Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN FENGSHENG KL

Financial Adviser

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

THE DISPOSAL

On 29 August 2024, the Group entered into the Transaction Agreements with the Purchaser, pursuant to which the Group has conditionally agreed to sell all equity interests in Fengsheng KL to the Purchaser pursuant to the Equity Transfer Agreement. Upon completion of the Disposal, the members of the Fengsheng KL Group (including the Fullshare DZ Group) will cease to be the subsidiaries of the Company, but the Company will continue to indirectly own 26.67% equity interest in Fullshare DZ.

IMPLICATIONS UNDER THE LISTING RULES

As the highest percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Transaction Agreements and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the board resolution(s) to approve the Transaction Agreements and the transactions contemplated thereunder at the board meeting.

GENERAL

The Company will convene the EGM for the Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or any of their respective associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Disposal; (ii) financial information of the Group; (iii) financial information of the Fengsheng KL Group; (iv) management discussion and analysis of the Remaining Group; (v) unaudited pro forma financial information of the Remaining Group; (vi) the Property Valuation Report; (vii) the notice of the EGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 August 2024.

The Completion is subject to the satisfaction of the conditions precedent under the Equity Transfer Agreement and therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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A. TERMS OF THE DISPOSAL

The major terms of the Equity Transfer Agreement are summarised below:

Date: 29 August 2024 (after trading hours)

Parties: (1) the Purchaser

(2) Vendor I

(3) Vendor II

Equity interest to be disposed of

Subject to the terms and conditions of the Equity Transfer Agreement, Vendor I and Vendor II conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 99.99% and 0.01% of the equity interest in Fengsheng KL, respectively.

Earnest money

Within five days upon execution of the Equity Transfer Agreement, the Purchaser shall pay an earnest money in the total amount of RMB13,000,000 (the "**Earnest Money**") in cash, of which RMB12,905,000 and RMB95,000 shall be paid to Vendor I and Vendor II, respectively.

On the day when all of the conditions precedent under the Equity Transfer Agreement have been fulfilled or waived (as the case may be), the Earnest Money shall automatically be applied towards the payment of part of the Consideration. If all of the conditions precedent under the Equity Transfer Agreement have not been fully fulfilled or waived (as the case may be) on or before the Long Stop Date, the Equity Transfer Agreement shall be terminated and the Disposal shall be cancelled, Vendor I and Vendor II shall return the Earnest Money in full (without interest accrued thereon) to the Purchaser within five business days following termination of the Equity Transfer Agreement.

Consideration

The Consideration is in a sum of RMB950,000,000, of which RMB949,905,000 and RMB95,000 shall be paid by the Purchaser to Vendor I and Vendor II for the transfer of 99.99% and 0.01% of equity interest in Fengsheng KL, respectively. The Consideration shall be settled in the following manner:

(1) on the date of the Equity Transfer Agreement or the following day, the Purchaser, Vendor I, Fengsheng Kangju and Fengsheng KL shall execute a debt transfer and set-off agreement, pursuant to which Fengsheng Kangju shall novate the payment obligation of the Intra-Group Debt to the Purchaser. The novation of the Intra-Group Debt shall take effect on the day when the conditions precedent under the Equity Transfer Agreement are fulfilled or waived (as the case may be) and the whole sum of the Intra-Group Debt, being RMB816,016,582, shall set-off against part of the Consideration payable by the Purchaser to Vendor I (as a result of such novation of the Intra-Group Debt, RMB816,016,582 of the Consideration shall then be deemed to have been paid);

(2) RMB13,000,000 of the Consideration will be settled when the Earnest Money shall automatically be applied towards the payment of part of the Consideration on the day when the conditions precedent under the Equity Transfer Agreement have been fulfilled or waived (as the case may be); and

(3) the remaining balance of the Consideration of RMB120,983,418 (the "**Consideration Remaining Balance**") shall be paid by the Purchaser to the Vendors in cash within six months following the Completion (or one year thereafter if the Purchaser and the Vendors then agree).

To secure the Purchaser's obligation to pay the Consideration Remaining Balance, the Purchaser has executed an equity interest pledge agreement with Fengsheng KL and Vendor I, pursuant to which, subject to and with effect from the Completion, the Purchaser shall pledge 20% of the equity interest of Fengsheng KL (the "**20% Charged Interest**") in favour of Vendor I. After the Purchaser fully pays the Consideration under the Equity Transfer Agreement, the Purchaser agrees to pledge the 20% Charged Interest, representing 20% of the equity interest in Fengsheng KL, in favour of the Company, to secure and indemnify the Company's Guaranteed Obligations (as defined) in paragraph headed "Existing transactions between the Group and Fullshare DZ Group" in this announcement.

In addition, if the Purchaser delays in payment of the Consideration, it shall pay liquidated damages to Vendor I and Vendor II at the rate of 0.05% per day of the overdue amount. If the payment is delayed for five days, the Purchaser will be in fundamental breach of the Equity Transfer Agreement and Vendor I and Vendor II shall be entitled to unilaterally terminate the Equity Transfer Agreement and require the Purchaser to pay liquidated damages at the rate of 10% of the Consideration.

Conditions Precedent

Unless waived pursuant to the Equity Transfer Agreement, the Completion is subject to the fulfillment of the following conditions:

(1) shareholders and/or board's approval at the shareholders' and/or board meeting of Fengsheng KL for the Equity Transfer Agreement and the transactions contemplated thereunder has been obtained (if necessary);

(2) Vendor I and Vendor II have completed all necessary approval procedures for the Equity Transfer Agreement and the transactions contemplated thereunder, including but not limited to obtaining approval from their respective board of directors and shareholders (if necessary);

(3) the Equity Transfer Agreement and the transactions contemplated thereunder have been properly disclosed to the public in accordance with the requirements from the Official Authorities and the relevant laws, and all necessary approvals or consents for the Equity Transfer Agreement and the transactions contemplated thereunder have been obtained from the relevant parties (including but not limited to any government authorities or any related third parties of Fengsheng KL) (if necessary) and there are no laws or regulations prohibiting the Disposal as at the Completion Date; and

(4) Shareholders' approval at the EGM for the Equity Transfer Agreement and the transactions contemplated thereunder has been obtained in accordance with the Listing Rules.

None of the parties can waive the conditions set out in paragraphs (3) and (4) above. If any of the conditions set out above have not been fulfilled or waived (except for the conditions set out in paragraphs (3) and (4) above) by the Long Stop Date, the Equity Transfer Agreement and the transactions contemplated thereunder will be terminated automatically.

Completion

When all conditions precedent under the Equity Transfer Agreement have been fulfilled, or waived (as the case may be) by mutual agreement of the Purchaser, Vendor I and Vendor II, the transfer and offset of the Intra-Group Debt as abovementioned shall take effect. Within 10 business days therefrom, the Purchaser, Vendor I and Vendor II shall handle the relevant procedures of equity transfer for the Disposal in accordance with applicable laws and government requirements. The Completion shall take place when the industrial and commerce registration for the transfer of the Sale Interest is completed.

Existing transactions between the Group and Fullshare DZ Group

The Company has provided guarantees in favour of China Great Wall Assets Management Company Tianjin Office* (中國長城資產管理股份有限公司天津市分公司) (“**Great Wall Assets**”) and Huarong International Trust Co., Ltd.* (華融國際信託有限責任公司) (“**Huarong**”) (the “**Existing Guarantees**”), and Nanjing Zhonghui Heda Commercial Management Co., Ltd. (南京眾慧合達商業管理有限公司) (“**Zhonghui Heda**”), an indirect wholly-owned subsidiary of the Company, has charged certain properties in favour of Great Wall Assets, each as security for certain debts (the “**Debts**”) owed by the Fullshare DZ Group to the said financial institutions in an aggregate principal sum of approximately RMB987.9 million with interest rates ranged from 7.8% to 24% (the “**Guaranteed Obligations**”). Fullshare DZ Group is principally engaged in property development and investment in the PRC, which relies on financings from banks and other financial institutions for its business operations and it is common for the lenders to request for corporate guarantee(s) from the Company to secure the debts. As at 31 May 2024, the total amount due from Fullshare DZ Group to these two borrowers was approximately RMB1,363.3 million, including the outstanding principal and overdue repayment, etc. Details of the Debts and the relevant guarantees and securities provided by the Remaining Group to the Fullshare DZ Group and remain subsisting as at the date of this announcement are set out below:

No.	Lender	Borrower	Details of the Debts	Final maturity dates/ repayment date	Interest rates	Guarantee(s) and securities provided by the Company and Zhonghui Heda[1]	Guarantee(s) and securities[1] provided by the Fullshare DZ Group
1	Great Wall Assets	Tianjin Heheng	The lender and borrower entered into a debt restructuring agreement a debt with a principal amount of RMB573.3 million. The outstanding principal as at 31 May 2024 was amounted to RMB544 million.	22 May 2025	9% per annum	The Company provided guarantee in favour of the lender as security for the debt.	(a) Fullshare DZ provided guarantee in favour of the lender as security for the debt. (b) Tianjin Hehang charged all the properties located in Xiangti Villa Project and the land use rights in favour of the lender. (c) Fullshare DZ charged certain properties of Yuhua Salon 119, the land use rights and 80% of the shares of Tianjin Heheng and the interests derived therefrom in favour of the lender.

No.	Lender	Borrower	Details of the Debts	Final maturity dates/ repayment date	Interest rates	Guarantee(s) and securities provided by the Company and Zhonghui Heda[1]	Guarantee(s) and securities[1] provided by the Fullshare DZ Group
		Fullshare DZ	The lender and borrower entered into a debt restructuring agreement for a debt with a principal amount of RMB95 million. The outstanding principal as at 31 May 2024 was amounted to RMB88 million.	15 March 2025	On and before 15 September 2023: 7.5% per annum With effect from 15 September 2023: 7.8% per annum	(a) The Company provided guarantee in favour of the lender as security for the debt. (b) Zhonghui Heda charged certain properties and parking space located in No. 52-71 Longjin Road, Liuhe District, Nanjing, PRC with a total GFA of 15,892.2m^2 in favour of the lender.	Nil
2	Huarong	Fullshare DZ	The lender and borrower entered into a trust loan agreement with a principal amount of RMB900 million. The outstanding principal as at 31 May 2024 was amounted to RMB356 million.	15 April 2022	24% per annum[2]	The Company provided guarantee in favour of the lender as security for the loan.	Fullshare DZ charged as to approximately 70% in terms of the GFA of the properties of Yuhua Salon 109.

Note 1 The guarantees and securities listed are the guarantees and securities that were subsisting as of the date of this announcement.

Note 2 The interest, default interests, compound interest in relation to such loan shall not exceed 24% per annum.

It is difficult and impractical to negotiate with Huarong and Great Wall Assets for release of the Existing Guarantees before the Completion. It is a common market practice that before a financial institution as a creditor would agree to release a guarantee support an existing debt, it would typically require a valuable replacement of such guarantee to its satisfaction. The Company has contacted one of the financial institutions to discuss the release of the Existing Guarantees executed by the Company in favour of that financial institution, however, as at the date of this announcement, the Company had not received any positive response regarding the release of the Existing Guarantees. Based on the latest discussion with the financial institutions, it is expected that these guarantees will not be released and will remain subsisting upon and after completion of the Disposal.

The Company and the Purchaser shall use their best endeavours to procure the release of the aforesaid guarantees following Completion. Based on the discussion between the Company and the Purchaser in respect of the Guaranteed Obligations, although the Purchaser is currently not in the position to provide replacement for the release of the Existing Guarantees, the Purchaser has agreed to use its best effort to provide replacement for the release of the Existing Guarantees after it has become the shareholder of Fengsheng KL. In addition, prior to the release of such guarantees, to secure and indemnify the Company's obligations under the Guaranteed Obligations, on the date of the Equity Transfer Agreement, (i) the Purchaser executed an equity interest pledge agreement with the Company and Fengsheng KL, pursuant to which, subject to and with effect from the Completion, the Purchaser shall pledge 80% of the equity interest of Fengsheng KL in favour of the Company; and (ii) the Purchaser and Fengsheng KL executed a counter-guarantee agreement in favour of the Company to provide a counter-guarantee. Pursuant to the counter-guarantee agreement, the Purchaser and Fengsheng KL shall, within 10 working days after the Company has fulfilled the Guarantee Obligations, reimburse the Company for all the sums paid by the Company. If the Purchaser and Fengsheng KL fail to perform, the Company has the right to file a lawsuit to the People's Court and require the Purchaser or Fengsheng KL to bear the default penalty of 20% of the amount of the secured claim from the date of notifying the performance of the obligation and other losses such as taxes and fees. In addition, after the Consideration under the Equity Transfer Agreement has been fully paid by the Purchaser, the Purchaser shall pledge the 20% Charged Interest, representing 20% equity interest in Fengsheng KL, in favour of the Company to secure and indemnify the Guaranteed Obligations. Following which, 100% equity interest in Fengsheng KL will be charged in favour of the Company to secure and indemnify the Guaranteed Obligations. For further details regarding the 20% Charged Interest, please also see section headed "The Disposal – A. Terms of the Disposal – Consideration" of this announcement. In addition, as shown in the details of the Debts and the relevant guarantees and securities tabulated above, the Debts are secured, in addition to the Existing Guarantees, by guarantees and/or charge over property and other assets of Fullshare DZ Group, including but not limited to property projects of approximately 70% GFA of Yuhua Salon 109 with total Market Value (as defined below) and Investment Value (as defined below) (the "**Total Value**") amounted to RMB1,292 million, certain properties referred as "Yuhua Salon 119" with a Total Value of RMB39 million, and Xiangti Villa with a Total Value of RMB579.8 million as at the valuation date as per the Property Valuation Report set out in the circular to be published by the Company.

Having considered that (i) the Purchaser has executed the equity interest pledge agreement and a counter-guarantee agreement to mitigate the credit risk of the Company under the Existing Guarantees as mentioned above; (ii) the value of charged assets of Fullshare DZ Group are expected to be sufficient to cover the repayment risk of the Debts; and (iii) the total assets and net asset position of Fullshare DZ amounted to RMB4,883 million and RMB510 million respectively as at 31 May 2024, indicating its ability to repay the Debts, the Board is of the view that the credit risks involved in the Guaranteed Obligations is considered acceptable and the benefits of the Disposal (with continuing guarantee arrangement) outweigh the disadvantages and is in the interest of the Company and the Shareholders as a whole.

Furthermore, as mentioned in the section headed "Reasons for and Benefits of the Disposal and Use of Proceeds", the Directors consider that the Disposal represents a good opportunity for the Group to enhance its financial position and allow for reallocation of its financial resources for the future development, the Directors believe that benefits of the Disposal outweigh the disadvantages.

The Remaining Group has also entered into lease arrangements with Fullshare DZ. For details, please see "Information of the Fengsheng KL Group – Existing lease arrangements between Fullshare DZ and the Remaining Group".

B. BASIS OF CONSIDERATION FOR THE DISPOSAL

The Consideration is determined after arm's length negotiations between the Vendors and the Purchaser with reference to (i) the net assets value of the Fengsheng KL Group attributable to the shareholders of Fengsheng KL (the "**Fengsheng KL 31 May NAV**") of RMB920 million based on the financial information of the Fengsheng KL Group as set out in the circular to be published by the Company; (ii) the financial position of the Fengsheng KL Group; and (iii) the reasons for and benefits of the Disposal. The Consideration represents a premium of approximately 3.3% over the Fengsheng KL 31 May NAV.

Valuation of the Properties

According to the Property Valuation Report prepared by the Valuer as set out in the circular to be published by the Company, the aggregate market value (the "**Market Value**") of the Properties held under Fullshare DZ by the Fengsheng KL Group was approximately RMB1,540 million and the corresponding value of the interest attributable to Fengsheng KL was approximately RMB1,044 million as at 31 May 2024.

The valuation was based on the following key assumptions:

1. the valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

2. the Valuer has relied on the information and advice given by the Company and the Company's PRC legal adviser FADEDONGCHENG LAW FIRM（江蘇法德東恒律師事務所）, regarding the titles to the Properties and the interests of the Remaining Group in the Properties;

3. the Valuer has prepared the valuations on the basis that the owners have enforceable titles to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid;

4. in respect of the property situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report;

5. all consents, approvals, and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays;

6. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant authorities; and

7. the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values (and thus unless otherwise stated, no allowance has been made in the Valuer's valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale).

The Directors have reviewed the Property Valuation Report and discussed with the Valuer its qualifications and experience in property valuation as well as the methodology, basis and assumptions adopted in arriving at the valuation of the Properties as at 31 May 2024. The Directors note that other than (i) Yuhua Salon 109 (as defined in the section headed "Information of the Fengsheng KL Group" in this announcement) which the Valuer has adopted the investment method by capitalizing the rental income derived from the existing tenancies (if any) due to insufficient sales comparables in the market; and (ii) the Five Seasons Hotel Project (as defined in the section headed "Information of the Fengsheng KL Group" in this announcement), which the Valuer has assessed its market value with reference to both investment method (during the term of existing tenancies) and market comparison approach for the resale value (after the expiry of the existing tenancies), the Valuer has adopted market comparison approach for all other Properties by making reference to comparable sales transactions as available in the relevant market given that there is sufficient relevant evidence to show the price levels that buyers are willing to pay for similar properties in the market and transactions about such comparables are generally available.

Based on the Property Valuation Report, due to the nature of certain property assets (i.e. under seizure by court or no enforceable title ownership), the Valuer has ascribed no commercial value on these assets ("**No Commercial Value Assets**"). The Company has requested the Valuer to separately assess the investment value (the "**Investment Value**") of these assets for investment in its existing state on a non-market value basis for the Group's management reference. Based on the Property Valuation Report, the Investment Value, according to the International Valuation Standards, which the HKIS Valuation Standards follow, is defined as "the value of an asset to the owner or a prospective owner for individual investment or operational objectives". The Investment Value of No Commercial Value Assets assessed by the Valuer was approximately RMB1,418 million as at 31 May 2024 and the corresponding value of interest attributable to Fengsheng KL was approximately RMB1,040 million.

Please refer to the circular to be published by the Company for the breakdown of the Market Value and Investment Value of each Property.

Both the Market Value of RMB1,540 million and the Investment Value of RMB1,418 million or in aggregate RMB2,958 million were adopted as fair value of the Properties (as the case may be) as at 31 May 2024 for the preparation of the unaudited consolidated financial information of Fengsheng KL for the five months ended 31 May 2024 (the "**31 May Accounts**") as set out in the circular to be published by the Company, which is also consistent with the basis of preparation of the Group's consolidated financial statements for the year ended 31 December 2023. The 31 May Accounts have been reviewed by the auditors of the Company.

The Directors note that the Market Value of RMB1,540 million and the total of the Market Value and the Investment Value of RMB2,958 million represents a discount of RMB2,069 million and RMB651 million to the corresponding carrying value of the Properties of RMB3,609 million in the consolidated financial statements of the Group as at 31 December 2023. In addition to the basis adopted for the Valuation (i.e. differences of "Market Value" and "Investment Value") and preparation of the Group's accounts as mentioned above, such discount was attributable to (i) the lower asking/transaction prices of comparable transactions amidst the deteriorating real estate market in the PRC; (ii) the sale of certain property units during the first five months of 2024; and (iii) different valuation methodologies adopted in the valuation of the Five Season Hotel Project for the Disposal and the preparation of the Group's consolidated financial statements for the year ended 31 December 2023. As abovementioned, the Five Season Hotel Project was valued by using both investment approach and market comparison approach for the Disposal but the value of which was accounted for by using cost approach in accordance with the Group's accounting policy for self-occupied property as at 31 December 2023.

The Directors also note that the assumptions and limiting conditions on which the Property Valuation Report are based are mainly in respect of legal, political and economic environments of where the Fengsheng KL Group operates, going concern and financial position of the Fengsheng KL Group as well as limitations in respect of the scope of due diligence performed by the Valuer, which are general in nature and usually adopted in preparing property valuation.

Having considered the above, the Directors are satisfied that (i) the Valuer has sufficient qualification and experience for the preparation of the Property Valuation Report; and (ii) the methodology and the principal basis and assumptions adopted for the preparation of the Property Valuation Report are appropriate, and therefore the Directors consider that the valuation of the Properties form a fair and reasonable determination basis for the Consideration.

Based on the above and considering (i) the financial position of Fengsheng KL Group; and (ii) the Market Value and Investment Value of the Properties have been properly accounted for in the 31 May Accounts and the Consideration represents a premium of approximately 3.3% over the Fengsheng KL 31 May NAV, the Directors consider the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

C. REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange under the stock code 607. The Group is principally engaged in (a) property development and investment, (b) tourism, (c) investment and financial services, (d) provision of healthcare and education products and services and (e) new energy business.

The real estate industry in the PRC had entered into a stage of adjustment in recent years following by cyclical impact such as slowing income growth during the COVID-19 pandemic and diminishing returns on investments, etc. Based on the data published by National Bureau of Statistics of China, during the first five months of 2024, the investment in real estate development was RMB4,063.2 billion and the sales of commercial buildings were amounted to RMB3,566.5 billion, down by 10.1% and 20.3% from the previous year respectively. At the end of May 2024, the area of unsold commercial housing grew by 15.8% year-on-year, of which the area of unsold residential housing grew by 24.6% year on year.

As disclosed in the annual report of the Company for the year ended 31 December 2023, the Group holds commercial property and residential projects in various cities in the PRC and the Group recorded revenue from property segment of approximately RMB226 million and approximately RMB254 million for the years ended 31 December 2022 and 2023, respectively. Property segment loss increased from approximately RMB196 million for the year ended 31 December 2022 to approximately RMB357 million for the year ended 31 December 2023, partly due to heavy finance costs and partly due to significant impairment of properties. The financial position of the Group as at 31 December 2023 had also deteriorated, with current ratio dropped to 1.06 times (versus current ratio of 1.12 times as at 31 December 2022) and gearing ratio (calculated as a ratio of sum of bank and other borrowings to total equity) increased from 0.71 times as at 31 December 2022 to 0.83 times as at 31 December 2023. As at 31 December 2023, the Group's total borrowings amounted to approximately RMB14,480 million and certain of its borrowings had been defaulted with principal and overdue interest amounting to approximately RMB2,207 million and RMB141 million respectively.

The Fengsheng KL Group is principally engaged in the business of property development and investment in the PRC and the Properties under the Fengsheng KL Group are held by Fullshare DZ Group. In respect of the financial position of the Fengsheng KL Group, the total borrowings of the Fengsheng KL Group (and all of which were incurred by Fullshare DZ) amounted to RMB2,291 million and RMB2,147 million respectively as at 31 December 2023 and 31 May 2024, of which RMB2,245 million and RMB2,147 million were due within one year. In addition, approximately 62% and 66% of the Fengsheng KL Group's borrowings had been defaulted as at 31 December 2023 and 31 May 2024 respectively. Based on the above and as at 31 December 2023, the total borrowings and the amounts of defaulted borrowings of the Fengsheng KL Group and the overdue interests incurred by the Fengsheng KL Group accounted for approximately 10%, 72% and 98% of that of the Group, respectively.

In view of the challenging business environment of the real estate sector in the PRC and the worsened financial position of the Group, the Group has been exploring different options to reduce its gearing and improve its liquidity and financial position. To this end, the Group is keen to divest part of its property portfolio to urgently improve liquidity and reduce debts, and at the same time utilise its resources and experience to explore asset-light property businesses such as provision of services for commercial property management and property development. Furthermore, the Disposal will reduce the Remaining Group's exposure to the Fullshare DZ Group's borrowings and lower the Remaining Group's overall gearing substantially.

As a result of the Disposal, the Group's properties portfolio will be reduced. The Group will continue to engage in property business and hold investments in four remaining property projects, including shopping malls, car park and other commercial projects in Nanjing, Jiangsu Province and Weihai, Shandong Province, the PRC. As at the date of this announcement, the Company has no current intention to sell and/or dispose any of its remaining property assets/investments. Going forward, the Company will periodically review the performance and prospects of its property business and will conduct its existing businesses with a view to maximizing the return to its Shareholders taking into account resources available to the Group.

The net cash proceeds to be received by the Group from the Disposal (after setting off the Consideration against the Intra-Group Debt) is estimated to be approximately RMB131 million. The Company intends to apply the net proceeds from the Disposal as to 80% for the payment of the Remaining Group's borrowings and payables and as to 20% for the general working capital. Accordingly, the indebtedness of the Group can be reduced and the financial position of the Group can be improved.

The Directors consider that the Disposal represents a good opportunity for the Group to enhance its financial position and allow for reallocation of its financial resources for the future development.

Furthermore, the arrangement to pay the Consideration Remaining Balance post completion was requested by the Purchaser and it was agreed to by Vendor I, Vendor II and the Purchaser as a result of arm's length negotiations after taking into account the following factors: (i) the share pledge to be provided by the Purchaser in favour of Vendor I for securing the Consideration Remaining Balance; and (ii) all the terms and conditions of the Equity Transfer Agreement (including the amount of the Consideration) as a whole.

On the basis of the above, the Board considers that the terms of the Equity Transfer Agreement (including the Consideration) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and the entering into of the Equity Transfer Agreement is in the interests of the Company and its shareholders as a whole.

D. FINANCIAL IMPACT OF THE DISPOSAL

Following completion of the Disposal, the members of the Fengsheng KL Group (including the Fullshare DZ Group) will cease to be the subsidiaries of the Company and their results, assets and liabilities will no longer be consolidated into the results of the Company; but the Company will continue to indirectly own 26.67% equity interest in Fullshare DZ (the "**Remaining Interests**") and the financial results of Fullshare DZ Group will be equity accounted for as investment in associate in the consolidated financial statements of the Company. The Company has not identified any other suitable purchaser to acquire the Remaining Interests and intends to hold the Remaining Interests as at the date of this announcement.

According to the unaudited pro forma financial information of the Remaining Group, assuming completion of the Disposal had taken place on 31 December 2023, the Group expects to record a loss of approximately RMB489 million on the Disposal, which is calculated based on the difference between (i) the Consideration of RMB950 million; and (ii) the unaudited net assets of the Fengsheng KL Group as at 31 December 2023 of approximately RMB1,687 million and taking into account the derecognition of the non-controlling interest of approximately RMB101 million, the fair value of the retained equity interest in Fullshare DZ classified as investment in associate of approximately RMB352 million and the estimated transaction costs attributable to the Disposal of approximately RMB3 million.

The Company wishes to highlight that, as mentioned in the paragraph headed "Valuation of the Properties" in this announcement, the valuation discount of RMB651 million has been accounted for as other (losses)/gain-net, in the preparation of 31 May Accounts and the estimated loss of RMB489 million on the Disposal as set out in the unaudited pro forma financial information of the Remaining Group was calculated with reference to the net assets value of Fengsheng KL as at 31 December 2023 without taking into account of such valuation discount.

The actual gain or loss on the financial position of the Disposal may be different from the above and will be determined based on the financial position of Fengsheng KL on the Completion Date be subject to audit.

According to the unaudited pro forma financial information of the Remaining Group, assuming completion of the Disposal had taken place on 31 December 2023, the Remaining Group's total assets as at 31 December 2023 would have decreased from RMB54,510 million to RMB50,250 million and the Remaining Group's total liabilities as at 31 December 2023 would have decreased from approximately RMB37,072 million to approximately RMB33,291 million.

Shareholders should note that the unaudited pro forma financial information of the Remaining Group set out in the circular to be published by the Company has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give the true picture of the financial position of the Remaining Group following completion of the Disposal or any future date. Moreover, since the actual fair value of the assets and liabilities of Fengsheng KL may be different at completion of the Disposal as compared to their respective values used in the preparation of the unaudited pro forma financial information of the Remaining Group, the actual financial effects of the Disposal may be different from the financial information shown in the circular to be published by the Company.

Further details of the above will be set out in the circular to be published by the Company.

INFORMATION OF THE GROUP AND THE VENDORS

The Group

Fullshare is a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Stock Exchange under the stock code 607. The Group is principally engaged in (a) property development and investment, (b) tourism, (c) investment and financial services, (d) provision of healthcare and education products and services, and (e) new energy business.

Upon completion of the Disposal, the principal businesses of the Remaining Group remain unchanged. In respect of the Remaining Group's property business, the Remaining Group holds a portfolio of 4 property assets which includes shopping malls, car park and other commercial projects with a total GFA of 127,234 sq.m. in the PRC, with total carrying value of approximately RMB2,888 million as at 31 December 2023.

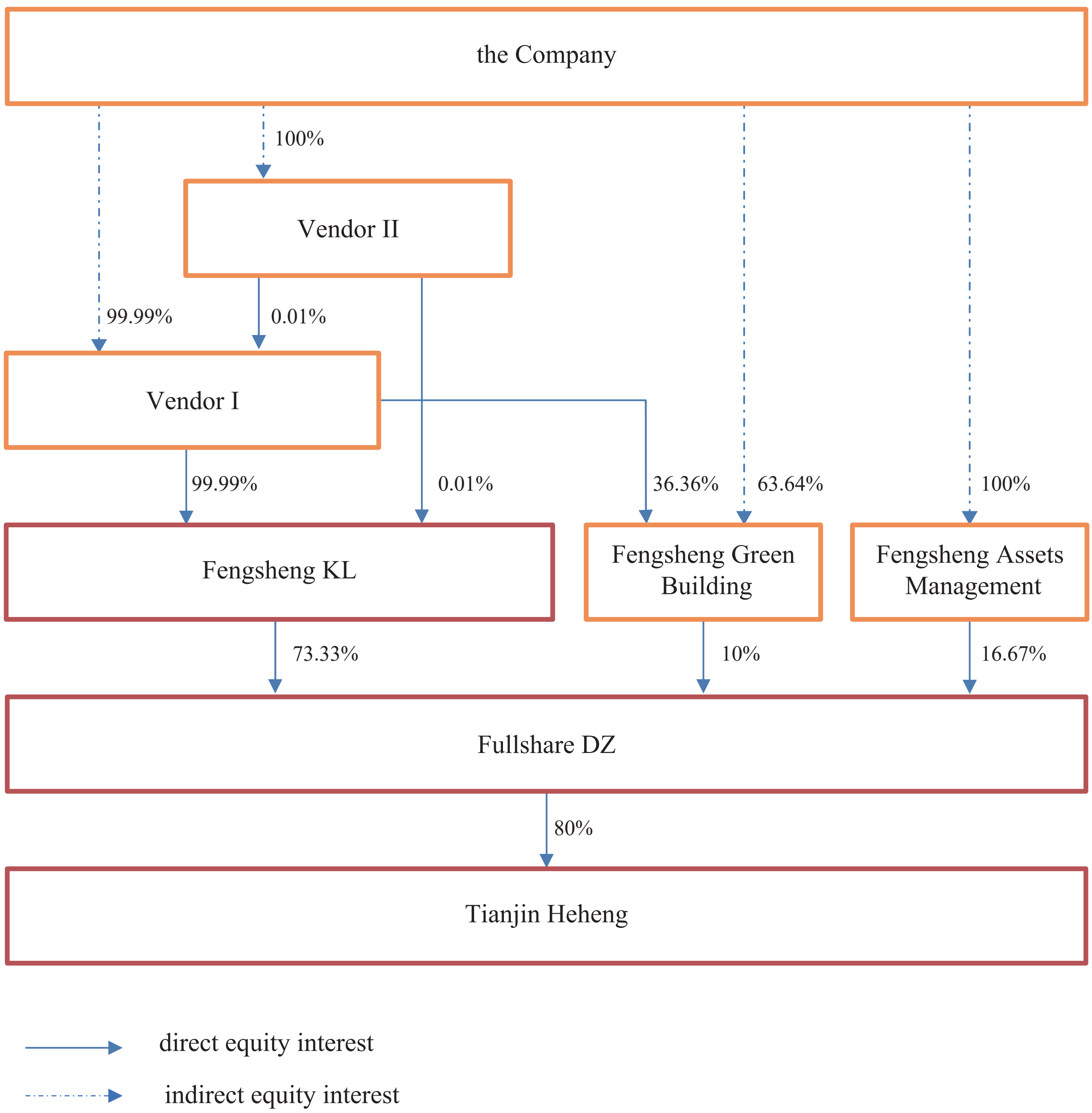
Vendors

Vendor I is 99.99% owned by an indirectly wholly owned subsidiary of the Company and 0.01% owned by Vendor II respectively. Vendor I is a partnership established in the PRC with limited liability and is principally engaged in non-security equity investment activities and related consulting business.

Vendor II is an indirect wholly-owned subsidiary of the Company. Vendor II is a company established in the PRC with limited liability and is principally engaged in the assets management business.

INFORMATION OF THE FENGSHENG KL GROUP

Set out below is the simplified shareholding structure of Fengsheng KL as at the date of this announcement:



Fengsheng KL is owned as to 99.99% by Vendor I and 0.01% by Vendor II respectively. Fengsheng KL is a company established in the PRC with limited liability and is an investment holding company. Fengsheng KL directly owns 73.33% equity interests of Fullshare DZ.

Fullshare DZ is a company established in the PRC with limited liability and is principally engaged in property development and investment in the PRC.

The Fullshare DZ Group holds the Properties, which comprise the Nanjing Properties, Nantong Properties, Zhenjiang Properties and Tianjin Properties.

Nanjing Properties

The Nanjing Properties comprises a commercial complex (the "**Yuhua Salon 109**"), an office development project (the "**Yuhua Salon 119**") and a hotel (the "**Five Seasons Hotel Project**") located in Yuhuatai District, Nanjing City, Jiangsu Province, the PRC.

Yuhua Salon 109

Yuhua Salon 109 is a composite development project which comprises retail units and supermarket and is held for sale and investment purpose. This project is erected on a parcel of commercial land, with a total site area of 54,589.70 square meter (sq.m.). Yuhua Salon 109 comprises 3 commercial buildings, which was completed in 2017 with a total gross floor area of approximately 77,710.92 sq.m. as of 31 May 2024 and a total of 900 car parks.

Yuhua Salon 119

Yuhua Salon 119 is an office development project and is held for sale and investment purpose. Yuhua Salon 119 is erected on a parcel of commercial land, with a total site area of 64,022.30 sq.m. The property comprises 18 office units, which was completed in 2011 with a total gross floor area of approximately 3,503.23 sq.m. as of 31 May 2024 and 447 underground car parks.

Yuhua Salon 109 and Yuhua Salon 119 represent the whole Yuhua Salon project currently held by the Company.

Five Seasons Hotel Project

Five Seasons Hotel Project is a hotel development project, which erected on a parcel of commercial land, with a total site area of 64,023.93 sq.m. The property was completed in 2020 with the total gross floor area of 60,089.00 sq.m., and is currently self-occupied by the Group.

Existing lease arrangements between Fullshare DZ and the Remaining Group

As at the date of this announcement, both Yuhua Salon 109 (the "**Yuhua Salon Lease**") and the Five Seasons Hotel Project (the "**Five Season Hotel Lease**") have been leased by Fullshare DZ, as lessor, to respective Fullshare Commercial Management and Fullshare Hotel Management, both as lessee and are members of the Remaining Group.

Under the Yuhua Salon Lease, Fullshare DZ agreed to lease Yuhua Salon 109 to Fullshare Commercial Management for a lease term from 1 July 2023 to 30 June 2027 at an annual rent of (i) RMB44,000,000 per annum during the period from 1 July 2023 to 30 June 2026; and (ii) RMB45,320,000 per annum during the period from 1 July 2026 to 30 June 2027.

In respect of the Five Season Hotel Lease, Fullshare DZ agreed to lease the Five Season Hotel Project to Fullshare Hotel Management for a term from 1 March 2024 to 28 February 2031 respectively at an annual rent of (i) RMB15,000,000 per annum during the period from 1 March 2024 to 28 February 2027; and (ii) RMB15,750,000 per annum during the period from 1 March 2027 to 28 February 2028; (iii) RMB16,537,500 per annum during the period from 1 March 2028 to 28 February 2029; (iv) RMB17,364,375 per annum during the period from 1 March 2029 to 28 February 2030; and (v) RMB18,232,594 per annum during the period from 1 March 2030 to 28 February 2031.

Both the Company and the Purchaser agreed to continue the existing lease arrangements under both the Yuhua Salon Lease and the Five Season Hotel Lease following Completion. In the event of material changes to the terms of the said leases, the Company will comply with applicable requirements under Chapter 14 and/or Chapter 14A of the Listing Rules as and when required.

Nantong Properties

The Nantong Properties comprises an office development project (the "**Huitong Building Project**") and a mixed-use development project (the "**Nantong Youshan Medi Garden Project**"), each located in Chongchuan District and Xinghu Avenue Development District, Nantong City, Jiangsu Province, the PRC.

Huitong Building

Huitong Building Project is an office development project and is held for investment purpose. The property is erected on a parcel of land, with a total site area of 7,014.47 sq.m. The property includes 3 office buildings and 150 underground carparks, with a total gross floor area of approximately 20,461.22 sq.m. as of 31 May 2024.

Nantong Youshan Medi Garden Project

Nantong Youshan Medi Garden Project is a mixed-use development project which comprises 58 retail units along the street at lower levels and residential development and is held for investment purpose. This project is erected on a parcel of commercial land, with a total site area of 3,943.31 sq.m. This property, ranging from 1-storey unit to 3-storey unit, comprises 58 retail units with a total gross floor area of approximately 20,670.71 sq.m. as of 31 May 2024.

Zhenjiang Properties (Zhenjiang Youshan Meidi Garden Properties)

Zhenjiang Properties include a retail development project in Zhenjiang, Jiangsu Province and is held for investment purpose. This project is erected on a parcel of commercial land, with a total site area of 4,661.10 sq.m. and it comprises one 3-storey building and two 4-storey retail buildings with a total gross floor area of approximately 10,085.27 sq.m. as of 31 May 2024.

Tianjin Properties (Xiangti Villa)

Tianjin Properties include a residential development project in Tianjin which comprises various types of residential units. Tianjin Properties are erected on a parcel of residential land, with a total site area of 120,106.70 sq.m., which comprise duplex villa, townhouse, 9-storey residential building and other residential units, which were divided into 4 phases of construction. One of the phases has been completely sold. The phase II is vacant and phase III is under construction. Both phase II and phase III, with total gross floor area of 148,287.14 sq.m. is held for development by the Group. Phase IV with a total gross floor area of 4,413.12 sq.m is completed in 2018 and currently held for sale.

Some of the Properties were subject to seizures by court and unpaid government compensation. Details of which are set out below:

The retail portion of Yuhua Salon 109 and Nantong Youshan Meidi Garden Project were under seizure by court as at the date of this announcement. Such property assets under seizure had also been disclosed in the Company's annual report for the year ended 31 December 2023 under note 38(b) (Yuhua Salon 109) and note 49(i) (Nantong Youshan Meidi Garden Project) to the consolidated financial statements of the Company for the year ended 31 December 2023. As advised by the Company's PRC legal advisor, Fullshare DZ is still permitted to use and occupy the subject properties subject to existing seizures, however, transfer of title/legal ownership of or creation of encumbrances on such property assets are not permitted. As advised by the Company's PRC legal advisor, the existing seizures imposed on the property assets will restrict Fullshare DZ's rights to transfer the property. However, the existing seizures have no impact on the Company's equity interest in Fengsheng KL and the Company's rights to transfer it at all. Therefore, as the Disposal involves only the transfer of equity interests of Fengsheng KL held by the Company, the Disposal will not be prohibited by the seizures and the Company can freely transfer its equity interests in Fengsheng KL.

As of the date of this announcement, the People's Court in the PRC has issued an enforcement order on the retail portion of Yuhua Salon 109 to enforce the existing seizure by way of compulsory auction. If such property is later successfully sold in an auction, the ultimate buyer cannot subsequently require the lessee to vacate the leased property within a specific period if such property is auctioned with lease after the auction is successful. On the other hand, if auction fails, according to applicable PRC laws, Fullshare DZ can continue using and occupying such property, except and unless Huarong and Great Wall Assets agree to accept such property in settlement of the debt. Furthermore, 58 sets of properties of Nantong Youshan Meidi Garden Project subject to seizure will continue to be occupied and used by Fullshare DZ as such properties either are not presently eligible for disposal or have failed to be auctioned or sold, and the chargee, Jiangning Branch of Hua Xia Bank, does not currently accept such properties to satisfy the debt. The Purchaser has been duly informed status of existing seizures imposed on Yuhua Salon 109 and Nantong Youshan Meidi Garden Project as aforesaid, and the Purchaser has agreed that the amount and payment schedule of the Consideration will not be changed.

In addition, as at the date of this announcement, Tianjian Heheng, the owner of the Tianjian Properties, received a penalty notice of RMB69,730,000 from the local government in relation to the delay in completion of Phases II and III of Xiangti Villa. The unpaid compensation is in substance a debt owed by Tianjin Heheng to the PRC local governmental authority. As advised by the Company's PRC legal advisor, despite the compensation has not been paid, relevant licenses and permits can generally still be obtained and processed and the unpaid compensation has no material adverse impact on the transfer of legal title of the subject properties. As advised by the Company's PRC legal advisor, the repayment issues relating to the unpaid compensation do not impose any restriction on the Disposal by the Group. As further advised by the Company's PRC legal advisor, such payment obligation continues to rest on Tianjin Heheng after completion of the Disposal and will not be traced back to the Group. The Purchaser has been duly informed of Tianjin Heheng's payment obligation on the unpaid compensation following the Disposal, and the Purchaser has agreed that the amount of the Consideration will not be changed.

Financial Information of Fengsheng KL and Fullshare DZ

Set out below is the unaudited financial information of Fengsheng KL as extracted from the unaudited consolidated financial information of Fengsheng KL for the two years ended 31 December 2023:

	For the year ended 31 December 2023 Unaudited *RMB'000*	**For the year ended 31 December 2022** Unaudited *RMB'000*
Revenue	165,190	185,928
(Loss)/Profit before income tax	(697,755)	418,812
(Loss)/Profit for the year	(644,265)	406,433
Net current liabilities	(2,181,050)	(1,172,598)
Net assets attributable to the shareholders of Fengsheng KL	1,435,539	1,908,639

Note:

1. As at 31 December 2022 and 2023, the amounts of the intercompany balances(net) owed by the Remaining Group to Fengsheng KL Group amounted to approximately RMB734 million and RMB982 million respectively.

Set out below is the unaudited financial information of Fullshare DZ as extracted from the unaudited consolidated financial information of Fengsheng KL for the two years ended 31 December 2023:

	For the year ended 31 December 2023 Unaudited *RMB'000*	**For the year ended 31 December 2022** Unaudited *RMB'000*
Revenue	153,276	178,445
(Loss)/Profit before income tax	(689,923)	427,797
(Loss)/Profit for the year	(636,429)	415,225
Net current liabilities	(2,632,071)	(1,630,961)
Net assets	1,218,510	1,885,512

Further details on the financial information of Fengsheng KL Group will be set out in the circular to be published by the Company.

INFORMATION OF THE PURCHASER

The Purchaser is a limited partnership established in the PRC on 26 August 2024. As at the date of this announcement, the Purchaser is principally engaged in enterprise management, enterprise management consulting, information consulting services (excluding licensing information consulting services), equity investment, engaging in investment activities with own funds. Its registered capital is RMB150,000,000. It is owned as to 98% and 2% by Wuxi Xiefeng Enterprise Management Co., Ltd.*（無錫諧豐企業管理有限公司）(“**WuXi Xiefeng**”) (the limited partner of the Purchaser) and Nanjing Sumin Ruide Management Co., Ltd.*（南京蘇民睿得管理有限公司）(“**Nanjing Sumin**”)(the general partner of the Purchaser). Nanjing Sumin is directly wholly owned by Jiangsu Saihua Industry Investment Development Limited Company*（江蘇蘇民際華發展投資有限公司）(“**Jiangsu Saihua**”). Jiangsu Saihua is ultimately indirectly controlled as to approximately 28% by Jiangsu Minying Investment Holding Limited*（江蘇民營投資控股有限公司）(“**Jiangsu Investment**”), as to approximately 24% by a limited company controlled Mr. Feng Junhuo（馮軍夥）, as to approximately 24% by Nanjing Nanda Soft Management Consulting Partnership (Limited Partnership)*（南京南大蘇富特管理諮詢合夥企業（有限合夥））(of which the general partner holding 49% equity interests is a limited company controlled by Ms. Song Jihong（宋吉紅）and the limited partner holding 51% equity interest is Jiangsu NandaSoft Technology Company Limited（江蘇南大蘇富特科技股份有限公司）(the shares of which are listed on the Stock Exchange (Stock Code: 8045))) and as to approximately 24% by Nanjing Sanbao Management Consulting Partnership (Limited Partnership)*（南京三寶管理諮詢合夥企業（有限合夥））(of which the general partner holding 49% equity interests is a limited company controlled by Mr. Wang Weizhi（汪維志）and the limited partner holding 51% equity interests is ultimately controlled by Mr. Sha Min（沙敏）. Wuxi Xiefeng is indirectly wholly owned by Jiangsu Investment.

Based on the public information available as at the date of this announcement, the Company understands that Jiangsu Investment has a diverse shareholder base with 16 shareholders and is owned as to approximately 34.7% by Wuxi Sumin Lihua Enterprise Management Co., Ltd.*（無錫蘇民利華企業管理有限公司）(“**Sumin Lihua**”), as to approximately 26.25% by Wuxi Sumin Yuehe Enterprise Management Co., Ltd.*（無錫蘇民悅合企業管理有限公司）(“**Sumin Yuehe**”) and as to approximately 10% by China Minsheng Investment Co., Ltd（中國民生投資股份有限公司）(“**Minsheng Investment**”), being the three companies with the highest percentage of shareholding of Jiangsu Investment, and both Sumin Lihua and Sumin Yuehe are wholly-owned by Jiangsu Investment.

Based on the public information available as at the date of this announcement, the Company understands that Minsheng Investment has 62 shareholders and is owned as to approximately 14.91% by Horgos Guoxin Baotai Venture Capital Co., Ltd*（霍爾果斯市國信保泰創業投資有限公司）(“**Horgo Guoxin**”), being the single largest shareholder of Minsheng Investment.

Based on the public information available as at the date of this announcement, Horgo Guoxin has 50 shareholders and is owned as to approximately 6.1% by Zhongtai Trust Co., Ltd*（中泰信託有限責任公司）(“**Zhongtai Trust**”), being the single largest shareholder of Horgo Guoxin. Zhongtai Trust also directly owns approximately 4% equity interests in Minsheng Investment.

Based on the public information available as at the date of this announcement, Zhongtai Trust has 6 shareholders and is owned as to approximately 31.5718% by China Huawen Investment Holding Co., Ltd.*(中國華聞投資控股有限公司)("**Huawen Investment**") and as to approximately 29.9652% by Shanghai New Huangpu Industrial Group Co., Ltd.*(上海新黃浦實業集團股份有限公司)("**New Huangpu**"). Huawen Investment and New Huangpu are the two largest shareholders of Zhongtai Trust.

Huawen Investment is a company directly wholly-owned by Beijing International Trust Co., Ltd.*(北京國際信託有限公司)("**Beijing International Trust**"). Beijing International Trust has 10 shareholders and is owned as to approximately 34.3% by Beijing State-owned Assets Management Co.,Ltd.*(北京市國有資產經營有限責任公司)("**Beijing State-owned**"), and Beijing State-owned is a company directly wholly-owned by Beijing People's Government(北京市人民政府).

New Huangpu is a joint stock limited company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600638).

The other shareholders of Jiangsu Investment include Fullshare DZ and Nanjing Green Goblin Business Management Co., Ltd*(南京綠魔商業管理有限公司), both are wholly owned subsidiaries of the Company and in aggregate owned 4% of equity interest in Jiangsu Investment.

As at the date of this announcement, Jiangsu Investment is interested in 736,000 Shares, representing approximately 0.12% of the issued share capital of the Company. It is expected that Jiangsu Investment will not become a substantial shareholder of the Company immediately upon the Completion.

To the best of the Directors' knowledge, information and belief, save as disclosed above, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

IMPLICATIONS UNDER THE LISTING RULES

As the highest percentage ratio (as defined under Rule 14.07 of the Listing Rules) applicable to the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Transaction Agreements and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the board resolution(s) to approve the Transaction Agreements and the transactions contemplated thereunder at the board meeting.

The Existing Guarantees executed by the Company for its subsidiaries (whom are not a connected person as defined under Chapter 14A of the Listing Rules) does not constitute a "transaction" for the purpose of Chapter 14 of the Listing Rules and are not subject to compliance with the requirements under Chapter 14 and 14A of the Listing Rules.

Following Completion, the Existing Guarantees provided by the Company to the Fullshare DZ Group will constitute provision of financial assistance by the Remaining Group to the Fengsheng KL Group. However, the Company considers that the continuing guarantee arrangement forms part of the arrangement of the Disposal and will not treat the Existing Guarantees in relation to Guaranteed Obligations as a separate transaction for the purpose of the Disposal.

As none of Fullshare DZ, Tianjin Heheng or the Purchaser is a connected person of the Company upon completion of the Disposal, the provision of guarantee by the Company under the Guaranteed Obligations will not constitute a connected transaction of the Company.

In the event of any material changes of the aforesaid transactions or material changes in circumstances, the Company will comply with applicable requirements under Chapter 14 and/or Chapter 14A of the Listing Rules as and when required.

GENERAL

The Company will convene the EGM for the Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or any of their respective associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Disposal; (ii) financial information of the Group; (iii) financial information of the Fengsheng KL Group; (iv) management discussion and analysis of the Remaining Group; (v) unaudited pro forma financial information of the Remaining Group; (vi) the Property Valuation Report; (vii) the notice of the EGM; and (viii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 30 August 2024.

The Completion is subject to the satisfaction of the conditions precedent under the Equity Transfer Agreement and therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"business day"	a day on which licensed banks are generally open for business in the PRC, excluding a Saturday, a Sunday (unless adjusted to a working day in accordance with applicable laws) or statutory holiday(s) in the PRC
"Company" or "Fullshare"	Fullshare Holdings Limited（豐盛控股有限公司）, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 607)
"Consideration"	RMB950,000,000, being the total consideration payable by the Purchaser to Vendor I and Vendor II for the transfer of the Sale Interest under the Equity Transfer Agreement
"Completion"	completion of the Disposal
"Completion Date"	the date on which the Completion will take place
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of Fullshare
"Disposal"	the disposal of the Sale Interest by Vendor I and Vendor II to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
"EGM"	the extraordinary general meeting of the Company to be convened to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder
"Equity Transfer Agreement"	the equity transfer agreement dated 29 August 2024 entered into among the Purchaser, Vendor I and Vendor II in relation to, among other things, the Disposal

"Fengsheng Asset Management"	Nanjing Fengsheng Asset Management Co., Ltd.* (南京豐盛資產管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Fengsheng Green Building"	Fengsheng Green Building Technology Park Development (Jurong) Co., Ltd.* (豐盛綠建科技園開發(句容)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Fengsheng Kangju"	Nanjing Fengsheng Kangju Technology Co., Ltd* (南京豐盛康居科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Fengsheng KL"	Nanjing Fengsheng Kanglv Co., Ltd.* (南京豐盛康旅有限公司), a company established in the PRC with limited liability, of which 99.99% is owned by Vendor I and 0.01% is owned by Vendor II respectively
"Fengsheng KL Group"	collectively, Fengsheng KL and the Fullshare DZ Group
"Fullshare DZ"	Nanjing Fullshare Dazu Technology Co., Ltd.* (南京豐盛大族科技股份有限公司), a company established in the PRC with limited liability, a company owned as to 73.33 %, 10% and 16.67% by Fengsheng KL, Fengsheng Green Building and Fengsheng Asset Management respectively
"Fullshare DZ Group"	Fullshare DZ and its subsidiary as at the date of the Transaction Agreements and as at the date of this announcement
"Fullshare Commercial Management"	Fullshare Commercial Management Co., Ltd.* (南京豐盛大族商業管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Fullshare Hotel Management"	Nanjing Fullshare Hotel Management Co., Ltd.* (南京豐盛五季酒店有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Third Party(ies)"	a person or company who or which is, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, not a connected person of the Company
"Intra-Group Debt"	an intra-group payables of approximately RMB816,016,582 owed by Fengsheng Kangju to Fengsheng KL as at the date of Equity Transfer Agreement as a result of ordinary course of business
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	31 December 2024 or such other date as agreed by the parties to the Equity Transfer Agreement
"Nanjing Properties"	the property projects held by Fengsheng KL Group in Nanjing City, Jiangsu Province, the PRC
"Nantong Properties"	the property projects held by the Fengsheng KL Group in Nantong City, Jiangsu Province, the PRC
"Official Authorities"	(i) governments at all levels (including but not limited to states, cities, counties, towns, districts, etc.) of any country and region, and any entity that exercises administrative, legislative, judicial, management, tax or other government functions; (ii) any international public organisation; (iii) any agency, department, branch or other political subordinate agency of the government, entity or organisation mentioned in (i) and (ii) above; (iv) any company, business, enterprise or other entity owned, partly owned or controlled by any government, institution, organization or other entity mentioned in (i), (ii), and (iii) above; and (v) regulatory authority in Hong Kong that has jurisdiction over the Vendors' direct and/or indirect controlling shareholder(s)
"PRC" or "China"	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
"Properties"	collectively, the Nanjing Properties, the Nantong Properties, the Zhenjiang Properties and the Tianjin Properties
"Property Valuation Report"	the valuation report in respect of the valuation of the Properties as at 31 May 2024 prepared by the Valuer

"Purchaser"	Jiaxing Fengrui Enterprise Management Partnership (Limited Partnership)* (嘉興烽睿企業管理合夥企業(有限合夥))
"Remaining Group"	the Group, excluding the Fengsheng KL Group
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	representing 100% of the equity interest in Fengsheng KL
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.50 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin Heheng"	Tianjin Heheng Investment Development Co., Ltd.* (天津合恒投資發展有限公司), a company established in the PRC with Limited liability and a 80%-owned subsidiary of Fullshare DZ
"Tianjin Properties"	the residential development project held by Fengsheng KL Group in Tianjin, the PRC
"Transaction Agreements"	collectively, the Equity Transfer Agreement, the equity interest pledge agreement entered into between Vendor I and the Purchaser dated 29 August 2024 in relation to the pledge of 20% equity interests in Fengsheng KL by the Purchaser in favour of Vendor I, the equity interest pledge agreement entered into among the Company, Fengsheng KL and the Purchaser dated 29 August 2024 in relation to the pledge of 80% equity interests in Fengsheng KL by the Purchaser in favour of the Company, and the counter-guarantee agreement entered into among the Company, the Purchaser and Fengsheng KL dated 29 August 2024
"Valuer"	Cushman & Wakefield Limited, an independent property valuer

"Vendor I"	Nanjing Fengli Equity Investment Enterprise (Limited Partnership)* (南京豐利股權投資企業(有限合夥)), a partnership established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Vendor II"	Nanjing Shengmao Asset Management Co., Ltd.* (南京盛茂資產管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Vendors"	collectively, Vendor I and Vendor II
"Zhenjiang Properties"	the property projects held by Fengsheng KL Group in Zhenjing, Jiangsu Province, the PRC
"%"	per cent

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the executive Directors of Fullshare are Mr. Ji Changqun (Chairman), Ms. Du Wei, Mr. Shen Chen and Mr. Ge Jinzhu; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Tsang Sai Chung and Mr. Huang Shun.

* *for identification purposes only.*

The English names of all PRC entities in this announcement are for identification purpose only.