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寶新金融集團有限公司
GLORY SUN FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

**TERMINATION OF MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY**

Reference is made to the announcements of Glory Sun Financial Group Limited (the “**Company**”) dated 28 April 2022 and 5 May 2022 respectively (the “**Announcements**”) in relation to, among other things, the Equity Transfer Agreement and the Transactions (including the Disposal). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context herein requires otherwise.

The Board wishes to announce that on 23 May 2022 (after trading hours), Baokai Industries as vendor, Hongxinglaihua Hotel as purchaser and the Target Company (collectively, the “**Parties**”) entered into a termination agreement (the “**Termination Agreement**”), pursuant to which the Parties have agreed to terminate the Equity Transfer Agreement (the “**Termination**”) with immediate effect.

In the course of their performance of the Equity Transfer Agreement, Baokai Industries and Hongxinglaihua Hotel have failed to reach agreements on certain details in the arrangements for the Transactions. After having taken into account the aforesaid factor and after due and careful consideration of all circumstances in respect of the Transactions (including the Disposal), the Parties decided not to proceed with the Transactions (including the Disposal).

Pursuant to the Termination Agreement, the Parties have agreed that: -

- (a) the Equity Transfer Agreement shall be terminated with immediate effect;

- (b) Baokai Industries shall return the First Instalment of RMB450 million (equivalent to HK\$553.5 million) paid by Hongxinglaihua Hotel for the Disposal under the Equity Transfer Agreement within 180 days upon the Termination, and pay interest to be accrued on the amount of First Instalment at a rate of 6% per annum for the period commencing from the date of Termination and ending on the date of receipt of the First Instalment in full by Hongxinglaihua Hotel; and
- (c) if within one year after the date of the Termination Agreement,
 - (i) Baokai Industries shall have successfully entered into a new equity transfer agreement (the “**New Equity Transfer Agreement**”) with a third party in respect of the transfer of 543,600,000 Target Shares (the “**New Transfer**”); and
 - (ii) the consideration for the New Transfer under the New Equity Transfer Agreement (the “**New Consideration**”) shall be higher than the Consideration of RMB800 million (equivalent to HK\$984 million),

Baokai Industries shall pay 35% of the amount by which the New Consideration shall exceed the Consideration to Hongxinglaihua Hotel as compensation for the Termination (the “**Compensation**”) within 10 days after the New Consideration shall have been received by Baokai Industries in full, provided that the total amount of the Compensation shall not exceed RMB80 million (equivalent to HK\$98.4 million).

The Board is of the view that the terms of the Termination Agreement are fair and reasonable and in the interests of the Shareholders as a whole and the Compensation was determined after arm’s length negotiation.

As a result of the Termination Agreement, the Transactions (including the Disposal) will not proceed and therefore, no circular will be despatched to the Shareholders in this regard.

The Board considers that the Termination Agreement will not have any material adverse effect on the business, operations or financial position of the Group.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

By Order of the Board of
Glory Sun Financial Group Limited
YAO Jianhui
Chairman and Chief Executive Officer

Hong Kong, 23 May 2022

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Li Minbin and Mr. Huang Wei; one non-executive director, namely Mr. Zhang Chi; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Lee Kwan Hung, Eddie.

For the purpose of this announcement, conversions of RMB into HK\$ are based on the exchange rate of RMB1 to HK\$1.23 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB has been, could have been or could be converted at the above rate or at any other rates.