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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: 00299)

JOINT ANNOUNCEMENT

(1) MAJOR AND CONNECTED TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

AND

(2) CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

THE ACQUISITION

The GSFG Directors and GSLG Directors are pleased to announce that, on 19 September 2019, after the trading session, the Purchaser, a non-wholly-owned subsidiary of each of GSFG and GSLG, has entered into the Sale and Purchase Agreement with the Seller in relation to the Acquisition, pursuant to which the Purchaser agrees to acquire, and the Seller agrees to sell, the entire equity interest of the Target Company, free from all encumbrances, for a total consideration of RMB300 million (equivalent to approximately HK\$333 million).

PROVISION OF FINANCIAL ASSISTANCE

As at the date of this announcement, there has been financial assistance provided by the Target Group to the Seller Group, and by the Seller Group and Shenzhen Baoneng Investments to the Target Group. Such financial assistance is expected to subsist after Completion.

A. Financial Assistance Provided by the Target Group

(1) The Property Mortgage

On 25 May 2019, Guangxi Shengze (a subsidiary of the Target Company) as security provider and the Lender as lender entered into the Property Mortgage Agreement pursuant to which Guangxi Shengze agreed to provide the Property Mortgage as security to secure the indebtedness in the principal amount of RMB450 million (equivalent to approximately HK\$499.50 million) owed from Jinan Baoneng to the Lender under the Repayment Agreement.

(2) The Other Receivables

As at the date of this announcement, the Target Group has Other Receivables in the sum of approximately RMB29.98 million (equivalent to approximately HK\$33.28 million) payable by the Seller Group.

B. Financial Assistance Provided by the Seller Group

(3) The Guarantee and Other Payables

On 26 April 2019, Guangxi Baohui (a subsidiary of the Target Company as borrower) entered into a loan agreement with the Financial Institution as lender for a loan of RMB2 billion (equivalent to approximately HK\$2.22 billion) from 16 May 2019 to 16 May 2020. Shenzhen Baoneng Investments, being a company wholly owned by Mr. Yao Zhenhua, the elder brother of Mr. Yao, provided an irrevocable joint and several guarantee in respect of the loan.

As at the date of this announcement, the Target Group has Other Payables in the sum of RMB800,000 (equivalent to approximately HK\$888,000) payable to the Seller Group.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Yao is an executive director and a chief executive officer of GSFG and an executive director of GSLG. By virtue of his holding of (i) 11,062,227,600 GSFG Shares, representing approximately 40.39% of the total number of GSFG Shares in issue, and (ii) 3,145,858,700 GSLG Shares, representing approximately 69.14% of the total number of GSLG Shares in issue as at the date of this announcement, Mr. Yao is also a controlling shareholder of GSFG and GSLG under the Listing Rules.

A. The Acquisition

Given that (i) Mr. Yao and Mr. Yao Zhenhua, the elder brother of Mr. Yao, together own the entire equity interest in Baoneng Holding, which in turn owns 78.10% of equity interest in the Seller as at the date of this announcement, and (ii) Mr. Yao is an executive director, a chief executive officer and a controlling shareholder of GSFG and an executive director and a controlling shareholder of GSLG, the Seller is a connected person of both GSFG and GSLG under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for GSFG and GSLG pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but less than 100% for each of GSFG and GSLG, the Acquisition constitutes a major transaction of GSFG and GSLG under Chapter 14 of the Listing Rules.

Based on the foregoing, the Acquisition is subject to the reporting, announcement and circular and independent shareholders' approval requirements for both GSFG and GSLG under the Listing Rules.

B. The Provision of Financial Assistance

(1) The Property Mortgage and Other Receivables

As at the date of this announcement, members of the Seller Group (including Jinan Baoneng) are connected persons of GSFG and GSLG. Following Completion, the Target Company and its subsidiaries (including Guangxi Shengze) will become subsidiaries of GSFG and GSLG. Accordingly, the Property Mortgage and the Other Receivables, which are expected to subsist following Completion, will constitute connected transactions of GSFG and GSLG under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Property Mortgage and the Other Receivables is more than 5% for each of GSFG and GSLG, the Property Mortgage and the Other Receivables are subject to the reporting, announcement, annual review and independent shareholders' approval requirements for both GSFG and GSLG under Chapter 14A of the Listing Rules.

(2) The Guarantee and Other Payables

As the Guarantee and Other Payables are conducted on normal commercial terms or better and not secured by assets of GSFG Group or GSLG Group, they are fully exempted under Chapter 14A of the Listing Rules and will therefore be exempted from the reporting, announcement, annual review and independent shareholders' requirements for both GSFG and GSLG under Chapter 14A of the Listing Rules.

GENERAL

The GSFG Independent Board Committee comprising all independent non-executive directors of GSFG have been established to advise the GSFG Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, the Property Mortgage Agreement, the transactions contemplated thereunder and the Other Receivables. An independent financial adviser will be appointed to advise the GSFG Independent Board Committee and the GSFG Independent Shareholders in the same regard.

A circular containing, amongst other things, (i) further information on the Acquisition, the Property Mortgage and the Other Receivables; (ii) a letter from the GSFG Independent Board Committee in respect of the Acquisition, the Property Mortgage and the Other Receivables; (iii) a letter from the independent financial adviser to the GSFG Independent Board Committee and the GSFG Independent Shareholders; (iv) the accountants' report and the property valuation report of the Target Company; (v) a notice convening the GSFG EGM, will be despatched by GSFG to the GSFG Shareholders in accordance with the Listing Rules on or before 14 October 2019.

The GSLG Independent Board Committee comprising all independent non-executive directors of GSLG have been established to advise the GSLG Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, the Property Mortgage Agreement, the transactions contemplated thereunder and the Other Receivables. An independent financial adviser will be appointed to advise the GSLG Independent Board Committee and the GSLG Independent Shareholders in the same regard.

A circular containing, amongst other things, (i) further information on the Acquisition, the Property Mortgage and the Other Receivables; (ii) a letter from the GSLG Independent Board Committee in respect of the Acquisition, the Property Mortgage and the Other Receivables; (iii) a letter from the independent financial adviser to the GSLG Independent Board Committee and the GSLG Independent Shareholders regarding the Acquisition, the Property Mortgage and the Other Receivables; (iv) the accountants' report and property valuation report of the Target Company; (v) a notice convening the GSLG EGM, will be despatched by GSLG to the GSLG Shareholders in accordance with the Listing Rules on or before 14 October 2019.

THE ACQUISITION

The GSFG Directors and GSLG Directors are pleased to announce that, on 19 September 2019, the Purchaser, a non-wholly-owned subsidiary of each of GSFG and GSLG, has entered into the Sale and Purchase Agreement with the Seller in relation to the Acquisition, pursuant to which the Purchaser agrees to acquire, and the Seller agrees to sell, the entire equity interest of the Target Company, free from all encumbrances, for a total consideration of RMB300 million (equivalent to approximately HK\$333 million).

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out as follows:

- Date** 19 September 2019
- Parties** (i) the Purchaser, a non-wholly-owned subsidiary of each of GSFG and GSLG
- (ii) the Seller, a connected person of each of GSFG and GSLG

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire equity interest of the Target Company.

Consideration and payment terms

The consideration for the Acquisition payable by the Purchaser to the Seller is RMB300 million (equivalent to approximately HK\$333 million) and shall be payable on Completion by the following instalments:

- (a) RMB80 million (equivalent to approximately HK\$88.80 million) on or prior to the 30th day from the Completion Date;
- (b) RMB80 million (equivalent to approximately HK\$88.80 million) on or prior to the 90th day from the Completion Date;
- (c) RMB80 million (equivalent to approximately HK\$88.80 million) on or prior to the 120th day from the Completion Date; and
- (d) RMB60 million (equivalent to approximately HK\$66.60 million) on or prior to the 180th day from the Completion Date.

The Purchaser and the Seller acknowledge and agree that the Other Receivables shall be offset from the first instalment of the consideration on a dollar-to-dollar basis.

Subject to the above set-off, the consideration shall be settled by the Purchaser by banker's draft or telegraphic transfer of immediately available funds or in such other manner as the Seller and the Purchaser may otherwise agree.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Seller on normal commercial terms with reference to the value of the Target Company of approximately RMB305 million (equivalent to approximately HK\$338.55 million) as at 31 August 2019 as indicated by an independent professional valuer.

The GSFG Directors (save for the independent non-executive directors of GSFG whose views shall be set out in the circular to be despatched by GSFG) consider that the terms of the Sale and Purchase Agreement is on normal commercial terms, fair and reasonable and in the interests of GSFG and its shareholders as a whole.

The GSLG Directors (save for the independent non-executive directors of GSLG whose views shall be set out in the circular to be despatched by GSLG) consider that the terms of the Sale and Purchase Agreement is 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 fulfilment or waiver of, as the case may be, the following Conditions Precedent on or before the Long Stop Date:

- (1) the GSFG Independent Shareholders and the GSLG Independent Shareholders passing resolutions to approve the transactions contemplated thereunder the Sale and Purchase Agreement;
- (2) 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 Sale and Purchase Agreement and Completion;
- (3) the Seller having complied fully with the obligations specified in the Sale and Purchase Agreement and otherwise having performed in all material respects all of the covenants and agreements required to be performed by it under the Sale and Purchase Agreement;
- (4) there having been no material adverse change since the date of the Sale and Purchase 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 Sale and Purchase Agreement, the consummation of the transactions contemplated under the Sale and Purchase 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.

The Purchaser may waive any of the Conditions Precedent above (save for (1) above).

If the Conditions Precedent are not fulfilled (or waived, where applicable) in accordance with the Sale and Purchase Agreement by the Long Stop Date, the Purchaser shall not be bound to proceed with the Acquisition and the Sale and Purchase 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 Sale and Purchase Agreement.

The GSLG Directors and GSFG Directors confirm that as at the date of this announcement, none of the Conditions Precedent has been fulfilled or waived.

Completion

Completion shall take place on the second business day after the fulfilment (or waiver, where applicable) of all Conditions Precedent or such other time or date as the Purchaser and the Seller may agree in writing pursuant to the Sale and Purchase Agreement.

Immediately after Completion, the Target Company and its subsidiaries will become subsidiaries of GSFG and GSLG and the accounts of the Target Group will be consolidated into the financial statements of GSFG and GSLG.

PROVISION OF FINANCIAL ASSISTANCE

As at the date of this announcement, there has been financial assistance provided by the Target Group to the Seller Group, and by the Seller Group and Shenzhen Baoneng Investments to the Target Group. Such financial assistance is expected to subsist after Completion. Set out below are details of such financial assistance:

A. Financial Assistance Provided by the Target Group

(1) The Property Mortgage

Guangxi Shengze (a subsidiary of the Target Company) as security provider and the Lender as lender entered into the Property Mortgage Agreement pursuant to which Guangxi Shengze agreed to provide the Property Mortgage to secure the indebtedness in the principal amount of RMB450 million (equivalent to approximately HK\$499.50 million) owed from Jinan Baoneng to the Lender under the Repayment Agreement.

The Property Mortgage Agreement

The principal terms of the Property Mortgage Agreement are set out as follows:

Date	25 May 2019
Parties	(i) Guangxi Shengze, as mortgagor (ii) the Lender, as mortgagee

Assets under mortgage

The Mortgaged Properties have an expected total floor area of approximately 52,705 sq.m. Based on the valuation report as of 31 May 2019, the fair value of the Mortgaged Properties is approximately RMB827,752,300 (equivalent to approximately HK\$918,805,000).

Secured Amount

All indebtedness owed from Jinan Baoneng to the Lender under the Repayment Agreement, including but not limited to the principal amount of RMB450,000,000 (equivalent to approximately HK\$499,500,000), the interest accrued thereon, penalty interest, compound interest, damages, liquidated damages, and all the expenses incurred by the Lender in enforcing its rights under the Repayment Agreement in the event of breach of contract by Jinan Baoneng, are secured by the Property Mortgage.

Duration of Property Mortgage

The Property Mortgage shall be coterminous with the primary obligations secured under the Repayment Agreement, and shall extinguish upon the extinguishment of the primary obligations under the Repayment Agreement.

Other major terms

The Lender and Guangxi Shengze shall conduct mortgage registration procedure in respect of the Mortgaged Properties at the competent registration authority within 60 days from the date of the Property Mortgage Agreement, such that the Lender is the sole mortgagee of the Mortgaged Properties.

The maximum aggregate amount secured by the Property Mortgage must not exceed 60% of the value of the Mortgaged Properties.

(2) *The Other Receivables*

As at the date of this announcement, the Target Group has Other Receivables in the sum of approximately RMB29.98 million (equivalent to approximately HK\$33.28 million) payable by the Seller Group.

Such amount represents the unpaid consideration for the disposal of three subsidiaries wholly owned by Guangxi Shengze to the Seller, which will be offset from the first instalment of the consideration for the Acquisition.

(B) Financial Assistance Provided by the Seller Group

(3) *The Guarantee and Other Payables*

On 26 April 2019, Guangxi Baohui (a subsidiary of the Target Company as borrower) entered into a loan agreement with the Financial Institution as a lender for a loan amount of RMB2 billion (equivalent to approximately HK\$2.22 billion) from 16 May 2019 to 16 May 2020. Shenzhen Baoneng Investments, being a company wholly owned by Mr. Yao Zhenhua, the elder brother of Mr. Yao, provided an irrevocable joint and several guarantee in respect of the loan.

As at the date of this announcement, the Target Group has Other Payables in the sum of RMB800,000 (equivalent to approximately HK\$888,000) payable to the Seller Group.

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, property investment and development and trading of commodities.

GSLG is an investment holding company. The principal activities of the subsidiaries of GSLG are (i) property development and property investment in the PRC including sales and leasing of properties; (ii) trading of commodities; (iii) development of cultural sports in the PRC including a yacht club, a training centre and a golf course; and (iv) securities investment. As at the date of this announcement, GSLG is an indirect subsidiary of GSFG.

INFORMATION ON THE PURCHASER

The Purchaser is a limited company established in the PRC, the principal activities of which include investment holding of the GSLG Group's real estate project companies and trading of commodities. As regards the investment holding of the Group's real estate project companies, after the construction work has been completed and the relevant licenses and permits are granted, the properties in question will either be offered for open sale in the market or held for leasing for rental income. The Purchaser derives its revenue for the segment mainly from the sale of property units and rental income. The subsidiaries of the Purchaser currently hold a total of nine land development projects in the PRC, comprising one commercial development project in each of Changchun and Shenyang, one residential development project in each of Weinan and Yunfu, one commercial, residential and other commodity residential properties development project in Changsha, one urban revitalisation project in Shenzhen, and three projects in Chaoshan, which focus on commercial, residential and property development. As regards the trading of commodities, the Purchaser solicits vendors and buyers for orders of commodities, provides temporary storage for the goods in transit and arrange product collection by the buyers.

As at the date of this announcement, the Purchaser is owned by GSLG indirectly as to 85% and 深圳市科信時代實業投資有限公司 (Shenzhen Ke Xin Shi Dai Industrial Investment Company Limited[#]), an Independent Third Party, as to 15%, and thus a subsidiary of GSFG.

INFORMATION ON THE SELLER

The Seller is a limited company established in the PRC, the principal activities of which include real estate development and leasing.

As at the date of this announcement, the Seller is owned as to 78.10% by Baoneng Holding which is in turn indirectly owned as to 20% by Mr. Yao and as to 80% by Mr. Yao Zhenhua, the elder brother of Mr. Yao.

INFORMATION ON JINAN BAONENG AND SHENZHEN BAONENG INVESTMENTS

Jinan Baoneng is a company established in the PRC with limited liability and is a non-wholly-owned subsidiary of the Seller. Jinan Baoneng is principally engaged in property development.

Shenzhen Baoneng Investments is a company established in the PRC with limited liability and is wholly owned by Mr. Yao Zhenhua, the elder brother of Mr. Yao. Shenzhen Baoneng Investments is principally engaged in investment holding.

INFORMATION OF THE TARGET GROUP AND GUANGXI SHENGZE

The Target Company is a limited company established in the PRC. The principal activities of the Target Company includes investment in industrial development and information consulting. As at the date of this announcement, the Target Company has two subsidiaries, one of which is Guangxi Shengze. Guangxi Shengze is a limited company established in the PRC, the principal activities of which includes real estate development and operations, property services and hotel management.

The Target Group is principally engaged in property development and hold interests in two existing property development projects in Nanning City of Guangxi Province, namely Nanning Wuxiang New District Global Financial Centre (南寧五象新區環球金融中心) and Nanning Wuxianghu No. 1 (南寧五象湖1號).

Nanning Wuxiang New District Global Financial Centre (南寧五象新區環球金融中心) is a composite development project including offices, a hotel, apartment units, commercial facilities and car parking spaces with site area of approximately 66,675 sq.m and permitted gross floor area of approximately 853,000 sq.m. It is currently targeted that the project will be completed with the commercial units and the hotel beginning operations at or around mid 2021.

Nanning Wuxianghu No.1 (南寧五象湖1號) is a composite development project including offices, residential units, commercial facilities and car parking spaces, with site area of approximately 127,000 sq.m and permitted gross floor area of approximately 788,000 sq.m. It is currently targeted that the project will be completed during the first half year of 2022.

Financial information of the Target Group

The Target Company was incorporated on 25 March 2019. It does not carry on any business other than holding the entire equity interest in Guangxi Shengze and Guangxi Baohui, where both of which was acquired on 25 April 2019. The unaudited net profit before and after tax of Guangxi Shengze and Guangxi Baohui for each of the two financial years ended 31 December 2018 and 31 December 2017 which are prepared on a basis consistent with the PRC accounting standards are set out below:

	Guangxi Shengze		Guangxi Baohui	
	2018	2017	2018	2017
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(HK'000)	(HK'000)	(HK'000)	(HK'000)
Profit/(loss) before tax	(4,364)	(4,233)	(134,098)	124,486
	(4,844)	(4,699)	(148,849)	138,179
Profit/(loss) after tax	(4,364)	(10,081)	(96,529)	92,431
	(4,844)	(11,190)	(107,147)	102,599

The unaudited consolidated total assets and consolidated net liabilities of the Target Group as at 31 August 2019 was approximately RMB5,334,077,000 and RMB171,223,000 (equivalent to approximately HK\$5,920,825,500 and HK\$190,058,000, respectively).

Original acquisition costs

Based on the information provided by the Seller, the Seller has not incurred any acquisition cost for the Target Company, save for those relating to tax, agency fee and any other costs.

INFORMATION ON THE LENDER AND THE FINANCIAL INSTITUTION

The Lender is a trust company incorporated in the PRC and is principally engaged in trust fund investment. As at the date of this announcement, the Lender holds 49% of equity interest of Jinan Baoneng. To the best of the knowledge, information and belief of the GSFG Directors and the GSLG Directors and having made all reasonable enquiries, save for being one of the shareholder of one of the Vendor's non-wholly owned subsidiaries, the Lender is an Independent Third Party.

The Financial Institution is a trust company incorporated in the PRC and is principally engaged in fund investment and fund management. To the best of the knowledge, information and belief of the GSFG Directors and the GSLG Directors and having made all reasonable enquiries, the Financial Institution is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS, PROPERTY MORTGAGE AND OTHER RECEIVABLES

The core business activities of GSLG Group are property development and property investment in the PRC and currently holds a total of nine land development projects in the different locations across the country such as Changchun, Changsha, Chaoshan, Shenyang, Shenzhen, Weinan, and Yunfu.

As at the date of this announcement, GSLG has completed its review of business activities, operations and financial position of the GSLG Group for the purpose of formulating business plans and strategies for the future development of the GSLG Group. GSLG is of the view that the controlling shareholder of GSLG should act together with GSLG to explore and participate in viable projects in major metropolitan centres and districts in the PRC to acquire and invest in assets or cooperate with business partners of the GSFG Group with a view of enhancing the GSLG Group's business growth and asset base as well as broadening its income stream.

As the Target Group indirectly holds interests in two major projects in Nanning City of Guangxi Province, the Group can, through the Acquisition, establish its first project base in Nanning, the provincial city of Guangxi Province. GSLG shall utilize the existing available resources of the Target Group to penetrate into the local property market in Nanning and the neighbouring cities. Furthermore, both of the aforesaid development projects are in relatively mature stages where the Group can expect to attain revenue and profits in foreseeable future.

On the above basis, each of the board of directors of GSLG and the board of directors of GSFG is of the view that the Acquisition will enable the GSLG Group to expand and diversify its property portfolio and further develop its property development business in the PRC. Accordingly, GSLG believes that its long-term business strategy could be substantiated and realised through the Acquisition, and that the business synergies created between GSLG and its controlling shareholder would allow GSLG to stand in good position.

In relation to the financial assistance in the form of the Property Mortgage and Other Receivables, the board of directors of GSLG and the board of directors of GSFG consider that the benefits currently provided by the Seller Group in the form of the Guarantee and Other Payables outweigh the burden which is borne by the Target Group, having taking into account the amount under the Guarantee. The Other Receivables will also be offset against the first instalment of the consideration for the Acquisition. Further, the duration of the Property Mortgage Agreement is relatively short such that it is unlikely for Jinan Baoneng as the borrower to either exchange the captioned pledged assets or solicit another new loan facility to replace the existing loan with the Lender. To safeguard the interests of the Purchaser, the Purchaser has obtained consent of the Seller to receive periodic financial statements of Jinan Baoneng until the end of the guarantee period in order to assess its financial capabilities from time to time.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Yao is an executive director and a chief executive officer of GSFG and an executive director of GSLG. By virtue of his holding of (i) 11,062,227,600 GSFG Shares, representing approximately 40.39% of the total number of GSFG Shares in issue, and (ii) 3,145,858,700 GSLG Shares, representing approximately 69.14% of the total number of GSLG Shares in issue as at the date of this announcement, Mr. Yao is also a controlling shareholder of GSFG and GSLG under the Listing Rules.

A. The Acquisition

Given that (i) Mr. Yao and Mr. Yao Zhenhua, the elder brother of Mr. Yao, together own the entire equity interest in Baoneng Holding, which in turn owns 78.10% of equity interest in the Seller as at the date of this announcement, and (ii) Mr. Yao is an executive director, a chief executive officer and a controlling shareholder of GSFG and an executive director and a controlling shareholder of GSLG, the Seller is a connected person of both GSFG and GSLG under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for GSFG and GSLG pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 25% but less than 100% for each of GSFG and GSLG, the Acquisition constitutes a major transaction of GSFG and GSLG under Chapter 14 of the Listing Rules.

Based on the foregoing, the Acquisition is subject to the reporting, announcement and circular and independent shareholders' approval requirements for both GSFG and GSLG under the Listing Rules.

B. The Provision of Financial Assistance

(1) The Property Mortgage and Other Receivables

As at the date of this announcement, members of Seller Group (including Jinan Baoneng) are connected persons of GSFG and GSLG. Following Completion, the Target Company and its subsidiaries (including Guangxi Shengze) will become subsidiaries of GSFG and GSLG. Accordingly, the Property Mortgage and the Other Receivables, which are expected to subsist following Completion, will constitute connected transactions of GSFG and GSLG under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Property Mortgage and the Other Receivables is more than 5% for each of GSFG and GSLG, the Property Mortgage and the Other Receivables are subject to the reporting, announcement, annual review and independent shareholders' approval requirements for both GSFG and GSLG under Chapter 14A of the Listing Rules.

(2) *The Guarantee and Other Payables*

As the Guarantee and Other Payables are conducted on normal commercial terms or better and not secured by assets of GSFG Group or GSLG Group, they are fully exempted under Chapter 14A of the Listing Rules and will therefore be exempted from the reporting, announcement, annual review and independent shareholders' approvals requirements for both GSFG and GSLG under Chapter 14A of the Listing Rules.

GENERAL

The GSFG Independent Board Committee comprising all independent non-executive directors of GSFG have been established to advise the GSFG Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, the Property Mortgage Agreement, the transactions contemplated thereunder and the Other Receivables. An independent financial adviser will be appointed to advise the GSFG Independent Board Committee and the GSFG Independent Shareholders in the same regard.

A circular containing, amongst other things, (i) further information on the Acquisition, the Property Mortgage and the Other Receivables; (ii) a letter from the GSFG Independent Board Committee in respect of the Acquisition, the Property Mortgage and the Other Receivables; (iii) a letter from the independent financial adviser to the GSFG Independent Board Committee and the GSFG Independent Shareholders; (iv) the accountants' report and the property valuation report of the Target Company; (v) a notice convening the GSFG EGM, will be despatched by GSFG to the GSFG Shareholders in accordance with the Listing Rules on or before 14 October 2019.

The GSLG Independent Board Committee comprising all independent non-executive directors of GSLG have been established to advise the GSLG Independent Shareholders in respect of the terms of the Sale and Purchase Agreement, the Property Mortgage Agreement, the transactions contemplated thereunder and the Other Receivables. An independent financial adviser will be appointed to advise the GSLG Independent Board Committee and the GSLG Independent Shareholders in the same regard.

A circular containing, amongst other things, (i) further information on the Acquisition, the Property Mortgage and the Other Receivables; (ii) a letter from the GSLG Independent Board Committee in respect of the Acquisition, the Property Mortgage and the Other Receivables; (iii) a letter from the independent financial adviser to the GSLG Independent Board Committee and the GSLG Independent Shareholders regarding the Acquisition and the Property Mortgage; (iv) the accountants' report and the property valuation report of the Target Company; (v) a notice convening the GSLG EGM, will be despatched by GSLG to the GSLG Shareholders in accordance with the Listing Rules on or before 14 October 2019.

DEFINITIONS

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

“Acquisition”	means the acquisition of the entire equity interest in the Target Company by the Purchaser from the Seller pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Baoneng Holding”	means 寶能控股(中國)有限公司 (Baoneng Holding (China) Co., Limited [#]), which is in turn indirectly owned as to 20% by Mr. Yao and as to 80% by an associate of Mr. Yao
“Completion”	means completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“Completion Date”	means the second business day after the fulfilment (or waiver, where applicable) of all Conditions Precedent or such other time or date as the Purchaser and the Seller may agree in writing
“Conditions Precedent”	means the conditions precedent to Completion under the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules and “connected” shall be construed accordingly
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Financial Institution”	means 平安信託有限責任公司 (Ping An Trustee Co., Ltd. [#]), a company incorporated in the PRC and an Independent Third Party
“GSFG”	means 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 Directors”	means directors of GSFG

“GSFG EGM”	means an extraordinary general meeting to be convened by GSFG for GSFG Independent Shareholders to consider and approve the Sale and Purchase Agreement, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables
“GSFG Group”	means GSFG and its subsidiaries (including the GSLG Group)
“GSFG Independent Board Committee”	means the independent committee of the board of directors of GSFG comprising all of the independent non-executive directors of GSFG, established to advise the GSFG Independent Shareholders in respect of the Acquisition, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables
“GSFG Independent Shareholders”	means GSFG Shareholders other than Mr. Yao and his associates who have material interest in the Acquisition, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables
“GSFG Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of GSFG
“GSFG Shareholder(s)”	means holder(s) of GSFG Shares
“GSLG”	means 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 Directors”	means directors of GSLG
“GSLG EGM”	means an extraordinary general meeting to be convened by GSLG for GSLG Independent Shareholders to consider and approve the Sale and Purchase Agreement, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables
“GSLG Group”	means GSLG and its subsidiaries
“GSLG Independent Board Committee”	means the independent committee of the board of directors of GSLG comprising all of the independent non-executive directors of GSLG, established to advise the GSLG Independent Shareholders in respect of the Acquisition, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables

“GSLG Independent Shareholders”	means GSLG Shareholders other than Mr. Yao and his associates who have material interest in the Acquisition, the Property Mortgage Agreement, and the transactions contemplated thereunder and the Other Receivables
“GSLG Share(s)”	means ordinary share(s) of HK\$0.05 each in the share capital of GSLG
“GSLG Shareholder(s)”	means holder(s) of GSLG Shares
“Guangxi Baohui”	means 廣西寶匯置業有限公司 (Guangxi Baohui Property Co., Ltd. [#]), a wholly-owned subsidiary of the Target Company
“Guangxi Shengze”	means 廣西盛澤投資有限公司 (Guangxi Shengze Investment Co., Ltd. [#]), a wholly-owned subsidiary of the Target Company
“Guarantee”	means the joint and several guarantee provided by Shenzhen Baoneng Investment in favour of the Financial Institution in respect of the indebtedness of Guangxi Baohui owed to the Financial Institution
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(ies)”	means 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
“Jinan Baoneng”	means 濟南寶能房地產有限公司 (Jinan Baoneng Real Estate Co., Ltd. [#]), a company incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Seller
“Lender”	光大興隴信託有限責任公司 (Everbright Xinglong Trust Co., Ltd. [#]), a holder of 49% equity interest of Jinan Baoneng and an Independent Third Party
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 31 March 2020 or such other date as mutually agreed by the Purchaser and the Seller

“Mr. Yao”	means Mr. Yao Jianhui, an executive director, a chief executive officer and a controlling shareholder of GSFG and an executive director and a controlling shareholder of GSLG
“Mortgaged Properties”	means the projects under construction situated at floors 1 to 4 of the 南寧五象新區環球金融中心裙樓 (Nanning Wuxiang New District Global Financial Center Podium Building [#]) at 中國廣西南寧市良慶區五象大道西段665號南寧五象新區 (Wuxiang New District, 665 Wexiang Avenue West, Liangqing District, Nanning, Guangxi, the PRC [#]), and the corresponding land use rights
“Other Payables”	means the outstanding amount in the sum of RMB800,000 (equivalent to approximately HK\$888,000) owed from the Target Group to the Seller Group as at the date of this announcement
“Other Receivables”	means the outstanding amount in the sum of approximately RMB29.98 million (equivalent to approximately HK\$33.28 million) owed from members of the Seller Group to members of the Target Group as at the date of this announcement
“PRC”	means 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
“Purchaser”	means 深圳寶新實業集團有限公司 (Shenzhen Baoxin Industrial Group Limited [#]), an indirect non-wholly-owned subsidiary of GSFG and GSLG
“Property Mortgage”	means the mortgage of the Mortgaged Properties held by Guangxi Shengze in favour of the Lender to guarantee the obligations of Jinan Baoneng under the Repayment Agreement
“Property Mortgage Agreement”	means the property mortgage agreement dated 25 May 2019 entered into between Guangxi Shengze as mortgagor and the Lender as mortgagee in relation to the Property Mortgage

“Repayment Agreement”	means the repayment agreement dated 25 May 2019 entered into between the Lender and Jinan Baoneng in relation to a facility in the aggregate amount of RMB450 million (equivalent to approximately HK\$499.50 million)
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	means the sale and purchase agreement dated 19 September 2019 entered into between the Purchaser and the Seller in relation to the Acquisition
“Seller”	means 寶能地產股份有限公司 (Baoneng Real Estate Company Limited [#]), a company owned as to 78.10% by Baoneng Holding
“Seller Group”	means the Seller and its subsidiaries, but excluding the Target Group
“Shenzhen Baoneng Investments”	means 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investments Group Limited [#]), a company incorporated in the PRC and wholly-owned by Mr. Yao Zhenhua, the elder brother of Mr. Yao
“sq.m.”	means square metres
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	means 深圳寶能恒創實業有限公司 (Shenzhen Baoneng Hengchuang Industrial Limited [#]), a wholly-owned subsidiary of the Seller prior to completion of the Acquisition
“Target Group”	means the Target Company and its subsidiaries
“%”	means 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, 19 September 2019

As at the date of this announcement, GSF's executive directors are Mr. Yao Jianhui, Ms. Ye Weiqing, 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, the exchange rate of RMB 1.00 = HK\$1.11 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).