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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)**



**NEW SPORTS GROUP LIMITED**  
新體育集團有限公司

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

**(Stock Code: 00299)**

## **JOINT ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION  
DEEMED DISPOSAL OF EQUITY  
INTERESTS IN BAOXIN INDUSTRIAL**

**MAJOR TRANSACTION  
DEEMED DISPOSAL OF EQUITY  
INTERESTS IN BAOXIN INDUSTRIAL**

### **THE CAPITAL INJECTION AGREEMENT**

On 24 June 2019, Baoxin Holdings, the Investor and Baoxin Industrial entered into the Capital Injection Agreement pursuant to which the Investor agreed to contribute a total of RMB1,235,500,000 (equivalent to approximately HK\$1,406,493,200) into Baoxin Industrial, of which RMB264,800,000 (equivalent to approximately HK\$301,448,320) will be contributed as additional registered capital in Baoxin Industrial and the balance of RMB970,700,000 (equivalent to approximately HK\$1,105,044,880) will be credited to the capital reserve in Baoxin Industrial and Baoxin Holdings agreed (i) that the Investor shall make the Capital Injection and (ii) to waive the pre-emptive right in respect of the increased capital.

Upon Completion, the total registered capital of Baoxin Industrial will increase from RMB1,500,000,000 (equivalent to approximately HK\$1,707,600,000) to RMB1,764,800,000 (equivalent to approximately HK\$2,009,048,320). Baoxin Holdings' equity interest in Baoxin Industrial will decrease from 100% to 85%, and the remaining 15% of equity interest in Baoxin Industrial will be held by the Investor. As such, Baoxin Industrial will continue to be a subsidiary of GSFG and NSG.

### **LISTING RULES IMPLICATION**

Given the Capital Injection will result in the dilution of the GSFG Group and NSG Group's equity interest in Baoxin Industrial, the entering into of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitutes a deemed disposal of Baoxin Industrial by the GSFG Group and NSG Group under Rule 14.29 of the Listing Rules.

In respect of the GSFG Group, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) is more than 5% but less than 25%, the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a discloseable transaction of GSFG under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

In respect of the NSG Group, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) is more than 25% but less than 75%, the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a major transaction of NSG under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and NSG Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the NSG Directors, after having made all reasonable enquiries, no NSG Shareholders or any of their respective associates have any material interest in the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection). Thus, no NSG Shareholders are required to abstain from voting in favour of the resolution approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

As at the date of this announcement, Mr. Yao holds 11,062,227,600 GSFG Shares, representing approximately 40.39% of the total number of GSFG Shares in issue, and directly holds 1,314,000 NSG Shares, representing approximately 0.03% of the total number of NSG Shares in issue, and indirectly holds 1,979,263,913, 1,144,151,739 and 21,129,048 NSG Shares through Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities, which are all subsidiaries of GSFG, representing approximately 43.50%, 25.14% and 0.46% of the total number of NSG Shares in issue. As such, Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities are closely allied group of NSG Shareholders.

Pursuant to Rule 14.44 of the Listing Rules, written approval for the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) has been obtained from the aforesaid closely allied group of NSG Shareholders, collectively holding an aggregate of 3,145,858,700 NSG Shares, which represent approximately 69.13% of the total number of NSG Shares in issue as at the date of this announcement. Accordingly, no extraordinary general meeting of NSG will be convened for the purpose of approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

A circular of NSG containing, among other things, further details of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) and such other information as required under the Listing Rules is expected to be despatched to the NSG Shareholders on or before 16 July 2019.

## **THE CAPITAL INJECTION AGREEMENT**

The principal terms of the Capital Injection Agreement are set out as follows:

- Date** 24 June 2019
- Parties**
- (i) Baoxin Holdings (as existing shareholder)
  - (ii) the Investor (as investor)
  - (iii) Baoxin Industrial (as company)

As at the date of this announcement, Baoxin Industrial is a direct wholly-owned subsidiary of Baoxin Holdings and an indirect wholly-owned subsidiary of GSFG and NSG.

To the best of the GSFG Directors and NSG Directors' knowledge, information and belief having made all reasonable enquiry, the Investor and the ultimate beneficial owner of the Investor are Independent Third Parties.

### **Capital Injection**

Pursuant to the Capital Injection Agreement, the Investor agreed to contribute a total of RMB1,235,500,000 (equivalent to approximately HK\$1,406,493,200) into Baoxin Industrial, of which RMB264,800,000 (equivalent to approximately HK\$301,448,320) will be contributed as additional registered capital in Baoxin Industrial and the balance of RMB970,700,000 (equivalent to approximately HK\$1,105,044,880) will be credited to the capital reserve in Baoxin Industrial and Baoxin Holdings agreed (i) that the Investor shall make the Capital Injection and (ii) to waive the pre-emptive right in respect of the increased capital.

### **Effect on equity holding structure in Baoxin Industrial**

Upon Completion, the total registered capital of Baoxin Industrial will increase from RMB1,500,000,000 (equivalent to approximately HK\$1,707,600,000) to RMB1,764,800,000 (equivalent to approximately HK\$2,009,048,320). Baoxin Holdings' equity interest in Baoxin Industrial will decrease from 100% to 85%, and the remaining 15% of equity interest in Baoxin Industrial will be held by the Investor. As such, Baoxin Industrial will continue to be a subsidiary of GSFG and NSG.

## **Basis of determining the amount of the Capital Injection**

The amount of Capital Injection has been determined with reference to the net asset value of Baoxin Industrial, which is estimated to be RMB7,000,737,300 (equivalent to approximately HK\$7,969,639,340) based on an equity valuation performed by an independent valuer engaged in the PRC by Baoxin Holdings (using the adjusted net asset value of Baoxin Industrial per the unaudited local management accounts as at 31 May 2019) after taking into account the market value of the investment properties and land development projects owned by its existing real estate project companies, and also the respective percentages of equity interest as held by Baoxin Holdings and the Investor on a fully paid-up and enlarged basis. The amount of Capital Injection was finally agreed between Baoxin Holdings and the Investor after extensive arm's length negotiations.

## **Payment term of the Capital Injection**

The Investor shall pay the Capital Injection in full in cash by instalments within 60 days from the date of Completion.

## **Completion and registration procedures**

Within 30 business days from the date of signing the Capital Injection Agreement, the parties to the Capital Injection Agreement shall complete together the relevant registration for the contribution of capital by the Investor and the change of shareholders of Baoxin Industrial at the relevant administration bureau for industry and commerce pursuant to the terms of the Capital Injection Agreement. Completion shall take place on the date on which such registration procedures for change are completed.

Pursuant to the Capital Injection Agreement, there is no restriction on the subsequent sale or transfer of the Investor's equity interest in Baoxin Industrial except such has been previously communicated with and accepted by Baoxin Holdings.

## **Management of Baoxin Industrial upon Completion**

Upon Completion, the governance structure and model of Baoxin Industrial shall remain unchanged. Baoxin Holdings will continue to have the right to appoint or reappoint Baoxin Industrial's legal representatives, directors and supervisors. In that regard, the Investor shall be merely a passive investor without participating in the daily operations of Baoxin Industrial.

## **INFORMATION ON GSFG AND GSFG GROUP**

GSFG is an investment holding company. The GSFG Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development.

## **INFORMATION ON NSG AND NSG GROUP**

NSG is an investment holding company. The principal activities of its subsidiaries are property development and property investment in the PRC, trading of commodities, supply chain business, development of cultural sports in the PRC and securities investment. As at the date of this announcement, NSG is an indirect subsidiary of GSFG.

Baoxin Holdings is a limited company established in the PRC, the principal activities of which include holding the investment of Baoxin Industrial and trading of commodities. As at the date of this announcement, Baoxin Holdings is an indirect wholly-owned subsidiary of GSFG and NSG.

Baoxin Industrial is a limited company established in the PRC, the principal activities of which include holding the investment of the NSG Group's real estate project companies, trading of commodities, and supply chain business. As at the date of this announcement, Baoxin Industrial is a direct wholly-owned subsidiary of Baoxin Holdings and an indirect wholly-owned subsidiary of GSFG and NSG.

## **INFORMATION ON THE INVESTOR**

The Investor is a limited company established in the PRC, the principal activities of which include making investments in the establishment of business entities and letting of self-owned properties for rent.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The entering into of the Capital Injection Agreement would allow Baoxin Industrial to have sufficient working capital to fund the existing and future land development projects owned by its respective real estate project companies. In addition to generating cashflow to Baoxin Industrial, it helps to expand the business scope of Baoxin Industrial with new profitable business activities such as supply chain business operations, thus improving the financial position and future prospects of Baoxin Industrial.

The GSFG Directors and NSG Directors (including the independent non-executive directors of GSFG and NSG) consider that the terms of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) are fair and reasonable and in the interests of GSFG and NSG and their respective shareholders as a whole. They also consider that the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) are on normal commercial terms or better and have been entered into in the usual and ordinary course of business of the GSFG Group and NSG Group.

## FINANCIAL EFFECT OF THE CAPITAL INJECTION

As at the date of this announcement, Baoxin Industrial is an indirect wholly-owned subsidiary of GSFG and NSG. The financial results and financial positions of Baoxin Industrial are consolidated in the consolidated financial statements of both GSFG and NSG. Immediately upon Completion, interest of GSFG and NSG in Baoxin Industrial will be reduced from 100% to 85% and Baoxin Industrial will remain as a subsidiary of GSFG and NSG. Accordingly, the financial results and financial position of Baoxin Industrial will continue to be consolidated with the financial statements of GSFG and NSG after Completion. As the effect of the Capital Injection will not result in loss of GSFG's and NSG's control over Baoxin Industrial, the Capital Injection will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the financial results of GSFG or NSG.

The unaudited financial information of Baoxin Industrial for each of the two financial years ended 31 December 2017 and 2018 is summarized as follows:

	<b>For the year ended 31 December 2017</b>		<b>For the year ended 31 December 2018</b>	
	<i>(RMB'000)</i> (unaudited)	<i>(HK\$'000)</i> (unaudited)	<i>(RMB'000)</i> (unaudited)	<i>(HK\$'000)</i> (unaudited)
Profit before taxation	73,686	85,328*	143,702	169,999*
Profit after taxation	65,803	76,200*	87,340	103,323*

As at 31 December 2018, the unaudited net asset value of Baoxin Industrial was approximately RMB 2,226,655,000 (approximately HK\$2,536,160,000)\*.

\* Specific historical exchange rate are adopted for the preparation of the management accounts for the year ended 31 December 2017 and 2018 respectively.

## USE OF AMOUNT RECEIVED FROM THE CASH INJECTION

The amount of Capital Injection provided by the Investor will be used by Baoxin Industrial mainly for funding the existing and future land development projects owned by Baoxin Industrial's respective real estate project companies.

## LISTING RULES IMPLICATION

Given the Capital Injection will result in the dilution of the GSFG Group and NSG Group's equity interest in Baoxin Industrial, the entering into of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a deemed disposal of Baoxin Industrial by the GSFG Group and NSG Group under Rule 14.29 of the Listing Rules.



In respect of the GSFG Group, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) is more than 5% but less than 25%, the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a discloseable transaction of GSFG under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

In respect of the NSG Group, as one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) is more than 25% but less than 75%, the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) constitute a major transaction of NSG under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and NSG Shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the NSG Directors, after having made all reasonable enquiries, no NSG Shareholders or any of their respective associates have any material interest in the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection). Thus, no NSG Shareholders are required to abstain from voting in favour of the resolution approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

As at the date of this announcement, Mr. Yao holds 11,062,227,600 GSFG Shares, representing approximately 40.39% of the total number of GSFG Shares in issue, and directly holds 1,314,000 NSG Shares, representing approximately 0.03% of the total number of NSG Shares in issue, and indirectly holds 1,979,263,913, 1,144,151,739 and 21,129,048 NSG Shares through Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities, which are all subsidiaries of GSFG, representing approximately 43.50%, 25.14% and 0.46% of the total number of NSG Shares in issue. As such, Hong Kong Bao Xin, Hong Kong Bao Da and Glory Sun Securities are closely allied group of NSG Shareholders.

Pursuant to Rule 14.44 of the Listing Rules, written approval for the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) has been obtained from the aforesaid closely allied group of NSG Shareholders, collectively holding an aggregate of 3,145,858,700 NSG Shares, which represent approximately 69.13% of the total number of issued NSG Shares in issue as at the date of this announcement. Accordingly, no extraordinary general meeting of NSG will be convened for the purpose of approving the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection).

A circular of NSG containing, among other things, further details of the Capital Injection Agreement and the Transactions (including but not limited to the Capital Injection) and such other information as required under the Listing Rules is expected to be despatched to the NSG Shareholders on or before 16 July 2019.

## DEFINITIONS

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

“Baoxin Holdings”	寶新控股有限公司 (Baoxin Holdings Company Limited <sup>#</sup> ), an indirect wholly-owned subsidiary of GSFG and NSG
“Baoxin Industrial”	深圳寶新實業集團有限公司 (Shenzhen Baoxin Industrial Group Limited <sup>#</sup> ), a direct wholly-owned subsidiary of Baoxin Holdings and an indirect wholly-owned subsidiary of GSFG and NSG
“Capital Injection”	capital injection by the Investor of a total of RMB1,235,500,000 (equivalent to approximately HK\$1,406,493,200) into Baoxin Industrial, of which RMB264,800,000 (equivalent to approximately HK\$301,448,320) will be contributed as additional registered capital in Baoxin Industrial and the balance of RMB970,700,000 (equivalent to approximately HK\$1,105,044,880) will be credited as capital reserve in Baoxin Industrial
“Capital Injection Agreement”	the capital injection agreement dated 24 June 2019 entered into by and among Baoxin Holdings, the Investor and Baoxin Industrial
“Completion”	completion of the Capital Injection pursuant to the terms of the Capital Injection Agreement
“connected person”	has the meaning ascribed thereto in the Listing Rules and “connected” shall be construed accordingly
“Glory Sun Securities”	Glory Sun Securities Limited, a company incorporated in Hong Kong with limited liability and a NSG Shareholder, holding 21,129,048 NSG Shares, representing approximately 0.46% of the total number of NSG Shares in issue, as at the date of this announcement and a subsidiary of GSFG
“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: 1282) and a controlling shareholder of NSG
“GSFG Directors”	directors of GSFG
“GSFG Group”	GSFG and its subsidiaries (including the NSG Group)



“GSFG Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of GSFG
“GSFG Shareholder(s)”	holder(s) of GSFG Shares
“Hong Kong Bao Xin”	Hong Kong Bao Xin Asset Management Limited, a company incorporated in Hong Kong with limited liability and a controlling NSG Shareholder, holding 1,979,263,913 NSG Shares, representing approximately 43.50% of the total number of NSG Shares in issue, as at the date of this announcement
“Hong Kong Bao Da”	Hong Kong Bao Da Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial NSG Shareholder, holding 1,144,151,739 NSG Shares, representing approximately 25.14% of the total number of NSG Shares in issue, as at the date of this announcement
“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 NSG and is/are independent of and not connected to any of the directors, chief executive or substantial shareholders of GSFG and NSG or any of their respective subsidiaries or their respective associates
“Investor”	深圳市科信時代實業投資有限公司 (Shenzhen Ke Xin Shi Dai Industrial Investment Company Limited <sup>#</sup> ), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yao”	Mr. Yao Jianhui, holder of 1,314,000 NSG Shares, representing approximately 0.03% of the total number of NSG Shares in issue and a controlling shareholder of GSFG
“NSG”	New Sports 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: 299)
“NSG Directors”	directors of NSG
“NSG Group”	NSG and its subsidiaries

“NSG Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of NSG
“NSG Shareholder(s)”	holder(s) of NSG Shares
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the transactions contemplated under the Capital Injection Agreement
“%”	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  
**New Sports Group Limited**  
**Yao Jianhui**  
*Chairman*

Hong Kong, 24 June 2019

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

*As at the date of this announcement, NSG’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, the exchange rate of RMB 1.00 = HK\$ 1.1384 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a 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).*