380 million, and the gearing ratio of the GSLG Group will be decreased by approximately 20.5%, calculated with reference to the audited consolidated financial statements of GSLG as at 31 December 2020. The total liabilities of the GSFSG Group will be decreased by approximately HK\$5,380 million, and the gearing ratio of the GSFSG Group will be decreased by approximately 18.9%, calculated with reference to the audited consolidated financial statements of GSFSG as at 31 December 2020.

Taking into account of the current financial position and business operation of the GSLG Group, and having regard to the prevailing development stage and market conditions, the GSLG Board believes that the Disposal represents a good opportunity for GSLG to realize the value of the Nanning Real Estate Development Projects as well as Shenyang Real Estate Development Project at a reasonable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the GSLG Group.

Furthermore, the Disposal, when materialized, will strengthen the cash flow and improve the liquidity of the GSLG Group, which will allow the GSLG Group to reallocate its resources for future development.

In view of the above, the directors of each of GSFSG and GSLG (including the independent non-executive directors of GSFSG and GSLG) consider that the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiation between the Parties, are fair and reasonable, and that the Disposal is in the interests of each of GSFSG and GSLG and their respective shareholders as a whole.

FINANCIAL INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the PRC on 25 March 2019. It does not carry on any business other than holding directly and indirectly the entire equity interest in Guangxi Shengze, Guangxi Baohui and Shenyang Baoxin Land.

The unaudited consolidated financial information of the Target Group for the financial years ended 31 December 2019 and 2020, is set out as follows:

	For the period from 23 April to 31 December 2019	For the year ended 31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3,856,566	–
Profit/(loss) before taxation	1,628,249	(207,858)
Profit/(loss) after taxation	1,116,418	(172,716)

As at 31 December 2020, the net assets of the Target Group, as included in the audited consolidated financial statements of the GSLG for the year ended 31 December 2020, was approximately HK\$7.4 million.

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after Completion, each of GSFG and GSLG will cease to have any interest in the Target Company and the Target Group will cease to be subsidiaries of each of GSFG and GSLG and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of each of GSFG and GSLG.

It is estimated that each of GSLG and GSFG will respectively record a preliminary net gain on the Disposal in the amount of approximately HK\$346 million and HK\$352 million, being the difference between (i) the Consideration net of estimated expenses in connection with the Disposal and (ii) the net assets of the Target Group at consolidation level per the respective unaudited consolidated financial statements of GSLG and GSFG as at 30 June 2021. The actual gain arising from the Disposal will be subject to audit by the auditors of each of GSLG and GSFG and may be different from the respective amounts stated.

Guangxi Baohui have obtained the Project Loan from Minsheng Bank with the maximum loan amount of RMB2,400 million (equivalent to approximately HK\$2,880 million), which involves a guarantee provided by the Vendor in favour of Minsheng Bank. Pursuant to one of the Conditions Precedent, prior to the Completion, all the liabilities of the Vendor as the Guarantor under such guarantee in favour of Minsheng Bank shall be released and discharged absolutely.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The GSLG Group intends to apply the net proceeds from the Disposal of approximately RMB300 million (equivalent to approximately HK\$360 million) for the general working capital and property development purposes.

GENERAL INFORMATION

GSLG is an investment holding company. The principal activities of the GSLG Group are (i) property development and property investment in the PRC including sales and leasing of properties; (ii) trading of commodities and home appliances in the PRC; (iii) operation of a yacht club, provision of training services, operation of cultural entertainment business including the golf practicing court, children playroom, karaoke and fitness room; and (iv) securities investment.

GSFG is an investment holding company. The GSFG Group is principally engaged in financial services, property investment and development, automation, securities investment, trading of commodities, yacht club and training.

The Vendor is a limited company incorporated in the PRC, the principal activities of which include real estate development and leasing. As at the date of this announcement, the Vendor is an indirect non-wholly owned subsidiary of each of GSFG and GSLG.

The Target Company is a limited company incorporated in the PRC. The principal activity of the Target Company is investment holding. As at the date of this announcement, the Target Company holds the entire equity interest in two subsidiaries, Guangxi Baohui and Guangxi Shengze. Guangxi Shengze further holds the entire equity interest in Shenyang Baoxin Land.

Guangxi Shengze is a limited liability company incorporated in the PRC, the principal activities of which include real estate development and operations, property services and hotel management. Guangxi Baohui is a limited liability company incorporated in the PRC, the principal activities of which include real estate development and operations, property management, logistics trade and supply chain management. Shenyang Baoxin Land, a wholly-owned subsidiary of Guangxi Shengze, is a limited liability company incorporated in the PRC, the principal activities of which include real estate development and operations, property management services and hotel management.

The Target Group holds the Nanning Real Estate Development Projects, the Shenyang Real Estate Development Project and their corresponding land use rights, among which, Guangxi Shengze holds Nanning Wuxiang New District Global Financial Centre[#] (南寧五象新區環球金融中心), Guangxi Baohui holds Nanning Wuxianghu No. 1[#] (南寧五象湖1號) and Shenyang Baoxin Land holds Shenyang Baoxin Mansion[#] (瀋陽寶新公館) respectively.

Nanning Wuxiang New District Global Financial Centre[#] (南寧五象新區環球金融中心) located at No. 665 West Section of Wuxiang Avenue, Liangqing District, Nanning City, Guangxi Zhuang Autonomous Region, the PRC is a composite development project including offices, a hotel, apartment units, commercial facilities and car parking spaces with site area of approximately 67,000 sq.m. and permitted gross floor area of approximately 853,000 sq.m.

Nanning Wuxianghu No.1[#] (南寧五象湖1號), located at No. 35 Pingle Avenue, Liangqing District, Nanning City, Guangxi Zhuang Autonomous Region, the PRC, is a composite development project including offices, residential units, apartments, commercial facilities and car parking spaces, with site area of approximately 128,000 sq.m. and permitted gross floor area of approximately 788,000 sq.m.

Shenyang Baoxin Mansion[#] (瀋陽寶新公館), located at Caita Raod, Shenhe District, Shenyang, is a composite development project including residential units, commercial facilities and car parking spaces, with site area of approximately 11,000 sq.m. and permitted gross floor area of approximately 76,000 sq.m.

The Purchaser is a limited company incorporated in the PRC, the principal activities of which include business consultant and provision of supply chain management services. Based on the information available to GSLG, the ultimate beneficial owner of the Purchaser is Mr. Zhang Jianxin (張建新) as at the date of this announcement.

To the best knowledge, information and belief of each of the GSFG Board and the GSLG Board, having made all reasonable enquires, the Purchaser and the ultimate beneficial owner of the Purchaser are Independent Third Parties of each of GSFG and GSLG and their respective connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25% for each of GSFG and GSLG, the Disposal constitutes a discloseable transaction of each of GSFG and GSLG and is subject to the reporting and announcement requirements but exempt from the shareholders' approval for each of GSFG and GSLG under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Completion”	the completion of the Disposal pursuant to the terms of the Equity Transfer Agreement
“Completion Date”	the date on which the Completion shall take place, being a date that is no later than the Long Stop Date, or such other date as the Vendor and the Purchaser may agree in writing
“Conditions Precedent”	the conditions precedent to Completion under the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules and “connected” shall be construed accordingly
“Consideration”	the total consideration of RMB300 million (equivalent to approximately HK\$360 million) to be paid by the Purchaser to the Vendor for the entire equity interest in the Target Company pursuant to the Equity Transfer Agreement
“Disposal”	the disposal of the entire equity interest in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 20 July 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“GSFG”	Glory Sun Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 01282) and a controlling shareholder of GSLG
“GSFG Board”	the board of directors of GSFG
“GSFG Group”	GSFG and its subsidiaries (including the GSLG Group)
“GSLG”	Glory Sun Land Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 00299)

“GSLG Board”	the board of directors of GSLG
“GSLG Group”	GSLG and its subsidiaries
“Guangxi Baohui”	廣西寶匯置業有限公司 (Guangxi Baohui Property Co., Ltd. [#]), a company registered under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Guangxi Shengze”	廣西盛澤投資有限公司 (Guangxi Shengze Investment Co., Ltd. [#]), a company registered under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“Guarantor”	the Vendor, under a guarantee provided by which in favour of Minsheng Bank in respect of the indebtedness of Guangxi Baohui owed to Minsheng Bank under the Project Loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(ies)”	independent third part(ies) who is/are not connected person(s) of GSFG and GSLG and is/are independent of and not connected with any of the directors, chief executive or substantial shareholders of GSFG and GSLG or any of their respective subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021 or such other date as mutually agreed by the Purchaser and the Vendor
“Minsheng Bank”	中國民生銀行南寧分行 (China Minsheng Banking Corporation Limited Nanning Branch [#])
“Nanning Real Estate Development Projects”	南寧五象新區環球金融中心 (Nanning Wuxiang New District Global Financial Centre [#]) and 南寧五象湖1號 (Nanning Wuxianghu No. 1 [#])
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Project Loan”	the project loan in the aggregate amount of RMB2,400 million (equivalent to approximately HK\$2,880 million) granted by Minsheng Bank to Guangxi Baohui for the purpose of financing Nanning Wuxianghu No.1# (南寧五象湖1號)
“Purchaser”	深圳新路通實業有限公司 (Shenzhen Xinlutong Industrial Company Limited [#]), a company registered under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shenyang Baoxin Land”	瀋陽寶新置地有限公司 (Shenyang Baoxin Land Company Limited [#]), a company registered under the laws of the PRC with limited liability and a wholly-owned subsidiary of Guangxi Shengze
“Shenyang Real Estate Development Project”	瀋陽寶新公館 (Shenyang Baoxin Mansion [#])
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Company”	深圳新恒創實業有限公司 (Shenzhen Xinhengchuang Industrial Company Limited [#]), a wholly-owned subsidiary of the Vendor prior to the Completion
“Target Group”	the Target Company and its subsidiaries
“Vendor”	深圳寶新實業集團有限公司 (Shenzhen Baoxin Industrial Group Limited [#]), an indirect non-wholly owned subsidiary of each of GSFG and GSLG
“%”	per cent.

By Order of the Board of
Glory Sun Financial Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

By Order of the Board of
Glory Sun Land Group Limited
Yao Jianhui
Chairman

Hong Kong, 20 July 2021

As at the date of this announcement, GSFG's executive directors are Mr. Yao Jianhui, Mr. Lau Wan Po, Mr. Li Minbin and Mr. Huang Wei; the non-executive director is Mr. Zhang Chi; and the independent non-executive directors are Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, Eddie.

As at the date of this announcement, GSLG's executive directors are Mr. Yao Jianhui, Mr. Zhang Xiaodong and Ms. Xia Lingjie; the non-executive director is Ms. Zhan Yushan; and the independent non-executive directors are Ms. He Suying, Dr. Tang Lai Wah and Mr. Wong Chun Bong.

For the purpose of this announcement, conversions of RMB into HK\$ are based on the exchange rate of RMB1 to HK\$1.20 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB has been, could have been or could be converted at the above rate or at any other rates.

The English transliteration of the Chinese name(s) in this announcement, where indicated with #, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).