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Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

MAJOR TRANSACTION IN RELATION TO MANDATE FOR DISPOSAL OF CHS SHARES

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

THE POSSIBLE DISPOSAL AND THE DISPOSAL MANDATE

The Board announces that, the Group, through the Seller (a wholly-owned subsidiary of the Company), has disposed of an aggregate of 19,527,000 CHS Shares through the open market at an aggregate consideration of HK\$67,670,720 (excluding transaction costs) during the 12-month period immediately preceding the date of this announcement (i.e. the Previous Disposal). As at the date of this announcement, the Group, through the Seller, held 1,189,050,693 CHS Shares, representing approximately 72.71% of the total issued share capital of CHS. The Group intends to further dispose of up to 140,000,000 Approved Sale Shares through the open market based on the prevailing market conditions and the actual consideration for the Possible Disposal will be the market price of the CHS Shares at the respective dates of disposal.

The Company proposes to seek from its Shareholders the Disposal Mandate subject to certain parameters, including the maximum number of CHS Shares to be disposed of, mandate period and the Trading Mechanism. The Disposal Mandate provides flexibility with the Group to act promptly, effectively and efficiently to dispose of its CHS Shares at the appropriate time and at the appropriate prices in order to maximise the return to the Group.

LISTING RULES IMPLICATIONS

Assuming that all the Approved Sale Shares will have been disposed of within the Mandate Period at the closing price of each CHS Share as at the date of this announcement, one of the applicable percentage ratios of the Possible Disposal alone or when aggregated with the Previous Disposal conducted in the previous 12-month period may exceed 25% but be less than 75%, the Possible Disposal may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the approval of the Shareholders at the EGM for the Disposal Mandate and the Possible Disposal to allow the Company to dispose of Approved Sale Shares held by the Group during the Mandate Period.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Possible Disposal, and (ii) the notice of EGM as soon as possible in compliance with Listing Rules.

There is no assurance that the Company will proceed with the Possible Disposal after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Possible Disposal or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Possible Disposal. The Shareholders and potential investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

THE POSSIBLE DISPOSAL AND THE DISPOSAL MANDATE

The Board announces that the Group, through the Seller (a wholly-owned subsidiary of the Company), has disposed of an aggregate of 19,527,000 CHS Shares through the open market at an aggregate consideration of HK\$67,670,720 (excluding transaction costs) during the 12-month period immediately preceding the date of this announcement (i.e. the Previous Disposal). As at the date of this announcement, the Group, through the Seller, held 1,189,050,693 CHS Shares, representing approximately 72.71% of the total issued share capital of CHS. The Group intends to further dispose of up to 140,000,000 Approved Sale Shares through the open market based on the prevailing market conditions and the actual consideration for the Possible Disposal will be the market price of the CHS Shares at the respective dates of disposal.

Given the volatility of the stock market, disposing shares at the best possible price requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of such CHS Shares.

To allow flexibility in effecting the disposal at appropriate occasions, the Company proposes to seek from its Shareholders the Disposal Mandate subject to certain parameters, including the maximum number of CHS Shares to be disposed of, Mandate Period and the Trading Mechanism as set out below. There is no assurance that the Company will proceed with the Possible Disposal within any particular time frame after obtaining the Disposal Mandate or at all. Whether and when the Company will embark on the disposal depends on a number of factors including the then prevailing market prices and market conditions at the relevant time.

The Disposal Mandate may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Information about the Disposal Mandate

1. *Mandate Period*

The Disposal Mandate shall last for a period of 12 months from the date of passing of the relevant ordinary resolution at the EGM.

2. *Maximum number of CHS Shares to be disposed*

The Disposal Mandate authorises and empowers the Board to sell up to 140,000,000 CHS Shares.

3. *Scope of Authority*

The Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal, including but not limited to the number of batches of disposals, the number of CHS Shares to be sold in each disposal, and the timing of each disposal.

4. *Manner of Disposal*

The Possible Disposal shall be conducted in the open market on the Stock Exchange through the trading system of the Stock Exchange and will only be effected if:

- (i) the selling price of each CHS Share shall be based on prevailing market price of CHS Shares at the time making the disposal and shall be conducted in accordance with the Trading Mechanism (as defined below); and
- (ii) all of the applicable percentage ratios under the Listing Rules for the Possible Disposal are below 75%.

5. *Compliance*

The Possible Disposal shall comply with relevant applicable laws and regulations, including any applicable trading regulations in Hong Kong. The Group will also report on the progress of the Possible Disposal in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules.

The Company will re-comply with the Listing Rules requirements and seek another Shareholders' approval for the Possible Disposal in the event that the Possible Disposal cannot be completed within the Disposal Mandate.

As the Possible Disposal will be made through the open market, the Company will not be aware of the identities of the buyers of such CHS Shares and it is expected that the buyer(s) of such CHS Shares will be Independent Third Parties. In the event that the Company becomes aware that any counterparty of the disposed CHS Shares is a connected person of the Company, the Company will comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as applicable.

6. *Trading Mechanism*

The selling price of CHS Share shall be at the then market price(s) of CHS Share at the relevant time, provided that each disposal in the open market shall be at the market price of no more than 10% discount to the average closing price as quoted on the Stock Exchange for the five (5) consecutive trading days immediately before the date of each disposal during the Mandate Period (the "**Trading Mechanism**"); and

The Directors consider that the Trading Mechanism can safeguard the interest of the Company and its Shareholders as a whole by ensuring that each disposal will not deviate from the prevailing trading prices of the CHS Shares.

INFORMATION ON THE COMPANY AND THE SELLER

The Company

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

Seller

The Seller is a direct wholly-owned subsidiary of the Company and is principally engaged in the investment holding business.

INFORMATION ON CHS

CHS is a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange under the stock code 658. CHS is principally engaged in the research, design, development, manufacture and sales of a broad range of mechanical transmission equipment that is used in wind power and a wide range of industrial applications and trade of goods.

Set out below is the extracted consolidated financial information of CHS for the two financial years ended 31 December 2021 and 31 December 2022:

	For the year ended 31 December 2021 (RMB'million)	For the year ended 31 December 2022 (RMB'million)
Revenue	20,211	21,080
Profit before income tax	1,632	1,044
Profit for the year	1,397	644

Based on the interim report of CHS for the six months ended 30 June 2023, the unaudited net assets of CHS as at 30 June 2023 is RMB13,837 million.

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL AND THE DISPOSAL MANDATE

To allow flexibility in effecting future disposal(s) of CHS Shares at appropriate time(s) and price(s) so as to maximise the returns to the Company, the Board proposes to seek approval for the Disposal Mandate and the Possible Disposal from the Shareholders at the EGM in advance to allow the Directors to dispose of CHS Shares during the Mandate Period. In addition, the Board is of the view that the appropriate measures as disclosed in the paragraph headed “Information about the Disposal Mandate” are in place to safeguard the interests of the Company and its Shareholders as a whole for the Disposal Mandate.

Assuming that all 140,000,000 Approved Sale Shares will have been disposed of within the Mandate Period at the closing price of each CHS Share as at the date of this announcement of HK\$1.86 per CHS Share, the Company is expected to receive the gross proceeds of HK\$260.4 million. The Group considers the Possible Disposal provides an opportunity to partially realise its interest in CHS and will enhance the liquidity of the Group. The Company intends to use the proceeds from the Possible Disposal for repayment of the Group’s loans and payables.

As the Possible Disposal will be made at prevailing market price and on the open market of the Stock Exchange, the Directors consider that the terms of the Possible Disposal and the Disposal Mandate are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE POSSIBLE DISPOSAL

As a result of the Possible Disposal, assuming all Approved Sale Shares are sold within the Mandate Period, the shareholding interest of the Company in CHS will decrease from approximately 72.71% to approximately 64.15%. CHS will continue to be an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with each of the Group's results. The Possible Disposal is accounted for as equity transaction and it is expected that it will have no gain or loss to be recognised in profit or loss arising from the Possible Disposal for the Company.

LISTING RULES IMPLICATIONS

Assuming that all the Approved Sale Shares will have been disposed of within the Mandate Period at the closing price of each CHS Share as at the date of this announcement, one of the applicable percentage ratios of the Possible Disposal alone or when aggregated with the Previous Disposal conducted in the previous 12-month period may exceed 25% but be less than 75%, the Possible Disposal may constitute a major transaction of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the approval of the Shareholders at the EGM for the Disposal Mandate and the Possible Disposal to allow the Company to dispose of Approved Sale Shares held by the Group during the Mandate Period.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Possible Disposal and the Disposal Mandate. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal Mandate at the EGM.

The Company will despatch the circular containing, among others, (i) further details of the Disposal Mandate and the Possible Disposal, and (ii) the notice of EGM as soon as possible in compliance with the Listing Rules.

There is no assurance that the Company will proceed with the Possible Disposal after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Possible Disposal or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Possible Disposal. The Shareholders and potential investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Approved Sale Shares”	the maximum number of 140,000,000 CHS Shares
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CHS”	China High Speed Transmission Equipment Group Co., Ltd. 中國高速傳動設備集團有限公司 (Stock Code: 658), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“CHS Group”	CHS and its subsidiaries
“CHS Share(s)”	ordinary shares of US\$0.01 each in the share capital of CHS
“Company”	Fullshare Holdings Limited 豐盛控股有限公司 (Stock Code: 607), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Mandate”	the mandate to be granted by the Shareholders to the Directors for the Possible Disposal during the Mandate Period
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of approving, among other things, the Disposal Mandate and the Possible Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	a period of 12 months from the date of passing of relevant ordinary resolution granting the Disposal Mandate
“Possible Disposal”	any on-market disposal(s) of the Approved Sale Shares by the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Disposal”	19,527,000 CHS Shares sold by the Seller during the period from 12 December 2022 to 13 January 2023 (both days inclusive)
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Five Seasons XVI Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 10 November 2023

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