THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Fullsun International Holdings Group Co., Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser, the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

福晟國際 FULLSUN

FULLSUN INTERNATIONAL HOLDINGS GROUP CO., LIMITED

福晟國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF THE ENTIRE ISSUED CAPITAL IN THE TARGET COMPANY AND RELATED SHAREHOLDER'S LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover have the same meanings as those defined in this circular.

A notice convening the SGM to be held at Room 1703-1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 8 September 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Practical measures will be taken to try to avoid the spread of COVID-19 at the SGM, including:

- compulsory temperature checks and health declarations for all attendees, including directors and Shareholders
- prohibition from attendance at the SGM if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the SGM
- compulsory wearing of surgical face masks throughout the SGM
- maintaining proper distance between seats
- no refreshments will be served at the SGM

Any person who does not comply with the precautionary measures may be denied entry into the venue of the SGM.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages Shareholders NOT to attend the SGM in person, and advises Shareholders to appoint the Chairman of the SGM as their proxies to vote according to their indicated voting instructions as an alternative to attending the SGM in person. Shareholders are advised to read page ii of this circular for further detail and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

24 August 2021

CONTENTS

PRECAUTIONARY MEASURES FOR THE SGM

The health of our Shareholders, staff and other participants of the SGM (the "**Stakeholders**") is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement precautionary measures at the SGM to protect the Stakeholders from the risk of infection, which include but not limited to:

- compulsory temperature checks and health declarations for all attendees, including directors and Shareholders

- prohibition from attendance at the SGM if the attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the SGM

- compulsory wearing of surgical face masks throughout the SGM

- maintaining proper distance between seats

- no refreshments will be served at the SGM

Any person who does not comply with the precautionary measures may be denied entry into the venue of the SGM.

In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and strongly encourages Shareholders NOT to attend the SGM in person and advises Shareholders to appoint the Chairman of the SGM as their proxies to vote according to their indicated voting instructions as an alternative to attending the SGM in person. Shareholders are advised to read this section carefully and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"Agreed Property Value"	has the meaning defined in the paragraph headed "Letter from the Board – The Disposal and the Formal SP Agreement – Consideration" in this circular
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than Saturdays and Sundays) on which commercial banks in Hong Kong are open for business to the general public
"BVI"	the British Virgin Islands
"BVI Subsidiaries"	collectively, Stardust King Group Limited, Gleaming Sun Investments Limited, Charming Way Ventures Limited, Auspicious Time Global Limited, Pleasant View Group Limited and Obvious Bliss Investments Limited, all of which are companies incorporated in the BVI with limited liabilities and direct wholly-owned subsidiaries of the Target Company
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company"	Fullsun International Holdings Group Co., Limited (福晟國際控股集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms of the Formal SP Agreement
"Completion Accounts"	the audited consolidated balance sheet of the Target Group as at Completion

"Completion Date"	the fifth Business Day after all the conditions precedent set out in the paragraph headed "Letter from the Board – The Disposal and the Formal SP Agreement – Conditions precedent" in this circular have been fulfilled (or, where applicable, waived) or such other date as the Vendor and the Purchaser may agree in writing
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the total consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Shares and the Sale Loan pursuant to the Formal SP Agreement
"Director(s)"	the director(s) of the Company from time to time
"Disposal"	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the Formal SP Agreement
"Formal SP Agreement"	the conditional formal sale and purchase agreement (正式買賣協議) dated 27 May 2021 and entered into among the Vendor, the Purchaser and the Company in relation to the sale and purchase of the Sale Shares and the Sale Loan, which supersedes and replaces the Preliminary SP Agreement
"Group"	the Company and its subsidiaries
"HK Subsidiaries"	collectively, Wisdom Bloom Investments Limited, All Brilliant Investments Limited, Candidwell Investments Limited, Gainer Investments Limited, Leadfirst Investments Limited and Enterprise Carpark Limited, all of which are companies incorporated in Hong Kong with limited liability and indirect wholly-owned subsidiaries of the Target Company
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	20 August 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Facilities"	the Target Loan Facility and the Vendor Loan Facility
"Longstop Date"	24 August 2021, which as at the Latest Practicable Date had been extended to 15 September 2021
"NAV"	the consolidated total assets of the Target Group as at Completion (excluding the value of the Properties, receivables under inter-company loans between the members of the Target Group and any intangible assets) as derived from the Proforma Completion Accounts or the Completion Accounts (as the case may be) minus the consolidated total liabilities of the Target Group as at Completion (including (for the avoidance of doubt) all outstanding liabilities of the Target Group identified by the Purchaser on or before the date of the Formal SP Agreement in the course of its due diligence review on the Target Group, but excluding the value of the Sale Loan, any deferred tax liabilities and payables under inter-company loans between the members of the Target Group) as derived from the Proforma Completion Accounts or the Completion Accounts (as the case may be)
"PRC"	The People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administration Region and Taiwan
"Preliminary Consideration"	has the meaning defined in the paragraph headed "Letter from the Board – The Disposal and the Formal SP Agreement – Consideration" in this circular

"Preliminary SP Agreement"	the conditional preliminary sale and purchase agreement dated 28 March 2021 and entered into among the Vendor, the Purchaser and the Company in relation to the sale and purchase of the Sale Shares and the Sale Loan, which has been superseded and replaced by the Formal SP Agreement
"Proforma Completion Accounts"	the unaudited consolidated proforma balance sheet of the Target Group as at Completion
"Properties"	seven units on 41st, eight units on 42nd, the whole of 43rd, the whole of 45th and the whole of 46th Floors, 16 car parking spaces and certain portions in the Retained Areas I of "Enterprise Square Three (企業廣場3期)", No. 39 Wang Chiu Road, Kowloon, Hong Kong
"Purchaser"	Retain Prosper Group Limited, a company incorporated in the BVI with limited liability
"Remaining Group"	the Group immediately after Completion
"Sale Loan"	all the interests, benefits and rights of and in the shareholder's loan owed by the Target Company to the Vendor as at the Completion Date
"Sale Shares"	10,000 ordinary shares of US$1.00 each in the Target Company, being all the issued shares of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held at Room 1703-1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 8 September 2021 at 10:30 a.m. to consider and, if thought fit, to approve the Formal SP Agreement and the transactions contemplated thereunder (including but not limited to the Disposal)

"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Splendor Keen Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Target Group"	collectively, the Target Company, the BVI Subsidiaries and the HK Subsidiaries
"Target Loan Facility"	the loan facility made by a banking institution to the Target Company in the total principal amount of up to HK$499,200,000, of which HK$444,288,000 remained outstanding as at the Latest Practicable Date. Such loan facility is secured by, among other things, mortgages over certain parts of the Properties
"US$"	United States dollar, the lawful currency of the United States of America
"Vendor"	Vivalink Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendor Loan Facility"	the loan facility made by a company controlled by a banking institution to the Vendor in the principal amount of up to HK$400,000,000, of which HK$360,000,000 remained outstanding as at the Latest Practicable Date. Such loan facility is secured by, among other things, mortgages over certain parts of the Properties
"%"	per cent.

FULLSUN INTERNATIONAL HOLDINGS GROUP CO., LIMITED
福晟國際控股集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00627)

Executive Directors:
Mr. Pan Haoran
Mr. Li Jinrong

Independent non-executive Directors:
Mr. Kong Tat Yee
Mr. Yau Pak Yue
Mr. Zheng Zhen

Principal place of business in Hong Kong:
Room 2118, 21/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

24 August 2021

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF THE ENTIRE ISSUED CAPITAL IN THE TARGET COMPANY AND RELATED SHAREHOLDER'S LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 14 April 2021 in relation to, among other matters, the Preliminary SP Agreement; and (ii) the announcement of the Company dated 1 June 2021 in relation to, among other matters, the Formal SP Agreement and the transactions contemplated thereunder (including the Disposal).

The purpose of this circular is to provide you with, among others, (i) further details of the Formal SP Agreement and the transactions contemplated thereunder (including the Disposal); (ii) the notice of the SGM; and (iii) further information required to be disclosed under the Listing Rules.

THE DISPOSAL AND THE FORMAL SP AGREEMENT

Set out below are the principal terms of the Formal SP Agreement:

Date:	27 May 2021	
Parties:	(i)	the Vendor, an indirect wholly owned subsidiary of the Company, as vendor;
	(ii)	the Purchaser, as purchaser; and
	(iii)	the Company, as the Vendor's guarantor.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, as at the Latest Practicable Date the Purchaser and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Assets to be disposed of

The assets to be disposed pursuant to the Formal SP Agreement comprise:

(i) the Sale Shares, which are to be sold free from any encumbrances (other than leases in respect of certain parts of the Properties subsisting as at the date of the Formal SP Agreement and the Loan Facilities together with their respective security documents shall be discontinued and discharged on the Completion Date); and

(ii) the Sale Loan, which amounted to approximately HK$365,235,000 as at the Latest Practicable Date.

The Target Group holds the entire legal and beneficial interest of each of the Properties. Further details of the Target Group and the Properties are set out in the paragraph headed "Information on the Target Group and the Properties" below.

Consideration

Preliminary Consideration

The preliminary consideration (the "**Preliminary Consideration**") payable by the Purchaser to the Vendor for the Disposal shall be HK$790,000,000 (the "**Agreed Property Value**") plus the NAV as shown in the Proforma Completion Accounts (if such NAV is a positive number) or minus the NAV as shown in the Proforma Completion Accounts (if such NAV is a negative number). Assuming the Disposal had completed on 31 December 2020, it is expected that the estimated NAV in the Proforma Completion Accounts would be approximately HK$900,000. However, this estimated figure may differ from the NAV as will be shown in the Proforma Completion Accounts.

The Proforma Completion Accounts shall be delivered by the Vendor to the Purchaser at least five (5) Business Days before the Completion Date.

Consideration

The Consideration shall be the Agreed Property Value plus the NAV as shown in the Completion Accounts (if such NAV is a positive number) or minus the NAV as shown in the Completion Accounts (if such NAV is a negative number).

The Completion Accounts shall be delivered (the "**Completion Accounts Delivery**") by the Vendor to the Purchaser no later than forty-five (45) Business Days after the Completion Date.

Payment terms

The Consideration shall be payable in the following manner:

(i) HK$39,500,000 (equivalent to 5% of the Agreed Property Value) being the preliminary deposit (the "**Preliminary Deposit**") shall be payable in cash by the Purchaser to the solicitors to the Vendor upon signing of the Preliminary SP Agreement, which has been paid accordingly;

(ii) HK$79,000,000 (equivalent to 10% of the Agreed Property Value) being the further deposit (the "**Further Deposit**", together with the Preliminary Deposit, collectively known as the "**Deposits**") shall be payable in cash by the Purchaser to the solicitors to the Vendor on 11 May 2021 in accordance with the Preliminary SP Agreement, which has been paid accordingly;

(iii) an amount equivalent to the Preliminary Consideration minus the Deposits shall be payable in cash by the Purchaser to the Vendor at Completion; and

(iv) an amount equivalent to the difference between the Consideration and the Preliminary Consideration shall be payable in cash within five (5) Business Days from the date of the Completion Accounts Delivery by (i) the Purchaser to the Vendor (if the Consideration is greater than the Preliminary Consideration); or (ii) the Vendor to the Purchaser (if the Preliminary Consideration is greater than the Consideration).

Should the Purchaser fail to discharge its obligations under paragraphs (i) to (iii) above by the respective deadlines set out in the relevant paragraphs, unless otherwise agreed in writing between the Vendor and the Purchaser, the Vendor may, by written notice to the Purchaser, choose to terminate the Formal SP Agreement and to forfeit all Deposits paid as damages.

Termination of the Formal SP Agreement in the manner above shall not affect all accrued rights and obligations of the parties to the Formal SP Agreement (including the breach (if any) which may have led to such termination) or the rights of either party to claim for breaches which may have accrued under the Formal SP Agreement prior to such termination.

Basis of determination

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account, among others,

(i) the preliminary valuation of the Properties as indicated by an independent valuer as at 31 December 2020 of approximately HK$936,000,000;

(ii) the financial position and prospects of the Target Group. The financial information of the Target Group as set out in Appendix II to this circular shows that the financial position of the Target Group had been deteriorating since the outbreak of the Novel Coronavirus (COVID-19) and that the rental income derived from the Properties were unable to cover the operating and financing costs of the Target Group. As at the Latest Practicable Date, save for 1 car parking space which was leased out to tenants who is independent third party, the remaining portion of the Properties was vacant. The Directors are of the view that there will continue to be uncertainty in the commercial property market in Kowloon East for the foreseeable future; and

(iii) the reasons for and benefits of the Disposal as detailed in the section headed "Reasons for and benefits of the Disposal" below.

As the Loan Facilities will be fully repaid upon Completion, they were not taken into account when determining the Consideration and the preliminary valuation of the Properties.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be subject to the fulfilment (or, where applicable, waiver) of the following conditions:

(i) certain warranties given by the Vendor in the Formal SP Agreement remaining true, accurate and not misleading in all material respects on the Completion Date; and

(ii) the Formal SP Agreement and the transactions contemplated thereunder being approved in compliance with the bye-laws of the Company and the requirements of the Listing Rules by the Shareholders at a general meeting of the Company.

If the conditions precedent above are not fulfilled (or, in respect of the condition precedent under paragraph (i) above, waived by the Purchaser) on or before the Longstop Date, unless otherwise agreed in writing between the Vendor and the Purchaser, the Vendor or the Purchaser may, by notice to the other party on the Longstop Date, choose to (without prejudice to any other rights and remedies to which the Vendor is entitled to under the Formal SP Agreement):

(i) postpone the Longstop Date to a date (such date must be a Business Day) no later than sixty (60) Business Days following the original Longstop Date, in which case the date by which the conditions precedent shall be fulfilled (or, where applicable, waived) shall be such postponed Longstop Date; or

(ii) terminate the Formal SP Agreement, whereupon the Vendor shall immediately refund to the Purchaser all Deposits without interest or fees and thereafter none of the parties to the Formal SP Agreement shall make any further claims or commence any further legal proceedings against the other.

Completion

Completion shall take place on or before 12:00 p.m. on the Completion Date subject to the satisfaction (or, where applicable, waiver) of all the conditions precedent as mentioned in the paragraph headed "Conditions precedent" above.

Upon Completion, the members of the Target Group will cease to be subsidiaries of the Company and their respective assets and liabilities and profits and losses will no longer be consolidated into the financial statements of the Company.

Should the Vendor or the Purchaser fail to discharge its Completion obligations under the Formal SP Agreement, the other party may, by written notice to the party in breach, choose to terminate the Formal SP Agreement, and

(i) in the event that the party in breach is the Vendor, the Vendor shall also immediately refund to the Purchaser all Deposits paid without interest or fees and pay the Purchaser a sum equal to the Deposits as liquidated damages; or

(ii) in the event that the party in breach is the Purchaser, the Vendor may also: (a) forfeit from the amount of the Deposits paid a sum equal to 10% of the Agreed Property Value as damages; and (b) keep the balance of the Deposits paid as further damages and expenses suffered by the Vendor.

Termination of the Formal SP Agreement in the manner above shall not affect all accrued rights and obligations of the parties to the Formal SP Agreement (including the breach (if any) which may have led to such termination or the rights of either party to claim for breaches which may have accrued under the Formal SP Agreement prior to such termination).

As at the Latest Practicable Date, the Properties were subject to and benefit from leases on certain parts of the Properties (the "**Leased Properties**"). The Properties shall be subject to such leases on the Completion Date, but in the event any lessee, tenant or user surrenders or vacates any part of the Leased Properties or delivers vacant possession of any part of the Leased Properties, or if any part of the Leased Properties is no longer subject to any lease, the Vendor shall deliver vacant possession of such part(s) of the Leased Properties to the Purchaser on the Completion Date.

Guarantee

Pursuant to the Formal SP Agreement, the Company has agreed to guarantee due observance and performance by the Vendor of all the agreements, obligations, undertakings and commitments contained in the Formal SP Agreement.

INFORMATION ON THE TARGET GROUP AND THE PROPERTIES

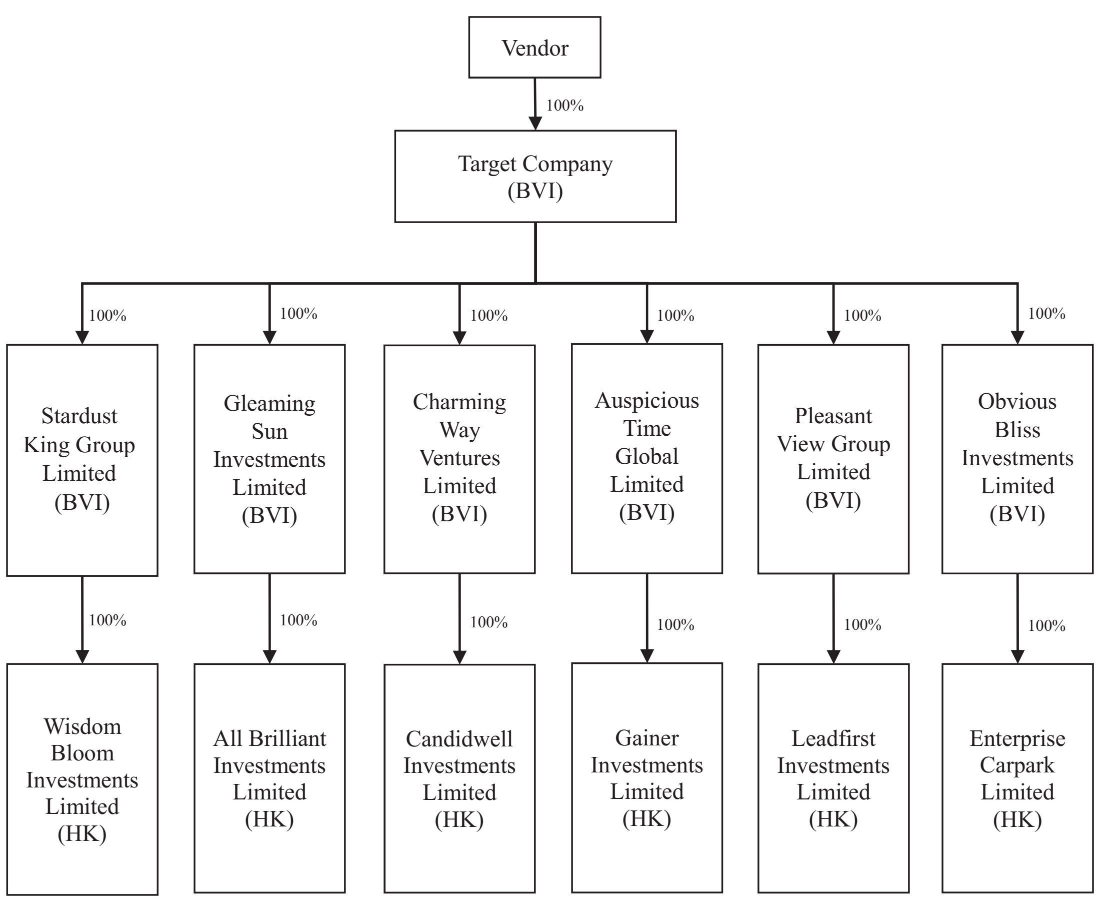
Information on the Target Group

The Target Company is an investment holding company. The BVI Subsidiaries are property investment companies all incorporated in BVI with limited liability. The HK Subsidiaries are property investment companies all incorporated in Hong Kong with limited liability. The principal assets of the Target Group are the Properties.

The Group acquired the BVI Subsidiaries on 26 March 2018 at the acquisition cost of approximately HK$1,329,899,000. At the time of the acquisition of the BVI Subsidiaries by the Group, the BVI Subsidiaries held the HK Subsidiaries, which in turn held the Properties.

Corporate structure of the Target Group

Set out below was the shareholding structure of the Target Group as at the Latest Practicable Date:



Financial information of the Target Group

Set out below is the summary of key consolidated financial information of the Target Group for each of the two years ended 31 December 2019 and 2020:

	2019	**2020**
	(unaudited)	*(unaudited)*
	HK$'000	*HK$'000*
Loss before taxation	86,802	347,988
Loss after taxation	87,674	347,982

The Target Group has an unaudited net liabilities value of approximately HK$482,719,000 as at 31 December 2020.

Information on the Properties

The Properties consist of seven units on 41st, eight units on 42nd, the whole of 43rd, the whole of 45th and the whole of 46th floors, 16 car parking spaces and the certain retained portions representing 3 external signage areas (the ''**Retained Portions**'') of ''Enterprise Square Three (企業廣場3期)'', No. 39 Wang Chiu Road, Kowloon, Hong Kong. The gross floor area of the Properties (excluding the 16 car parking spaces and the Retained Portions) is approximately 72,800 sq. ft. As at the Latest Practicable Date, the Leased Properties comprised 1 car parking spaces which was leased out to tenants who is independent third party. The remaining portion of the Properties was vacant. For the avoidance of doubt, the 42nd, 43rd, 45th and 46th floors among the Properties are numbered according to the record of the Land Registry. However, such floors are also known as 43rd, 45th, 47th and 49th floors, respectively, and are shown in the respective premises. In this circular, the number of the floors of the Properties are stated according to the record of the Land Registry.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability and is an investment holding company. The entire issued share capital of the Purchaser is legally and beneficially held by Lin Xiaowen (to the best knowledge, information and belief of the Directors after making all reasonable enquiries, Lin Xiaowen's legal identification documents only bear his English name), who is a merchant.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in the development and sale of residential and commercial properties in the PRC including Hong Kong.

INFORMATION ON THE VENDOR

The Vendor, a company incorporated in the BVI with limited liability, is an indirect wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

FINANCIAL EFFECT OF THE DISPOSAL

Immediately after the Completion, each member of the Target Group will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Group will no longer be consolidated into the Company's financial statements.

Assuming the Disposal had completed on 31 December 2020, it is expected that the Group would record an estimated loss of approximately RMB156,831,000 upon the completion of the Disposal. The calculations on how the estimated loss of the Group upon completion of the Disposal is derived, assuming the Disposal had been completed on 31 December 2020, is set out in note (7) under the heading "6. Notes to the Unaudited Pro Forma Financial Information of the Group" in Appendix III to this circular.

The actual amount of loss to be recognised will be subject to the operating results of the Target Group for the period from 1 January 2021 up to the Completion Date and the audit to be performed by the Company's auditors.

The Company intends to use the proceeds from the Disposal for repayment of bank and other borrowings of the Group secured by the Properties. As at the Latest Practicable Date, the bank and other borrowings of the Group secured by the Properties comprised the Target Loan Facility and the Vendor Loan Facility. Details of the Target Loan Facility and the Vendor Loan Facility as at the Latest Practicable Date were as follows:

	Outstanding principal amount *(HK$)*	**Interest rate**	**Maturity date**
Target Loan Facility			
Tranche 1	296,192,000	HIBOR plus a margin of 1.5% per annum	26 September 2021
Tranche 2	148,096,000	HIBOR plus a margin of 1.4% per annum	27 October 2021
Vendor Loan Facility	360,000,000	5.0% per annum	25 March 2022
	804,288,000		

The Loan Facilities together with their respective security documents shall be discontinued and discharged on the Completion Date. However, the lender of the Vendor Loan Facility has agreed that HK$310,000,000 of the outstanding principal amount of the Vendor Loan Facility may be repaid on the Completion Date, with the remainder of the outstanding principal amount of HK$50,000,000 and all outstanding interest to be repaid on 25 March 2022.

There will be no balance after repayment of the above borrowings.

Reasons for and benefits of the Disposal

Since 2020, the Novel Coronavirus (COVID-19) has spread around the world. The quarantine measures and lockdown of countries and regions have severely impacted the growth of the global economy. In Hong Kong, the vacancy rate for commercial properties has increased significantly since the beginning of 2020. The Company has noted that the overall rental rate in Kowloon East has dropped significantly during the last year. The ongoing pandemic situation keeps bringing uncertainties to the business environment in Hong Kong. The Directors considered that the above-mentioned factors further slowdown the economic recovery of Hong Kong, especially its commercial property market.

The social movement in Hong Kong in 2019 and the outbreak of the Novel Coronavirus (COVID-19) in 2020 resulted in vacancies in the majority of the Properties, causing a loss of sustained and stable rental income for the Group. Despite the significant decrease in rental income from the Properties during such period, the operating and financing costs of the Target Group did not decrease. The uncertain economic environment during this period has also led to a significant decrease in the fair value of the Properties. During the two years ended 31 December 2019 and 2020, the decrease in fair value of the Properties were HK$58,000,000 and HK$356,000,000 respectively. The losses incurred by the Target Group for the two years ended 31 December 2019 and 2020 and the unaudited net liabilities value of the Target Group of about HK$483 million were also attributed to the decrease in rental income from the Properties and the unreduced operating and financing costs of the Target Group.

Based on the current market situation, the Directors are of the view that the prices of commercial property in Kowloon East are not expected to rise, and may even decline, in the foreseeable future. In view of the uncertain prospects of the commercial property market in Kowloon East and the size of the Properties, the Directors consider that the Disposal will allow the Group to realise the value of the Properties under the current market situation and reduce its debt and financing costs.

The Group intends to apply the proceeds from the Disposal to settle the outstanding borrowings of the Group, which not only will lessen the burden of immediate cash inflow for settling its maturing indebtedness, but will also reduce the recurring finance costs.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole and on normal commercial terms or better and that the terms of the Formal SP Agreement are fair and reasonable.

IMPLICATIONS UNDER THE LISTING RULES

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

SGM

A notice convening the SGM at which an ordinary resolution will be proposed to consider and, if thought fit, to approve, among others, the Formal SP Agreement and the transactions contemplated thereunder (including the Disposal) to be held at Room 1703-1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 8 September 2021 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be) should you so wish.

In accordance with the requirements of the Listing Rules, the ordinary resolution to be put forward at the SGM will be voted on by the Shareholders by way of poll.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, none of the Purchaser and its close associates held any Shares and therefore no Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the SGM approving the Formal SP Agreement and the transactions contemplated thereunder (including the Disposal).

ENTITLEMENT TO ATTEND AND VOTE AT THE SGM

The register of members of the Company will be closed from Friday, 3 September 2021 to Wednesday, 8 September 2021 both dates inclusive, during which period no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Company at 4:30 p.m. on Thursday, 2 September 2021 shall be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 2 September 2021.

RECOMMENDATION

Although the Group expects to record an estimated loss of approximately RMB156.8 million from the Disposal, taking into account (i) the increasing losses of the Target Group of approximately HK$79.0 million and HK$379.0 million respectively for the two years ended 31 December 2019 and 2020; (ii) the increasing losses of the Target Group of approximately HK$154.0 million for the six months ended 30 June 2021; (iii) the likelihood that the price of commercial property in Kowloon East will not increase, or will even decline in the foreseeable future; (iv) the opportunity for the Group to realise the value of the Properties under the current market situation and to save approximately HK$35.6 million per annum in interest costs, maintenance costs and operation costs relating to the Properties; and (v) the aim of the Company to reduce the financial burden of the Group by applying the net proceeds from the Disposal towards the repayment of the Loan Facilities, the Directors (including the independent non-executive Directors) consider that the terms of the Formal SP Agreement are fair and reasonable, and the transactions contemplated thereunder (including the Disposal) are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Formal SP Agreement and the transactions contemplated thereunder (including the Disposal).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Yours faithfully
On behalf of the Board
Fullsun International Holdings Group Co., Limited
Pan Haoran
Executive Director and Chief Executive Officer

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the financial year ended 31 March 2018, the nine months ended 31 December 2018, the financial years ended 31 December 2019 and 2020 is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.fullsun.com.hk). Please refer to the hyperlinks below:

- Annual report of the Company for the financial year ended 31 March 2018 (pages 95 to 210)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0712/ltn20180712850.pdf

- Annual report of the Company for the nine months ended 31 December 2018 (pages 69 to 218)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn201904181282.pdf

- Annual report of the Company for the financial year ended 31 December 2019 (pages 58 to 194)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042402290.pdf

- Annual report of the Company for the financial year ended 31 December 2020 (pages 57 to 185)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0719/2021071900778.pdf

INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of ascertaining the indebtedness and contingent liabilities of the Group prior to the printing of this circular, the Group had total indebtedness of approximately RMB3,783,777,000 as summarized below:

Borrowings

The Group had total outstanding borrowings of approximately RMB3,783,614,000 further details of which are set out below:

(1) Bank borrowings of the Group with the total amount of approximately RMB954,164,000, all of which were secured by properties under development for sales, completed properties held for sales and investment properties. All of the bank borrowings were guaranteed; and

(2) Other borrowings of the Group with the total amount of approximately RMB2,829,450,000, of which approximately RMB78,480,000 were unsecured, and approximately RMB2,750,970,000 were secured by properties under development for sales, completed properties held for sales, property, plant and equipment, investment properties and equity interests of certain subsidiaries. Other borrowings of approximately RMB2,800,970,000 were guaranteed.

Lease liabilities

The Group had total outstanding lease liabilities of approximately RMB163,000, all of which are due within one year.

Other commitments

The Group had commitments for property development contracted for but not provided of approximately RMB2,604,784,000.

Contingent liabilities

The Group had provided guarantees in favour of banks for mortgage loans granted to purchasers of the Group's properties. No provision for the financial guarantee contracts has made as the credit risk is low and the fair value of the financial guarantee contracts is insignificant. The Group had contingent liabilities of approximately RMB4,229,185,000 in respect of this guarantees.

The Group had made provisions of approximately RMB54,804,000 in respect of potential claims and obligations arising from construction contracts and delay of transfer of completed properties to customers. Such provisions represent the Director's best estimate of the consideration that would be required to settle the obligations by the Group.

Save as aforesaid and apart from intra-group liabilities, normal trade payables and contract liabilities in the normal course of business, at the close of business on 30 June 2021, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL SUFFICIENCY OF THE GROUP

As at 30 June 2021, the Group's total borrowings comprising bank and other borrowings, and lease liabilities amounted to approximately RMB3,783,614,000 and RMB163,000, respectively. Borrowings of RMB2,067,759,000 have fallen due for repayment but remained unsettled and RMB1,715,855,000 are repayable on demand or will fall due for repayment within twelve months as at 30 June 2021.

As at the Latest Practicable Date, among these borrowings are RMB239,854,000 that has been extended; and RMB2,431,046,000 are assessed by the management of the Group with respect to their respective negotiation progress with lenders and are considered to be highly probable to be extended. In addition, borrowings of RMB53,719,000 was repaid up to the Latest Practicable Date. The remaining borrowings of RMB1,058,995,000 that have fallen due for repayment, repayable on demand or will fall due for repayment within twelve months at the Latest Practicable Date are expected to be settled according to their repayment terms or upon the completion of this Disposal.

As at 30 June 2021, the Group had RMB2,304,226,000 properties for sales that are available for sale in the course of ordinary business and the cashflow forecast covering up to 12 months from the date of this circular prepared by the management of the Group indicated that the Group's forecasted proceeds from sales and pre-sales of properties for sales and properties under development would be approximately RMB5,295,950,000.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. The Group's cashflow forecast also indicates that the Group's projected net cash inflow would be RMB1,597,000,000 during the forecast period and cash position would be RMB2,210,000,000 by the end of the forecast period. When preparing the cashflow forecast, the management of the Group has also considered in the sensitivity analysis about different uncertainties that the Group might encountered during the forecast period.

The Directors after due and careful enquiry, are of the opinion that, after taking into account the net proceeds from the Disposal and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities, the Group will have sufficient working capital for its operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular.

In addition to the completion of the Disposal, the sufficiency of the Group's working capital to satisfy its requirements for at least the next twelve months from the date of this circular is also dependent on (i) the Group's ability to generate adequate financing and operating cash flows through successful renewal of its bank and other borrowings upon maturity and if the Group is not able to do so, (ii) successful securing of the financing from other lenders with repayment terms beyond twelve months from the date of this circular and (iii) other short-term or long-term financing and equity issuance.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures to generate adequate cash inflow as scheduled, failing which the Group will strive to meet the working capital sufficiency by continuous negotiations with lenders to renew existing borrowings, exploring funding channels through equity and debt markets. The Group will also continue to seek other alternative financing, including: negotiate with constructors to extend the payment terms, reduce all non-essential costs and consider the possibility of realisation of Group's assets on an ongoing basis.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group will continue to focus the existing principal business such as the development and sale of residential and commercial properties in the PRC.

The Company expects that with the effective control of the COVID-19 pandemic and support of government policies, the macro-economy of the PRC and the city clusters of the middle reaches of the Yangtze River Region will be generally restored, which will boost the confidence of the real estate market and see a gradual increase in demand. In the meantime, the Group will continue to adopt a flexible sales strategy to balance liquidity and profitability. The Group will continuously review the development of existing projects and its existing project portfolio and consider disposing of any underperforming investment properties or projects.

EFFECTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Earnings

The audited loss for the year ended 31 December 2020 was approximately RMB1,393,076,000 as disclosed in the annual report of the Company for the year ended 31 December 2020.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that the Completion were to take place on 1 January 2020, the effect of the Disposal was that the loss for the year ended 31 December 2020 of the Remaining Group would have been increased to approximately RMB1,559,380,000.

Assets and Liabilities

The audited consolidated total assets and total liabilities of the Group as at 31 December 2020 were approximately RMB12,588,148,000 and RMB11,135,002,000, respectively as disclosed in the annual report of the Company for the year ended 31 December 2020.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Disposal had taken place on 31 December 2020, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2020 would be approximately RMB11,720,077,000 and RMB10,416,056,000, respectively.

EXCESS OR DEFICIT OF THE CONSIDERATION OVER OR UNDER THE NET BOOK VALUE

It is estimated that, upon Completion, the Remaining Group will record a deficit over the net book value on the Disposal of approximately RMB41,342,000, being the difference between the Consideration and the unaudited net liabilities of the Target Group as at 30 June 2021.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Set out below are the unaudited consolidated balance sheets of the Target Group as at 31 December 2018, 2019 and 2020 and 30 June 2021, and the unaudited consolidated statements of profit or loss and comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated cash flow statements of the Target Group for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 and explanatory notes (the "**Unaudited Financial Information**") which have been prepared on the basis set out in note 2 to the Unaudited Financial Information and in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2020 and Rule 14.68(2)(a)(i) of the Listing Rules.

The Unaudited Financial Information was prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The auditors of the Company, PKF Hong Kong Limited, were engaged to review the Unaudited Financial Information set out on pages II-2 to II-9 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Group, nothing has come to the auditor's attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Target Group.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	22,245	10,572	102	53	49
Other gains/(losses)	642	(6)	(42)	(44)	65
Administrative expenses	(10,691)	(7,708)	(9,045)	(15,045)	(2,794)
Change in fair value of investment properties	(11,702)	(58,000)	(356,000)	(235,000)	(146,000)
Change in fair value of financial asset at fair value through profit or loss ("**FVTPL**")	–	(358)	257	139	114
Finance cost	(12,086)	(23,530)	(14,328)	(8,781)	(5,421)
Loss before income tax	(11,592)	(79,030)	(379,056)	(258,678)	(153,987)
Income tax (expenses)/credit	(3,196)	–	6	(676)	–
Loss for the year/period	(14,788)	(79,030)	(379,050)	(259,354)	(153,987)
Total comprehensive expense for the year/period	(14,788)	(79,030)	(379,050)	(259,354)	(153,987)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-Current Assets				
Investment properties	1,350,000	1,292,000	936,000	790,000
Financial asset at FVTPL	–	9,247	9,462	9,584
Total non-current assets	1,350,000	1,301,247	945,462	799,584
Current Assets				
Trade and other receivables and prepayment	1,811	1,955	1,296	1,296
Amounts due from group companies	914	1,127	–	–
Tax recoverable	–	–	506	194
Bank balances and cash	8,052	232	230	425
Total current assets	10,777	3,314	2,032	1,915
Total assets	1,360,777	1,304,561	947,494	801,499
Current Liabilities				
Other payables and accruals	4,630	515	1,131	939
Bank borrowings	484,141	474,892	463,540	445,235
Amount due to group companies	875,210	913,176	946,084	972,573
Tax payable	1,977	189	–	–
Total current liabilities	1,365,958	1,388,772	1,410,755	1,418,747
Net current liabilities	(1,355,181)	(1,385,458)	(1,408,723)	(1,416,832)
Total assets less current liabilities	(5,181)	(84,211)	(463,261)	(617,248)

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-Current Liabilities				
Deferred tax liabilities	9,529	9,529	9,529	9,529
Net liabilities	(14,710)	(93,740)	(472,790)	(626,777)
Capital and Reserves				
Share capital	78	78	78	78
Accumulated losses	(14,788)	(93,818)	(472,868)	(626,855)
Total deficit	(14,710)	(93,740)	(472,790)	(626,777)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)
At 1 January 2018	–	–	–
Loss for the year	–	(14,788)	(14,788)
Issue of share capital	78	–	78
At 31 December 2018	78	(14,788)	(14,710)
Loss for the year	–	(79,030)	(79,030)
At 31 December 2019	78	(93,818)	(93,740)
Loss for the year	–	(379,050)	(379,050)
At 31 December 2020	78	(472,868)	(472,790)
At 1 January 2021	78	(472,868)	(472,790)
Loss for the period	–	(153,987)	(153,987)
At 30 June 2021	**78**	**(626,855)**	**(626,777)**
At 1 January 2020	78	(93,818)	(93,740)
Loss for the period	–	(259,354)	(259,354)
As 30 June 2020	78	(353,172)	(353,094)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
OPERATION ACTIVITIES					
Loss before taxation	(11,592)	(79,030)	(379,056)	(258,678)	(153,987)
Adjustments for:					
Finance cost	12,086	23,530	14,328	8,781	5,421
Interest income	(4)	(4)	–	–	–
Exchange (gain)/loss, net	–	(210)	42	45	(8)
Change in fair value of investment properties	11,702	58,000	356,000	235,000	146,000
Change in fair value of financial asset at FVTPL	–	358	(257)	(139)	(114)
Operating cash flows before movements in working capital	12,192	2,644	(8,943)	(14,991)	(2,688)
Changes in trade and other receivables, and prepayment	1,406	(144)	659	650	–
Changes in other payables and accruals	(13,605)	(4,115)	616	1,051	(192)
Change in amounts due from/ to group companies	(468,886)	37,753	34,035	31,193	26,489
Cash (used in)/generated from operations	(468,893)	36,138	26,367	17,903	23,609
Income tax refunded/(paid)	4,886	(1,788)	(689)	(689)	312
Net cash (used in)/generated from operating activities	(464,007)	34,350	25,678	17,214	23,921

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTING ACTIVITIES					
Purchase of financial asset at FVTPL	–	(9,395)	–	–	–
Interest received	4	4	–	–	–
Net cash generated from/(used in) investing activities	4	(9,391)	–	–	–
FINANCING ACTIVITIES					
Interest paid	(13,833)	(22,426)	(15,696)	(10,662)	(4,127)
Addition of borrowings	499,200	9,615	–	–	–
Repayment of borrowings	(13,312)	(19,968)	(9,984)	(6,656)	(19,599)
Net cash generated from/(used in) financing activities	472,055	(32,779)	(25,680)	(17,318)	(23,726)
Net increase/(decrease) in cash and cash equivalents	8,052	(7,820)	(2)	(104)	195
Cash and cash equivalents at the beginning of the year/period	–	8,052	232	232	230
Cash and cash equivalents at the end of the year/period	8,052	232	230	128	425

1. GENERAL INFORMATION

Splendor Keen Limited (the "**Target Company**") was incorporated with limited liability in the British Virgin Islands (the "**BVI**"). The address of its registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI and its principal place of business is Room 2118, 21/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong. The Target Company is principally engaged in investment holding. Its immediate holding company is Vivalink Limited (the "**Vendor**"), a company incorporated in the BVI and an indirect wholly-owned subsidiary of Fullsun International Holdings Group Co., Limited (the "**Company**"), which is the ultimate holding company of the Target Company.

On 27 May 2021, the Vendor and Retain Prosper Group Limited (the "**Purchaser**") entered into a conditional formal sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase (i) the entire equity interests in the Target Company and (ii) the related Shareholder's loan owed by the Target Company to the Vendor (the "**Disposal**").

Upon completion of the Disposal, the Target Company and its subsidiaries (the "**Target Group**") will cease to be subsidiaries of the Company.

2. BASIS OF PREPARATION

The Unaudited Financial Information of the Target Group has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Disposal. For the purpose of preparing and presenting the Unaudited Financial Information for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2020 and 2021, the Target Group has consistently applied the accounting policies adopted by the Company and its subsidiaries (the "**Group**") in the preparation of the consolidated financial statements of the Company for respective years and periods, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Unaudited Financial Information of the Target Group has been prepared under the historical cost convention except for investment properties and financial asset at FVTPL which are measured at fair value at the end of each reporting period. The Unaudited Financial Information is presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

When preparing the Unaudited Financial Information of the Target Group, its ability to continue as a going concern has been assessed. The Unaudited Financial Information have been prepared on a going concern basis notwithstanding that the Target Group incurred net loss of approximately HK$14,788,000, HK$79,030,000, HK$379,050,000 and HK$153,987,000, respectively, for the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2021, and, as at 31 December 2018, 2019 and 2020 and as at 30 June 2021, the Target Group's net current liabilities were HK$1,355,181,000, HK$1,385,458,000, HK$1,408,723,000 and HK$1,416,832,000, respectively, as the ultimate holding company of the Target Company has undertaken to provide continuing financial support to the Target Group to meet its liabilities when they fall due.

Should the Target Group be unable to continue its business as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to reclassify non-current assets/liabilitieas as current assets/liabilities and to provide for any further liabilities which may arise.

The Unaudited Financial Information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and should be read in conjunction with the relevant published annual reports and interim report of the Group.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

The following is a summary of the illustrative unaudited pro forma consolidated statement of financial position as at 31 December 2020, unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020 and related notes of the Group excluding the Target Group upon the completion of the Disposal (hereinafter referred to as the "**Remaining Group**") (the "**Unaudited Pro Forma Financial Information**") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal (i) as if the Disposal had been completed on 31 December 2020 for the unaudited pro forma consolidated statement of financial position; and (ii) as if the Disposal had been completed on 1 January 2020 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2020 as extracted from the published Annual Report 2020 after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2020 as extracted from the published Annual Report 2020 after making pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 31 December 2020 or at any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 December 2020 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published Annual Report 2020 and other financial information included elsewhere in this circular.

2. Unaudited Pro Forma Consolidated Statement of Financial Position of the Group as at 31 December 2020

	The Group	Pro Forma adjustments					Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Non-current assets							
Property, plant and equipment	29,092	–	–	–	–	–	29,092
Right-of-use assets	22,438	–	–	–	–	–	22,438
Investment properties	694,630	–	–	–	–	–	694,630
Financial asset at FVTPL	–	7,963	–	–	–	–	7,963
Equity instrument designated at fair value through FVTOCI	500	–	–	–	–	–	500
Deposit paid for acquisition of an associate	216,000	–	–	–	–	–	216,000
Deferred tax assets	122,825	–	–	–	–	–	122,825
Total non-current assets	1,085,485	7,963	–	–	–	–	1,093,448

	The Group	Pro Forma adjustments					Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Current assets							
Properties under development/ properties for sale	8,824,779	–	–	–	–	–	8,824,779
Trade and other receivables and prepayments	470,448	–	–	–	–	–	470,448
Amount due from non-controlling shareholders	388,999	–	–	–	–	–	388,999
Prepaid income tax	190,739	–	–	–	–	–	190,739
Restricted bank deposits	232,573	–	–	–	–	–	232,573
Bank balance and cash	581,927	–	–	(45,078)	758	(18,516)	519,091
	10,689,465	–	–	(45,078)	758	(18,516)	10,626,629
Asset of disposal group classified as held for sale	813,198	(7,963)	(805,235)	–	–	–	–
Total current assets	11,502,663	(7,963)	(805,235)	(45,078)	758	(18,516)	10,626,629
Current liabilities							
Trade and other payables and accruals	1,179,985	–	–	–	–	–	1,179,985
Contract liabilities	5,311,608	–	–	–	–	–	5,311,608
Income tax payable	385,289	–	–	–	–	–	385,289
Convertible bonds	11,316	–	–	–	–	–	11,316
Borrowings	3,530,820	–	–	(319,840)	–	–	3,210,980
Lease liabilities	196	–	–	–	–	–	196
	10,419,214	–	–	(319,840)	–	–	10,099,374
Liabilities of disposal group classified as held for sale	399,106	–	(8,972)	(390,134)	–	–	–

	The Group	Pro Forma adjustments					Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Total current liabilities	10,818,320	–	(8,972)	(709,974)	–	–	10,099,374
Net current assets	684,343	(7,963)	(796,263)	664,896	758	(18,516)	527,255
Total assets less current liabilities	1,769,828	–	(796,263)	664,896	758	(18,516)	1,620,703
Non-current liabilities							
Borrowings	6,378	–	–	–	–	–	6,378
Lease liabilities	76	–	–	–	–	–	76
Deferred tax liabilities	310,228	–	–	–	–	–	310,228
Total non-current liabilities	316,682	–	–	–	–	–	316,682
NET ASSETS	1,453,146	–	(796,263)	664,896	758	(18,516)	1,304,021
CAPITAL AND RESERVES							
Share capital	96,031	–	–	–	–	–	96,031
Reserves	479,643	–	(796,263)	664,896	758	(18,516)	330,518
Total equity attributable to owner of the Company	575,674	–	(796,263)	664,896	758	(18,516)	426,549
Non-controlling interests	877,472	–	–	–	–	–	877,472
TOTAL EQUITY	1,453,146	–	(796,263)	664,896	758	(18,516)	1,304,021

3. Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Group for the year ended 31 December 2020

	The Group	Pro Forma adjustments				Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 8)	*(Note 6)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
Revenue	1,164,653	–	(89)	–	–	1,164,564
Cost of sales	(1,375,595)	–	–	–	–	(1,375,595)
Gross loss	(210,942)	–	(89)	–	–	(211,031)
Other income	6,142	–	36	–	–	6,178
Other gains and losses	(15,248)	(19,707)	–	–	(454,316)	(489,271)
Selling and distribution expenses	(88,559)	–	–	–	–	(88,559)
Administrative expenses	(139,667)	–	7,856	3,466	–	(128,345)
Change in fair value of investment properties	(606,772)	–	309,261	(25,029)	–	(322,540)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	223	–	(223)	–	–	–
Impairment loss on deposit paid for acquisition of an associate	(54,000)	–	–	–	–	(54,000)
Other expenses	(61,813)	–	–	–	–	(61,813)
Finance costs	(219,889)	–	12,446	–	–	(207,443)
Loss before taxation	(1,390,525)	(19,707)	329,287	(21,563)	(454,316)	(1,556,824)
Income tax expense	(2,551)	–	(5)	–	–	(2,556)
Loss for the year	(1,393,076)	(19,707)	329,282	(21,563)	(454,316)	(1,559,380)
Attributable to:						
– Owners of the Company	(1,367,183)	(19,707)	329,282	(21,563)	(454,316)	(1,533,487)
– Non-controlling interests	(25,893)	–	–	–	–	(25,893)

4. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group for the year ended 31 December 2020

	The Group	Pro Forma adjustments				Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 8)	*(Note 6)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
Loss for the year	(1,393,076)	(19,707)	329,282	(21,563)	(454,316)	(1,559,380)
Other comprehensive expense for the year						
Items that may be reclassified subsequently to profit or loss:						
– Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "**PRC**")	(4,959)	–	4,501	–	–	(458)
Realisation of exchange reserves upon disposals of subsidiaries	–	–	–	–	(12,207)	(12,207)
Total comprehensive expense for the year	(1,398,035)	(19,707)	333,783	(21,563)	(466,523)	(1,572,045)
Attributable to:						
Owners of the Company	(1,372,142)	(19,707)	333,783	(21,563)	(466,523)	(1,546,152)
Non-controlling interests	(25,893)	–	–	–	–	(25,893)
Total comprehensive expense for the year	(1,398,035)	(19,707)	333,783	(21,563)	(466,523)	(1,572,045)

5. Unaudited Pro Forma Consolidated Cash Flow Statement of the Group for the year ended 31 December 2020

	The Group	Pro Forma adjustments				Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 8)	*(Note 9)*	*(Note 10)*	*(Note 11)*	*(Note 12)*	
Cash flows from operating activities						
Loss before taxation	(1,390,525)	329,287	(21,563)	(466,523)	–	(1,549,324)
Adjustments for:						
Depreciation of property, plant and equipment	10,984	–	(3,466)	–	–	7,518
Depreciation of right-of-use assets	2,759	–	–	–	–	2,759
Loss on written off of property, plant and equipment	496	–	–	–	–	496
Loss on disposal of subsidiary	–	–	–	466,523	–	466,523
Loss on terminate of lease	130	–	–	–	–	130
Finance costs	219,888	(12,466)	–	–	–	207,422
Interest income	(3,234)	–	–	–	–	(3,234)
Exchange loss, net	15,248	(36)	–	–	–	15,212
Change in fair value of investment properties	606,772	(309,261)	25,029	–	–	322,540
Change in fair value of financial assets at FVTPL	(223)	223	–	–	–	–
Impairment loss on properties of sales	191,555	–	–	–	–	191,555
Impairment loss on deposit paid for acquisition of an associate	54,000	–	–	–	–	54,000
Provision for litigation	54,804	–	–	–	–	54,804
Amount due to the Group	–	(29,566)	–	–	–	(29,566)
Operating cash flows before movements in working capital	(237,346)	(21,819)	–	–	–	(259,165)
Change in properties under development/properties for sales	351,589	–	–	–	–	351,589
Change in trade and other receivables, and prepayments	(75,989)	(572)	–	–	–	(76,561)
Change in trade and other payables and accruals	317,644	(533)	–	–	–	317,111
Change in contract liabilities	(13,205)	–	–	–	–	(13,205)

	The Group		Pro Forma adjustments			Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 8)	*(Note 9)*	*(Note 10)*	*(Note 11)*	*(Note 12)*	
Cash generated from operations	342,693	(22,924)	–	–	–	319,769
Income tax refunded	45,816	603	–	–	–	46,419
Net cash generated from operating activities	388,509	(22,321)	–	–	–	366,188
Cash flows from investing activities						
Purchase of property, plant and equipment	(2,832)	–	–	–	–	(2,832)
Proceeds from disposal of investment properties	153,460	–	–	–	–	153,460
Net cash flow on disposal of subsidiaries	–	–	–	708,993	–	708,993
Repayment from a third party	99,630	–	–	–	–	99,630
Advance to non-controlling shareholders	(14,943)	–	–	–	–	(14,943)
Additions of restricted bank deposits	(183,415)	–	–	–	–	(183,415)
Withdrawal of restricted bank deposits	15,087	–	–	–	–	15,087
Interest received	3,234	–	–	–	–	3,234
Net cash generated from investing activities	70,221	–	–	708,993	–	779,214
Cash flows from financing activities						
Interest paid	(380,330)	13,654	–	–	–	(366,676)
Additions of borrowings	53,088	–	–	–	–	53,088
Repayment of borrowings	(414,107)	8,673	–	–	(789,081)	(1,194,515)
Repayments of lease liabilities	(2,253)	–	–	–	–	(2,253)
Repayment of convertible bonds	(11,775)	–	–	–	–	(11,775)
Net cash used in financing activities	(755,377)	22,327	–	–	(789,081)	(1,522,131)

	The Group	Pro Forma adjustments				Unaudited pro forma of the Remaining Group after the completion of the Disposal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 8)	*(Note 9)*	*(Note 10)*	*(Note 11)*	*(Note 12)*	
Net decrease in cash and cash equivalents	(296,647)	6	–	708,993	(789,081)	(376,729)
Cash and cash equivalents at 1 January 2020	879,478	(208)	–	–	–	879,270
Effect of foreign exchange rate changes	(710)	8	–	–	–	(702)
Cash and cash equivalents at 31 December 2020	582,121	(194)	–	708,993	(789,081)	501,839

6. Notes to the Unaudited Pro Forma Financial Information of the Group

(1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2020 as set out in the published annual report of the Company for the year ended 31 December 2020.

(2) The adjustment represents the financial asset at FVTPL as at 31 December 2020 and 2019, which stands for a former director's life insurance policy of which the Target Company is the beneficial and policy holder and is expected to be reassigned such beneficial interests to the Group.

(3) The adjustment represents the exclusion of the assets and liabilities (other than the financial asset at FVTPL that will be reassigned to the Group (Note 2) and borrowing that is required to be repaid in full upon completion of the Disposal (Note 4)) of the Target Group. In addition, certain properties interests that were classified as investment properties of RMB75,748,000 (2019: RMB 107,493,000) in the Target Group's unaudited statement of financial position as at 31 December 2020 and 2019 has been reclassified and accounted for as property, plant and equipment with carrying amount of RMB91,498,000 (2019: RMB 100,957,000) (Notes 7 and 11) when preparing the Unaudited Pro Forma Financial Information of the Group in view that such properties interests were occupied and used by the Group in its ordinary business,

resulting a further exclusion of assets with carrying amount of RMB15,750,000 (2019: less exclusion of assets with carrying amount of RMB6,536,000) in this adjustment.

The assets and liabilities of the Target Group as at 31 December 2020 and 2019 have been extracted from the unaudited financial information of the Target Group as set out in Appendix II of this circular, as if the Disposal had been completed on 31 December 2020 and 2019.

(4) The adjustment represents the preliminary cash consideration of HK$790,000,000 (approximately of RMB664,896,000 (2019: RMB707,666,000)) related to the Disposal and further adjusted for repayment of borrowings of RMB390,134,000 (2019: RMB425,398,000) and RMB319,840,000 (2019: RMB363,683,000) which were borrowed by the Target Company and the Group, respectively.

(5) The adjustment reflects the estimated adjustment of HK$901,000 (2019: HK$1,481,000) (approximately of RMB758,000 (2019: RMB1,327,000)) on the preliminary cash consideration if the net asset value (the "**NAV**") of Target Group as shown in the Proforma Completion Accounts is positive. The NAV of the Target Group are defined in P.3 of this Circular.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of the NAV of the Target Group at the completion date, which may be substantially different from the estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

(6) The amount includes the estimated transaction costs and professional expenses directly incurred for the Disposal amounting to approximately RMB18,516,000 (2019: RMB19,707,000) which will be borne by the Remaining Group and are assumed to be settled in cash upon the completion of the Disposal.

(7) The pro forma gain on the Disposal as if it had been taken place on 31 December 2020 is calculated as follows:

	RMB'000
Total cash consideration *(Notes 4 and 5)*	665,654
Less: estimated costs and expenses of the Disposal *(Note 6)*	(18,516)
Estimated net proceeds received from the Disposal	647,138
Less: adjusted net assets of the Target Group as at 31 December 2020: –	
Net liabilities of the Target Group as at 31 December 2020 *(Note i)*	(397,920)
Add: borrowing of the Target Group as at 31 December 2020 that will not be disposed in the Disposal *(Note 4)*	390,134
Add: Waive of intercompanies current accounts as at 31 December 2020 due to the Remaining Group by the Target Group *(Note ii)*	796,262
Less: Financial asset at FVTPL of the Target Group as at 31 December 2020 that will not be disposed in the Disposal *(Note 2)*	(7,963)
Add: Effect of properties interests reclassified from investment properties to property, plant and equipment as at 31 December 2020 *(Note 3)*	15,750
Adjusted net assets of the Target Group as at 31 December 2020	796,263
Release of exchange reserve *(Note iii)*	(7,706)
Estimated loss on disposal as if the Disposal had been completed on 31 December 2020	(156,831)

(i) The amount is extracted from the unaudited financial information of the Target Group as at 31 December 2020 as set out in Appendix II of this circular.

(ii) The adjustment represents the waive of intercompanies current accounts due to the Remaining Group by the Target Group, as if the waive had been taken place on 31 December 2020.

(iii) The amount represents release of exchange reserve attributed from the Target Group had the Disposal been taken place on 31 December 2020.

(8) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2020, as set out in the published annual report of the Company for the year ended 31 December 2020.

(9) The adjustment represents the exclusion of the financial performance and cash flows of the Target Group for the year ended 31 December 2020. The amounts have been extracted from the unaudited financial information of the Target Group as set out in Appendix II of this circular, as if the Disposal had been completed on 1 January 2020.

(10) As disclosed in Note 3, certain properties interests that were classified as investment properties in the Target Group's unaudited statement of financial position as at 31 December 2019 has been reclassified and accounted for as property, plant and equipment when preparing the Unaudited Pro Forma Financial Information of the Group.

This adjustment represents the partial reversal of the exclusion of fair value changes in Note 9 for the amount of RMB25,029,000 arising from those properties interests. In addition, depreciation expense related to these properties interests of RMB3,466,000 are adjusted for the computation of unaudited pro forma profit or loss as if the Disposal had been completed on 1 January 2020.

(11) The pro forma loss on the Disposal as if it had been taken place on 1 January 2020 is calculated as follows:

	RMB'000
Total cash consideration *(Notes 4 and 5)*	708,993
Less: estimated costs and expenses of the Disposal *(Note 6)*	(19,707)
Estimated net proceeds received from the Disposal	689,286
Less: adjusted net assets of the Target Group as at 31 December 2019: –	
Net liabilities of the Target Group as at 31 December 2019 *(Note i)*	(83,972)
Add: borrowing of the Target Group as at 31 December 2019 that will not be disposed in the Disposal *(Note 4)*	425,398
Add: Waive of intercompanies current accounts as at 31 December 2019 due to the Remaining Group by the Target Group *(Note ii)*	816,995
Less: Financial asset at FVTPL of the Target Group as at 31 December 2019 that will not be disposed in the Disposal *(Notes 2)*	(8,283)
Less: Effect of properties interests reclassified from investment properties to property, plant and equipment as at 31 December 2019 *(Note 3)*	(6,536)
Adjusted net assets of the Target Group as at 31 December 2019	1,143,602
Release of exchange reserve *(Note iii)*	(12,207)
Estimated loss on disposal as if the Disposal had been completed on 1 January 2020	(466,523)

(i) The amount is extracted from the unaudited financial information of the Target Group as at 31 December 2019 as set out in Appendix II of this circular.

(ii) The adjustment represents the waive of intercompanies current accounts due to the Remaining Group by the Target Group, as if the waive had been taken place on 31 December 2019.

(iii) The amount is released of exchange reserve had the Disposal been taken place on 1 January 2020.

(12) The Company intends to use the proceeds from the Disposal for repayment of bank and other borrowings of the Target Company of RMB425,398,000 and of the Group of RMB363,683,000, respectively as if the Disposal had taken place on 1 January 2020.

(13) For the purpose of preparation of the Unaudited Pro Forma Financial Information, the exchange rates adopted are as follows:

As at 31 December 2020	HK$1.00 = RMB0.84164
As at 1 January 2020	HK$1.00 = RMB0.89578
Average rate for the year ended 31 December 2020	HK$1.00 = RMB0.86871

B. REPORT ON PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report on the unaudited pro forma financial information of the Remaining Group received from PKF Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Fullsun International Holdings Group Co., Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Fullsun International Holdings Group Co., Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 31 December 2020, the unaudited pro forma statement of profit or loss, the unaudited pro forma statement of profit or loss and other comprehensive income and the unaudited pro forma statement of cash flows for the year ended 31 December 2020 and related notes as set out on in Part A of Appendix III to the circular issued by the Company dated 24 August 2021 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Part A of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal of the entire issued capital in Splendor Keen Limited (hereinafter referred to as the "**Target Company**") and related shareholder's loan (the "**Disposal**") on the Group's financial position as at 31 December 2020 and the Group's financial performance and cash flows for the year ended 31 December 2020. As part of this process, information about the Group's financial position as at 31 December 2020 and the Group's financial performance and cash flows for the year ended 31 December 2020 has been extracted by the Directors from the annual report of the Company for the year ended 31 December 2020, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 December 2020 and 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event and transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

24 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for each of the nine months ended 31 December 2018 and the years ended 31 December 2019 and 2020 (the "**Reporting Periods**"). The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the Reporting Periods. Unless otherwise specified, terms used herein shall the same meanings as those defined in the 2018 Annual Report, 2019 Annual Report and 2020 Annual Report.

For the year ended 31 December 2020 ("Year 2020")

BUSINESS REVIEW

During the Year 2020, the total revenue of the Remaining Group was approximately RMB1,164,564,000, decreased by 26.6% as compared to that of the previous year (previous year: RMB1,586,827,000).

Loss for the Year 2020 attributable to owners of the Company was RMB1,571,587,000 (previous year: Profit for the year attributable to owners of the Company RMB156,833,000).

As at 31 December 2020, the Remaining Group owned 15 projects under development and for sale and had a total gross floor area of approximately 1,462,385 sq.m. with gross floor area attributable to the Remaining Group of approximately 1,160,401 sq.m.. The Group also owned 2 investment properties with gross floor area attributable to the Group of 43,533 sq.m..

Property development

During the Year 2020, revenue from sales of properties was approximately RMB1,157,866,000 (previous year: RMB1,522,963,000).

The revenue from sales of properties was mainly contributed by the project. Qianlong International, Ningde Fullsun Country Garden • Tianjiao, Fullsun International Financial Centre and Qianlong Royal Family in the PRC and La Salle Residence in Hong Kong. The recognised sales during the Year 2020 had decreased by 24.0% as compared to that of the previous year due to weakened demand during the pandemic and delayed schedule for sale.

During the Year 2020, competitors accelerated their speed of obtaining certificates and sales in order to meet the tighten liquidity of the industry due to the tightened financial policy in real estate market in the PRC. The Remaining Group launched promotions and offered discounts to its customers in order to maintain necessary return of funds for the projects. The profit margin was harmed and the overall gross margin was approximately -18.1% (previous year: 24.6%).

Property investment

Rental income for the Year 2020 was approximately RMB6,698,000 (previous year: RMB63,909,000). Rental income was mainly contributed by the premises Fullsun International Financial Centre in Changsha. Due to the uncertain economy during the first half of the Year 2020, certain tenants moved out meanwhile, certain portion of the Fullsun International Financial Centre has been sold to customers during the Year 2020, as such rental income has dropped significantly.

During the Year 2020, the fair value loss on the Group's investment property portfolio was approximately RMB322,540,000 due to the adverse impact of the COVID-19 pandemic and the deterioration of the overall economic environment. For the previous year, the fair value loss was approximately RMB150,000.

During the previous year, certain properties leased out were reclassified from inventories to investment properties. The gain amount for the previous year represents the difference between the fair value of the properties leased on the date of the lease compared to the original costs recorded in inventory of such properties was approximately RMB155,596,000. As such, the fair value gain on investment property of the Remaining Group for the previous year was approximately RMB155,446,000. Notwithstanding the above, the change in the fair value of investment properties is a non-cash item.

OPERATING EXPENSES

During the Year 2020, the selling and distribution expenses was approximately RMB88,559,000 (previous year: RMB97,018,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year 2020 was 7.60% (previous year: 6.11%). During the Year 2020, the administrative expenses was approximately RMB128,345,000 (previous year: RMB77,649,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year 2020 was 11.02% (previous year: 4.89%). The increase in operating expenses was due to the increase in profession fee of the operation during the Year 2020.

FINANCE COSTS

Finance costs comprised of interest on bank and other borrowings, interest on convertible bonds, interest on lease liabilities and interest on contract liabilities less the amount of capitalised interest relating to properties under development. The finance costs was approximately RMB207,443,000 for the Year 2020 (previous year: RMB80,697,000).

INCOME TAX EXPENSE

During the Year 2020, income tax expense amounted to approximately RMB2,556,000 (previous year: RMB153,553,000). The decrease in income tax expense was mainly due to the loss of operation.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year 2020 (previous year: Nil).

LIQUIDITY, FINANCIAL RESOURCE AND GEARING RATIO

As at 31 December 2020, bank balances and cash amounted to approximately RMB537,607,000 (2019: RMB879,270,000), which were principally denominated in RMB and HKD. The Remaining Group had total bank and other borrowings of approximately RMB3,217,358,000 (2019: RMB4,004,729,000) which carried interest at fixed or floating interest rates and were denominated in RMB, HKD and USD. The Remaining Group's total bank and other borrowings divided by total assets as at 31 December 2020 was 27.4% (2019: 31.6%). The Group had carrying amounts of convertible bonds and its derivative components of approximately RMB11,316,000 (2019: RMB23,400,000). The carrying amounts of convertible bonds and its derivative components divided by total assets as at 31 December 2020 was 0.1% (2019: 0.2%). The net gearing ratio calculated as total borrowings including the debt component of the convertible bonds and less bank balances and cash and restricted bank deposits divided by total equity of the Remaining Group as at 31 December 2020 was 185.9% (2019: 104.2%).

As at 31 December 2020, the Remaining Group had current assets of approximately RMB10,645,145,000 (2019: RMB11,065,178,000) and current liabilities of approximately RMB10,099,374,000 (2019: RMB8,128,342,000). The net assets of the Remaining Group as at 31 December 2020 was approximately RMB1,322,537,000 (2019: RMB2,959,524,000) decreased by approximately 55.3%.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Remaining Group's principal business operations and investments are in the PRC and Hong Kong. As at 31 December 2020, all outstanding balances of its loans are denominated in RMB, USD and HKD. The Remaining Group is exposed to fluctuations in the foreign exchange rates of the RMB, USD and HKD, but does not have any instruments to hedge its exposure to foreign exchange rates as it considers the potential exposure to foreign exchange rate risks is limited. The Remaining Group nonetheless closely monitors the fluctuations in exchange rates and will take appropriate actions to reduce the exchange rate exposure.

PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Remaining Group and the mortgage loans granted to the customers of the Remaining Group at 31 December 2020:

	31 December 2020
	RMB'000
Properties under development for sale	2,972,819
Completed properties held for sale	2,162,074
Investment properties	686,510
	5,821,403
Net assets of certain subsidiaries	1,842,440

CONTINGENT LIABILITIES

	31 December 2020
	RMB'000
Guarantees given in favour of banks for:	
Mortgage facilities granted to purchasers of the Group's properties *(note)*	2,551,421

Note: The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for the repayment of the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and released upon the banks obtained the building ownership certificate from the customers as a pledge for the mortgage loans. In the opinion of the Directors, no provision for the guarantee contracts is made as the default risk is low and the fair value of the financial guarantee contracts is insignificant.

OTHER COMMITMENTS

	31 December 2020
	RMB'000
Commitments for property development contracted for but not provided in the consolidated financial statements	2,763,706

LITIGATION

On 29 December 2020, the Company received a petition (the "**Petition**") from Ms. Chen Aju, the bond holder of the Outstanding Bond (the "**Bondholder**"), filed with the High Court of The Hong Kong Special Administrative Region (the "**High Court**") under Companies (Winding-up) Proceedings No. 444 of 2020 against the Company for its alleged failure to repay in full the Outstanding Bond pursuant to a bond instrument dated 1 December 2017 executed by the Company, together with interest accrued thereon until actual payment.

After the receipt of the Petition by the Company, the Company and the Bondholder have entered into a written agreement in respect of a repayment plan pursuant to which the Bondholder shall immediately withdraw the Petition after the Company has performed in accordance with the terms of such agreement.

On 2 February 2021, the Company and the Bondholder have agreed on the total amount payable by the Company to the Bondholder in relation to the Outstanding Bond.

On 10 February 2021, the Company has performed its obligations in full under the repayment plan as mentioned in the announcement of the Company dated 30 December 2020, a consent summons has been executed by the Company and the Bondholder to withdraw the Petition and was filed to the High Court on 11 February 2021. An order of the High Court was granted on 1 March 2021, the Petition had been withdrawn and the hearing of the Petition scheduled on 24 March 2021 was vacated.

Details were disclosed in the Company's announcements dated 30 December 2020, 2 February 2021, 11 February 2021 and 12 March 2021.

MATERIAL ACQUISITIONS AND INVESTMENTS

On 30 December 2019, a wholly-owned subsidiary of the Remaining Group entered into an equity transfer agreement with an independent party (the "**Heda Vendor**"), pursuant to which the Group acquired 30% equity interest in Hunan Heda Investment Group Co., Ltd.* ("**Hunan Heda**") and all the interests, benefits and rights of and in the unsecured, interest-free shareholder's loan amounting to approximately RMB51,000,000 owed by Hunan Heda to the Heda Vendor as at 30 December 2019 at the aggregate consideration of RMB270,000,000. Details of the transaction were set out in the announcement of the Company dated 30 December 2019. The acquisition was terminated after the year ended 31 December 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Remaining Group had approximately 240 employees, including the Directors. Remuneration of employees is determined by reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations. The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and the employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

For the year ended 31 December 2019 ("Year 2019")

BUSINESS REVIEW

During the Year 2019, the total revenue of the Remaining Group was approximately RMB1,586,872,000, increased by 27.9% as compared to that of the previous period (previous period: RMB1,240,880,000). Profit for the year attributable to owners of the Company achieved RMB156,833,000 (previous period: RMB543,338,000).

As at 31 December 2019, the Remaining Group owned 15 projects under development and for sale and had a total gross floor area of approximately 1,514,749 sq.m. with gross floor area attributable to the Remaining Group of approximately 1,223,507 sq.m.. The Remaining Group also owned 2 investment properties with gross floor area attributable to the Remaining Group of 56,058 sq.m..

Property development

During the Year 2019, revenue from sales of properties was approximately RMB1,522,963,000 (previous period: RMB1,239,003,000). The revenue from sales of properties was mainly contributed by projects of Kela Meili Shanzhuang, Qianlong Royal Family and Qianlong International. The recognised sales during the Year 2019 has significantly increased by 22.9% as compared to that of the previous period.

Property investment

Rental income for the Year 2019 was approximately RMB63,909,000 (previous period: RMB1,877,000). Rental income was mainly contributed by the premises Fullsun International Financial Centre in Changsha.

During the Year 2019, certain properties leased out were reclassified from inventory to investment properties. The major gain amount represents the difference between the fair value of the properties leased on the date of the lease compared to the original costs recorded in inventory of such properties. The net valuation gain from change in fair value of investment properties and increase in fair value upon transfer from inventory of properties to investment properties was RMB155,446,000 (previous period: RMB440,022,000).

OPERATING EXPENSES

During the Year 2019, the selling and distribution expenses was approximately RMB97,018,000 (previous period: RMB43,605,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year 2019 was 6.11% (previous period: 3.51%). During the Year 2019, the administrative expenses was approximately RMB77,649,000 (previous period: RMB47,055,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year 2019 was 4.89% (previous period: 3.79%). The increase in operating expenses was primarily driven by sales growth during the Year 2019.

FINANCE COSTS

Finance costs comprised of interest on bank and other borrowings, interest on convertible bonds, interest on lease liabilities and interest on contract liabilities and net of capitalised interest relating to properties under development. The finance costs was approximately RMB80,697,000 for the Year 2019 (previous period: RMB66,896,000).

INCOME TAX EXPENSE

During the Year 2019, income tax expense amounted to approximately RMB153,553,000 (previous period: RMB263,409,000). The decrease in income tax expense was mainly due to the reduction of provision for deferred tax in relation to the valuation gains from properties.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year 2019 (previous period: Nil).

LIQUIDITY, FINANCIAL RESOURCE AND GEARING RATIO

As at 31 December 2019, bank balances and cash amounted to approximately RMB879,270,000 (2018: RMB1,283,169,000), which were principally denominated in RMB and HKD. The Remaining Group had total bank and other borrowings of approximately RMB4,004,729,000 (2018: RMB3,917,037,000) which carried interest at fixed or floating interest rates and were denominated in RMB, HKD and USD. The Remaining Group's total bank and other borrowings divided by total assets as at 31 December 2019 was 31.6% (2018: 37.3%). The Group had carrying amounts of convertible bonds and its derivative components of approximately RMB23,400,000 (2018: RMB93,089,000). The carrying amounts of convertible bonds and its derivative components divided by total assets as at 31 December 2019 was 0.2% (2018: 0.9%). The net gearing ratio calculated as total borrowings including the debt component of the convertible bonds net of bank balances and cash and restricted bank deposits divided by total equity of the Remaining Group as at 31 December 2019 was 104.2% (2018: 140.2%).

As at 31 December 2019, the Remaining Group had current assets of approximately RMB11,065,178,000 (2018: RMB9,473,732,000) and current liabilities of approximately RMB8,128,342,000 (2018: RMB6,220,361,000). The net assets of the Remaining Group as at 31 December 2019 was approximately RMB2,959,524,000 (2018: RMB1,806,758,000) increased by approximately 63.8%.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Remaining Group's principal business operations and investments are in the PRC and Hong Kong. As at 31 December 2019, all outstanding balances of its loans are denominated in RMB, USD and HKD. The Remaining Group is exposed to fluctuations in the foreign exchange rates of the RMB, USD and HKD, but does not have any instruments to hedge its exposure to foreign exchange rates as it considers the potential exposure to foreign exchange rate risks is limited. The Remaining Group nonetheless closely monitors the fluctuations in exchange rates and will take appropriate actions to reduce the exchange rate exposure.

PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Remaining Group and the mortgage loans granted to the customers of the Remaining Group at 31 December 2019:

	31 December 2019
	RMB'000
Properties under development for sale	2,986,453
Completed properties held for sale	1,427,046
Investment properties	857,834
	5,271,333
Net assets of certain subsidiaries	1,818,821

CONTINGENT LIABILITIES

	31 December 2019
	RMB'000
Guarantees given in favour of banks for:	
Mortgage facilities granted to purchasers of the Group's properties *(note)*	2,346,667

Note: The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for the repayment of the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and released upon the banks obtained the building ownership certificate from the customers as a pledge for the mortgage loans. In the opinion of the Directors, no provision for the guarantee contracts is made as the default risk is low and the fair value of the financial guarantee contracts is insignificant.

OTHER COMMITMENTS

	31 December 2019
	RMB'000
Commitments for property development contracted for but not provided in the consolidated financial statements	2,197,960

MATERIAL ACQUISITIONS AND INVESTMENTS

Capital injection in the project company of Xinru Jincheng

In March 2019, the registered capital of the project company of Xinru Jincheng in Hunan, namely Hunan Xingru Cheng Property Development Co., Ltd.* (the "**Project Company**"), increased from RMB50,000,000 to RMB1,020,000,000, by way of capital injection by the Group and AVIC Trust Co., Ltd.* ("**AVIC Trust**") in cash for the future development and construction of phase III of the project. Upon completion of such capital injection, the equity interest of the Project Company owned by the Group reduced from 100% to 51%, and the registered capital in the Project Company is currently registered as to 51% and 49% in the name under the Group and AVIC Trust respectively.

Details of the capital injection were set out in the announcement of the Company dated 8 March 2019.

Acquisition of Fullsun • Qianlong Bay property project, Guangdong Province

In September 2019, the Group acquired 100% equity interest in Zhongshan Zhengpei Electronic Technology Co., Ltd.* ("**Zhongshan Zhengpei**") and its shareholder's loan at consideration of approximately RMB150,000,000. The principal asset of Zhongshan Zhengpei is a property project, namely Fullsun•Qianlong Bay* under development located beside Zhongshan Port, Zhongshan Torch Development Zone*, Zhongshan City, Guangdong Province, the PRC.

Since Guangzhou Fusheng Real Estate Co., Ltd.* (the "**Zhengpei Vendor**"), the vendor in the transaction, is an indirect 88% owned subsidiary of Fusheng Group which is owned as to 90% by Mr. Pan Weiming and as to 10% by Ms. Chen Weihong, both of whom have been executive Directors within 12 months before the date of the relevant equity transfer agreement. Therefore, the Zhengpei Vendor is a connected person of the Company. Accordingly, the acquisition constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the transaction were set out in the announcement of the Company dated 20 September 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Remaining Group had approximately 240 employees, including the Directors. Remuneration of employees is determined by reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Remaining Group provides benefits in accordance with the relevant laws and regulations. The employees of the Remaining Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and the employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

For the nine months ended 31 December 2018 ("Reporting Period")

BUSINESS REVIEW

During the Reporting Period, the total revenue of the Remaining Group was approximately RMB1,240,880,000, drastically increased by 124.2% as compared to that of the previous period (previous period: approximately RMB553,549,000). Profit for the Reporting Period attributable to owners of the Company achieved RMB543,338,000 (previous period: loss for RMB4,626,354,000).

During the Reporting Period, the Remaining Group acquired 6 projects with gross floor area attributable to the Group of approximately 822,000 sq.m. 3 projects are located in Changsha and the other 3 projects are located in Shanghai, Fujian, Zhejiang and Hong Kong respectively.

As at 31 December 2018, the Remaining Group owned 14 projects under development and for sale and had a total gross floor area of approximately 1,735,000 sq.m. with gross floor area attributable to the Remaining Group of approximately 1,522,000 sq.m. The Group had 2 projects for investment with gross floor area attributable to the Group of 41,053 sq.m..

Property development

During the Reporting Period, revenue from sales of properties was approximately RMB1,239,003,000 (previous period: RMB553,257,000). The revenue from sales of properties was mainly contributed by Qianlong Royal Family, Xingru Jincheng and Kela Meili Shanzhuang in Changsha District. Majority of the properties were delivered in the fourth quarter of 2018, the recognised sales during the Reporting Period has significantly increased by 123.9% as compared to that of the previous period.

Property investment

During the Reporting Period, rental income was approximately RMB1,877,000 (previous period: RMB292,000). Rental income was mainly contributed by the premises in Fullsun International Financial Centre in Changsha City also commenced for leasing and sale during the Reporting Period.

OPERATING EXPENSES

During the Reporting Period, the selling and distribution expenses was approximately RMB43,605,000 (previous period: RMB20,854,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Reporting Period was 3.51% (previous period: 3.77%). During the Reporting Period, the administrative expenses was approximately RMB47,055,000 (previous period: RMB28,281,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Reporting Period was 3.79% (previous period: 5.11%).

FINANCE COSTS

Finance costs comprised of interest on bank and other borrowings, interest on convertible bonds and interest on contract liabilities and net of capitalised interest relating to properties under development. The finance costs increased from approximately RMB6,925,000 for the previous period to approximately RMB66,896,000 for the Reporting Period because of the increase in borrowings for property development projects and for acquisition of new projects. On the other hand, the interest on contract liabilities of approximately RMB20,658,000 (previous period: Nil) was first time recognised in accordance with the new accounting standards.

INCOME TAX EXPENSE

During the Reporting Period, income tax expense amounted to approximately RMB263,409,000, increased by 233.3% as compared to that of the previous period (previous period: approximately RMB79,024,000). The Remaining Group's income tax expense included payment and provision for the EIT, LAT and deferred tax for the Reporting Period.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Reporting Period (previous period: Nil).

LIQUIDITY, FINANCIAL RESOURCE AND GEARING RATIO

As at 31 December 2018, bank balances and cash amounted to approximately RMB1,283,169,000 (31 March 2018: RMB351,195,000), which were principally denominated in RMB and Hong Kong dollars. The Remaining Group had total bank and other borrowings of approximately RMB3,917,037,000 (31 March 2018: RMB1,969,038,000) which carried interest at fixed or floating interest rates and were denominated in RMB and Hong Kong dollars. The Remaining Group's total bank and other borrowings divided by total assets as at 31 December 2018 was 37.3% (31 March 2018: 42.4%). The Remaining Group had carrying amounts of convertible bonds and its derivative components of approximately RMB93,089,000 (31 March 2018: RMB1,097,736,000). The carrying amounts of convertible bonds and its derivative components divided by total assets as at 31 December 2018 was 0.9% (31 March 2018: 23.6%). The net gearing ratio calculated as total borrowings including the debt component of the convertible bonds net of bank balances and cash and restricted bank deposits divided by total equity of the Group as at 31 December 2018 was 140.2% (31 March 2018: 585.3%).

As at 31 December 2018, the Remaining Group had current assets of approximately RMB9,473,732,000 (31 March 2018: RMB4,431,364,000) and current liabilities of approximately RMB6,220,361,000 (31 March 2018: RMB2,922,075,000). The net assets of the Group as at 31 December 2018 was approximately RMB1,806,758,000 (31 March 2018: RMB289,459,000) increased by approximately 524.2%.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Remaining Group's principal business operations and investments are in the PRC and Hong Kong. As at 31 December 2018, all outstanding balances of its loans are denominated in Renminbi and Hong Kong dollars. The Remaining Group is exposed to fluctuations in the foreign exchange rates of the Renminbi and the Hong Kong dollars, but does not have any instruments to hedge its exposure to foreign exchange rates as it considers the potential exposure to foreign exchange rate risks is limited. The Remaining Group nonetheless closely monitors the fluctuations in exchange rates and will take appropriate actions to reduce the exchange rate exposure.

PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Remaining Group and the mortgage loans granted to the customers of the Remaining Group at 31 December 2018:

	31 December 2018
	RMB'000
Properties under development for sale	1,885,383
Completed properties held for sale	1,064,516
Property, plant and equipment	29,801
Investment properties	849,800
	3,829,500
Net assets of certain subsidiaries	626,314

CONTINGENT LIABILITIES

	31 December 2018
	RMB'000
Guarantees given in favour of banks for:	
Mortgage facilities granted to purchasers of the Group's properties *(note)*	1,323,956

Note: The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for the repayment of the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and released upon the banks obtained the building ownership certificate from the customers as a pledge for the mortgage loans. In the opinion of the Directors, no provision for the guarantee contracts is made as the default risk is low and the fair value of the financial guarantee contracts is insignificant.

OTHER COMMITMENTS

	31 December 2018 *RMB'000*
Commitments for property development contracted for but not provided in the consolidated financial statements	2,506,201

MATERIAL ACQUISITIONS AND INVESTMENTS

Investment in Qiantan • Fusheng Qianlong Square property Project, Shanghai

On 27 April 2018, Shanghai Fullsun Property Co., Ltd.* ("**Shanghai Fullsun Property**"), an indirect wholly-owned subsidiary of the Company, Shanghai Fusheng Enterprise Management (Group) Co., Ltd.* ("**Shanghai Fusheng Management**") and Fujian Qianlong Haisheng Investment Co., Ltd.* (the "**JV**") entered into the capital increase and subscription agreement pursuant to which Shanghai Fullsun Property injected capital of RMB2,500,000 in cash to the JV ("**Capital Injection**"). Upon the injection, JV was held as to 20% by Shanghai Fullsun Property and 80% by Shanghai Fusheng Management.

On 1 May 2018, the wholly-owned subsidiary of the JV entered into a cooperation agreement with HNA Investment Group Company Limited* to acquire the shanghai project, currently named as Qiantan • Fusheng Qianlong Square (the "**Project**") at the consideration of approximately RMB2,900,000,000. The JV intends to develop and complete the construction of the Project. The Project is located at Pudong New District, Shanghai City. The Project is a residential and commercial complex.

Shanghai Fusheng Management is indirect wholly-owned by Fujian Fusheng Group, which is indirectly owned as to 90% by Mr. Pan Weiming and as to 10% by Ms. Chen Weihong, substantial shareholders and executive directors of the Company, Shanghai Fusheng Management is an associate of Mr. Pan Weiming and hence a connected person of the Company under the Listing Rules. The Capital Injection therefore constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the transactions were set out in the announcement of the Company dated 27 April 2018.

Acquisition of Ningde property project, Ningde City, Fujian Province

In June 2018, the Group acquired 34% equity interest in Ningde Bisheng Property Development Co., Ltd.* ("**Ningde Bisheng**") and its shareholder's loan at the consideration of approximately RMB156,882,000. The Group also entered into an acting-in-concert agreement, pursuant to which, during the term of the acting-in-concert agreement with two shareholders of Ningde Bisheng (each of them is an independent third party to the Group), all the three parties (in aggregate holding 67% equity interest in Ningde Bisheng) agreed to act jointly in the same manner of the Group's view and opinions and the Group would take control of Ningde Bisheng. Accordingly, the financial results of Ningde Bisheng is consolidated into the accounts of the Remaining Group. The principal asset of Ningde Bisheng is a project land for development of residential and commercial complex located at Jiaocheng District, Ningde City, Fujian Province, the PRC.

Details of the transactions were set out in the announcement of the Company dated 22 May 2018.

Acquisition of Kela Meili Shanzhuang property project, Changsha City, Hunan Province

In March 2018 and June 2018, the Group acquired 40% and 11% equity interest in Hunan Zhenghao Property Development Co., Ltd.* ("**Hunan Zhenghao**") respectively at an aggregate cash consideration of RMB180,000,000. The principal asset of Hunan Zhenghao is the property project of Kela Meili Shanzhuang consists of 3 phases located in Changsha City. Pursuant to the financing arrangement, the remaining 49% equity interest of Hunan Zhenghao is held by a state-controlled trust company established in the PRC with limited liability. On 26 February 2019, the 49% equity interest has been transferred to Hunan Fullsun Group Co., Ltd.* ("**Hunan Fullsun Group**") after the settlement of all repayment obligations under the financing arrangement.

Details of the transactions were set out in the announcements of the Company dated 7 February 2018, 19 June 2018, 28 June 2018, 31 October 2018, 2 November 2018 and 26 February 2019.

Acquisition of Fullsun Emerald Bay property project, Changsha City, Hunan Province

In August 2018, the Remaining Group acquired 95% equity interest in Fuzhou Kangan Lixin Investment Co., Ltd.* ("**Fuzhou Kangan**") at the consideration of RMB953,000,000. The Remaining Group owned 5% equity interest in Fuzhou Kangan prior to the acquisition, as such, after the completion of the acquisition, Fuzhou Kangan become a wholly-owned subsidiary of the Remaining Group. The principal asset is a project land owned by Hunan Deruida Property Development Co., Ltd.* ("**Hunan Deruida**"), a direct subsidiary of Fuzhou Kangan, for development of residential and commercial complex located at Huanhu Road West, Fullsun Emerald Bay, Yuelu Qu*, Changsha City, Hunan Province.

Pursuant to the financing arrangement, 49% equity interest of Hunan Deruida is held by a state-controlled trust company established in the PRC with limited liability and the 49% equity interest will be transferred to the Remaining Group after the settlement of all repayment obligations under the financing arrangement.

Details of the transactions were set out in the announcements of the Company dated 25 July 2018, 21 August 2018 and 26 September 2018.

Acquisition of Fuli Plaza project, Jiaxing City, Zhejiang Province

In September 2018, the Remaining Group acquired 75% equity interest in Jiaxing City Bojin Properties Co., Ltd.* ("**Jiaxing Bojin**") at the consideration of RMB430,500,000.

The principal asset of Jiaxing Bojin is a commercial and residential property project with land located at north of Waihuan Road and east of Nanwan Road, Jiaxing Port District, Jiaxing City, Zhejiang Province, the PRC. The Group intends to continue development of the project into a residential and commercial complex together with hotel and apartments.

Details of the transactions were set out in the announcement of the Company dated 6 September 2018.

Acquisition of a property project in Ho Man Tin, Hong Kong

In October 2018, the Remaining Group acquired 100% equity interest in Gold Asset Investment Limited ("**Gold Asset**"), and 100% equity interest in Wise Think Global Limited ("**Wise Think**") at a total initial cash consideration of HK$920,000,000. Gold Asset and Wise Think own a residential property project located Ho Man Tin, Kowloon, Hong Kong.

Details of the transaction were set out in the announcement of the Company dated 18 March 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Remaining Group had approximately 200 employees, including the Directors. Remuneration of employees is determined by reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Remaining Group provides benefits in accordance with the relevant laws and regulations. The employees of the Remaining Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and the employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

Material uncertainty over the Group's ability to continue as a going concern

PKF Hong Kong Limited, the auditors of the Company, issued an unqualified opinion on the consolidated financial statements of the Company for the year ended 31 December 2020, but included a paragraph with a reference to material uncertainty related to going concern to which the Auditor drew attention by way of emphasis without qualifying its report.

The material uncertainty over the Group's ability to continue as a going concern was due to the Group (i) having as at 31 December 2020, total borrowings and convertible bonds of approximately RMB3,920,954,000 and approximately RMB11,316,000 respectively which were classified as current liabilities and borrowings of approximately RMB6,378,000 which were classified as non-current liabilities; and (ii) having incurred a gross loss of approximately RMB210,942,000 and a net loss of approximately RMB1,393,076,000 for the year ended 31 December 2020. As at 31 December 2020, the Group only had cash and cash equivalents (including bank balances and cash attributable to assets held for sale) of RMB582,121,000.

The Group has been negotiating with the lenders with a view to reaching an agreement to refinance, extend or restructure the Company's borrowings. As at the Latest Practicable Date (i) the Group had extended borrowings in the amount of RMB239,854,000 with the lenders since 30 June 2021; and (ii) the Group had remaining borrowings of RMB3,610,698,000 which were repayable on demand or fell due within twelve months from 30 June 2021 which remain subject to extension. The Group has been in frequent contact with the remaining lenders and are of the understanding that they are open to discussion on extending the relevant borrowings of the Group. The Disposal will also contribute to the reduction of the Group's maturing indebtedness by applying the proceeds of the Disposal for repayment of bank and other borrowings of the Group secured by the Properties.

Taking into account (i) the amount of borrowings which are repayable on demand or fell due within twelve months from 30 June 2021; (ii) the likelihood of the Group in obtaining extension and restructuring of such borrowings from lenders; and (iii) the information on the working capital of the Group as set out under the heading "Working Capital Sufficiency of the Group" in Appendix I to this circular, the Directors believe that the Group has sufficient working capital to meet its financial obligations and to address the material uncertainty over the Group's ability to continue as a going concern. Nevertheless, the Group will also continue to explore other methods of reducing the Group's maturing indebtedness, such as seeking other alternative financing, reducing all non-essential costs and consider realising the Group's assets.

The Group will also continue to seek other alternative financing, including but not limited to negotiating with the constructors to extend the payment terms, reducing all non-essential costs and considering the possibility of realisation of the Remaining Group's assets.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Royson Valuation Advisory Limited, an independent property valuer, in connection with their valuation as at 30 June 2021 of the property interests held by the Group in Hong Kong

ROYSON

Royson Valuation Advisory Limited
Unit 1503, 15/F, The L. Plaza
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Hong Kong

24 August 2021

The Board of Directors
Fullsun International Holdings Group Co., Limited
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Leighton Centre,
77 Leighton Road,
Causeway Bay,
Hong Kong

Dear Sirs and Madams,

Re: Valuation of Units 1-3 and 5-8 on 41st Floor, Units 1-3 and 5-9 on 42nd Floor, 43rd Floor, 45th Floor, 46th Floor, Carparking Space Nos. 5-17 and 21-23 on 2nd Floor and Portions IA, IB and IF of Retained Area I, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon, Hong Kong (the "**Property**")

INSTRUCTIONS

We refer to your instruction for us to value the property interests held by Fullsun International Holdings Group Co., Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in Hong Kong. We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 30 June 2021 (the "**Valuation Date**") for the purpose of incorporation into the circular (the "**Circular**") issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value ("**Market Value**") which is defined by the Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

VALUATION METHODOLOGY(IES)

In valuing the Property, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (HKIS) and the RICS Valuation – Global Standards 2020 published by the Royal Institution of Chartered Surveyors.

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

TITLE INVESTIGATION

We have carried out searches to be made at the Land Registry for the Property located in Hong Kong. However, we have not verified ownership of the Property or to verify the existence of any amendments. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the exteriors and where possible, the interiors of the Property. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

As at the Valuation Date, we continue to be faced with an unprecedented set of circumstances caused by Novel Coronavirus (COVID-19) and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Property(ies) is(are) therefore reported as being subject to "material valuation uncertainty" as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards (2020 Edition).

Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt this explanatory note, including the "material valuation uncertainty" declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date. We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

REMARKS

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars **(HK$)**.

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
Royson Valuation Advisory Limited

Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MCIREA MHIREA
RICS Registered Valuer
Director

Analysed and reported by: **Cris K.L. Chan**
Assistant Manager

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer, a member of the China Institute of Real Estate Appraisers and Agents and Hong Kong Institute of Real Estate Administrators, who has over 17 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region.

Mr. Cris K.L. Chan was graduated from The University of Hong Kong who has over 13 years' experience in the valuation of property in Hong Kong, Macau, the PRC and the Pacific Rim.

VALUATION REPORT

Property interests held by the Group for investment purpose in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2021 *HK$*
Units 1-3 and 5-8 on 41st Floor, Units 1-3 and 5-9 on 42nd Floor, 43rd Floor, 45th Floor, 46th Floor, Carparking Space Nos. 5-17 and 21-23 on 2nd Floor and Portions IA, IB and IF of Retained Area I, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon, Hong Kong 4,977/75,007th equal and undivided shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5877	The Property comprises the entire office units on 41st to 46th Floors (no designation of 44th Floor), 16 car parking spaces on 2nd Floor and 3 advertising spaces (Portions IA, IB, and IF of Retained Area I) of a 40-storey office building completed in 2004. The Property has a total saleable area of approximately 50,854 sq.ft. (exclusive of the car parking spaces and the advertising spaces). The Property is held under Conditions of Sale No.UB12509 for a term of 50 years commencing on 19 February 1998. The annual government rent is equivalent to 3% of the ratable value of the Property.	The Property was vacant as at the Valuation Date.	790,000,000 (Hong Kong Dollars Seven Hundred and Ninety Million)

Notes:

1. According to the Land Registers, the registered owners of the Property are as follows:

Portions	Registered Owners	Memorial Nos.	Dates of Instrument
Units 1-3 and 5-8 on 41st Floor	Wisdom Bloom Investments Limited	UB9458215	3 January 2005
Units 1-3 and 5-9 on 42nd Floor	All Brilliant Investments Limited	UB9357557	22 September 2004
43rd Floor	Candidwell Investments Limited	UB9357556	22 September 2004
45th Floor	Gainer Investments Limited	UB9357559	22 September 2004
46th Floor	Leadfirst Investments Limited	UB9357558	22 September 2004
Carparking Space Nos. 5-17 and 21-23 on 2nd Floor and Portions IA, IB and IF of Retained Area I	Enterprise Carpark Limited	16042902290065	11 December 2015

2. According to the Land Registers, the Property is subject to various encumbrances as follows:

Portions	Nature	In favour of	Memorial Nos.	Dates of Instrument
Units 1-3 and 5-8 on 41st Floor	Mortgage	Harbor Sure (HK) Investments Limited	18042002600023	26 March 2018
Units 1-3 and 5-9 on 42nd Floor	Mortgage	Harbor Sure (HK) Investments Limited	18042002600044	26 March 2018
43rd Floor	Mortgage	Hang Seng Bank Limited	18032900600017	26 March 2018
45th Floor	Mortgage	Hang Seng Bank Limited	18032900600028	26 March 2018
46th Floor	Mortgage	Hang Seng Bank Limited	18032900600037	26 March 2018
Carparking Space Nos. 5-17 and 21-23 on 2nd Floor and Portions IA, IB and IF of Retained Area I	Mortgage	Hang Seng Bank Limited	18032900600045	26 March 2018

3. Our Mr. Cris K.L. Chan (B.Sc.) inspected the exteriors and interiors of the Property on 17 June 2021, the external and internal conditions of the Property were reasonable.

4. The Property is zoned under Approved Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No. S/K13/30 gazette on 8 May 2020 for "Other Specified Uses (Business)" use.

5. The Property is situated along Wang Chiu Road, at its junction with Sheung Yee Road in Kowloon Bay, buildings in the locality are mainly commercial buildings and aged industrial building. Kowloon Bay MTR Station is about 15-minutes walking distance from the Property. MTR, taxis and buses are accessible to the Property.

6. The unit rate of similar Grade A office premises in the locality as at the Valuation Date is in the range of HK$13,000 per sq.ft. to HK$19,000 per sq.ft. The unit rate of car parking spaces in the locality as at the Valuation Date is in the range of HK$1,800,000 to HK$2,000,000 per car parking space.

7. According to the information provided by the Group, Wisdom Bloom Investments Limited, All Brilliant Investments Limited, Candidwell Investments Limited, Gainer Investments Limited, Leadfirst Investments Limited and Enterprise Carpark Limited are wholly-owned subsidiaries of the Group.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

The Company

Name of Director	Long position/ short position	Nature of interests	Number of Shares	Approximate percentage of shareholding
Mr. Pan Haoran	Long position	Interest in a controlled corporation	6,416,140,000 *(Note)*	56.45%

Note: These Shares were held by Tongda Enterprises Limited, a company incorporated in the BVI, all of the issued shares of which was owned by Mr. Pan Haoran.

Associated corporations

Name of associated corporation	Name of Director	Long position/ short position	Nature of interests	Number and class of shares	Approximate percentage of shareholding
Tongda Enterprises Limited	Mr. Pan Haoran	Long position	Beneficial owner	50,000 ordinary shares of US$1.00 each	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

(b) Interests of substantial shareholders of the Company

So far as is known to the Directors, as at the Latest Practicable Date, each of the following persons (other than a Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interests	Number of Shares	Approximate percentage of shareholding
Tongda Enterprises Limited *(Note 1)*	Beneficial owner	6,416,140,000 (long position)	56.45%
Zheng Jiaying *(Note 2)*	Interest of spouse	6,416,140,000 (long position)	56.45%

Notes:

(1) Tongda Enterprises Limited is a company incorporated in the BVI, all of the issued shares of which were owned by Mr. Pan Haoran.

(2) Ms. Zheng Jiaying is the spouse of Mr. Pan Haoran and is deemed to be interested in all the Shares in which Mr. Pan Haoran is interested.

Save as disclosed above, as at the Latest Practicable Date, no other persons (other than a Director and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years preceding the Latest Practicable Date and are, or may be, material:

(a) the Preliminary SP Agreement;

(b) the Formal SP Agreement;

(c) the equity transfer agreement dated 31 December 2019 entered into among Changsha Guangan Property Development Co., Ltd.* (長沙廣安房地產開發有限公司) ("**Changsha Guangan**"), as vendor, Guangzhou Pinli Trading Co., Ltd.* (廣州品禮貿易有限公司), an indirect non-wholly owned subsidiary of the Company as purchaser, and Hunan Heda Investment Group Co., Ltd.* (湖南和達投資集團有限公司) ("**Hunan Heda**") in relation to the acquisition of 30% of the equity interest in Hunan Heda and the shareholder's loan owed by Hunan Heda to Changsha Guangan; and

(d) the equity transfer agreement dated 20 September 2019 entered into among Guangzhou Fusheng Real Estate Co., Ltd.* (廣州福晟置業有限公司) ("**Guangzhou Fusheng**"), as vendor, Zhuo Hong (Fujian) Building Materials Trading Co., Ltd.* (卓弘(福建)建材貿易有限公司), an indirect wholly-owned subsidiary of the Company as purchaser, and Zhongshan Zhengpei Electronic Technology Co., Ltd.* (中山市正培電子科技有限公司) ("**Zhongshan Zhengpei**") in relation to the acquisition of 100% of the equity interest in Zhongshan Zhengpei and the shareholder's loan owed by Zhongshan Zhengpei to Guangzhou Fusheng.

* *for identification purposes only*

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. LITIGATION

So far as is known to the Directors, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any proposed Director nor their respective close associates had any interests in a business, which competed or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

7. INTERESTS IN CONTRACTS OR ARRANGEMENTS

So far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or proposed Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

8. CONSENTS AND QUALIFICATIONS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
PKF Hong Kong Limited	Certified Public Accountants
Royson Valuation Advisory Limited	Independent Property Valuer

Each of PKF Hong Kong Limited and Royson Valuation Advisory Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and all reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of PKF Hong Kong Limited and Royson Valuation Advisory Limited was beneficially interested in the share capital of any member of the Group nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did any of them have any interest, either direct or indirect, in any assets which have been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The principal place of business of the Company in Hong Kong is at Room 2118, 21/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

(c) The branch share registrars and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Ms. Xu Jing, who is a fellow of the Association of Chartered Certificated Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

(e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 9:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 6:00 p.m. at the principal place of business in Hong Kong of the Company at Room 2118, 21/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong for 14 days commencing from the date of this circular:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the year ended 31 December 2019 and for the year ended 31 December 2020;

(c) the material contracts referred to in the section headed "3. Material Contracts" in this appendix;

(d) the report on the unaudited pro forma financial information of the Remaining Group issued by PKF Hong Kong Limited as set out in Appendix III to this circular;

(e) the valuation report of the Properties prepared by Royson Valuation Advisory Limited as set out in Appendix IV to this circular;

(f) the written consents referred to in the paragraph headed "8. Consents and Qualifications" in this appendix; and

(g) this circular.

FULLSUN INTERNATIONAL HOLDINGS GROUP CO., LIMITED
福晟國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00627)

NOTICE IS HEREBY GIVEN that a special general meeting of Fullsun International Holdings Group Co., Limited (the "**Company**") will be held at Room 1703-1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 8 September 2021 at 10:30 a.m., for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(A) the formal sale and purchase agreement (正式買賣協議) (the "**Formal SP Agreement**", a copy of which has been produced to this meeting marked "A" and initialled by the chairman of this meeting for the purpose of identification) dated 27 May 2021 in Chinese among Vivalink Limited (the "**Vendor**", an indirect wholly-owned subsidiary of the Company) as vendor, Retain Prosper Group Limited as purchaser and the Company as guarantor in relation to the sale and purchase of the entire issued share capital of Splendor Keen Limited (the "**Target Company**") and the related shareholder's loan owed by the Target Company to the Vendor and all transactions contemplated thereunder be and are hereby approved; and

(B) the directors of the Company be and are hereby authorized, for and on behalf of the Company, to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the Formal SP Agreement or otherwise in connection with the implementation of the transactions contemplated thereunder."

By order of the board of directors
Fullsun International Holdings Group Co., Limited
Pan Haoran
Executive Director and Chief Executive Officer

Hong Kong, 24 August 2021

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A shareholder entitled to attend and vote at the meeting may appoint one or more than one proxies to attend and to vote on a poll in his/her/its stead. On a poll, votes may be given either personally (or in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy. A proxy need not be a shareholder of the Company.

2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if shareholders so wish.

5. The ordinary resolution set out in this notice will be put to shareholders to vote by way of a poll.

6. As at the date of this notice, the board of directors of the Company comprises two executive directors, namely Mr. Pan Haoran, Mr. Li Jinrong and three independent non-executive directors, namely, Mr. Kong Tat Yee, Mr. Yau Pak Yue and Mr. Zheng Zhen.