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三盛控股

Sansheng Holdings (Group) Co. Ltd.

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三盛控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2183)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO MANAGEMENT AND OTHER RELATED
SERVICES FRAMEWORK AGREEMENTS**

THE FIVE FRAMEWORK AGREEMENTS

On 30 April 2021 (after trading hours of the Stock Exchange), the Company entered into the Construction Management Consultancy Services Framework Agreement, the Design Services Consultancy Framework Agreement, the Operation Management Services Framework Agreement, the Operation Systems Software Framework Agreement and the Sales Management Services Framework Agreement with SGCL, pursuant to which the Company agreed to provide, or procure its subsidiaries to provide, the Services to SGCL Group for a term from the Effective Date to 31 December 2023 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in a total of 367,828,127 Shares, representing approximately 74.98% of the issued share capital of the Company.

As at the date of this announcement, SGCL is directly owned as to 90.1% by Mr. Lin and 9.9% by Ms. Cheng. Therefore, SGCL is an associate of the connected persons of the Company.

As a result, the entering into of the Five Framework Agreements between the Company and SGCL and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions contemplated under the Five Framework Agreements are over 0.1% but all are less than 5%, the transactions contemplated under the Five Framework Agreements are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 April 2021 (after trading hours of the Stock Exchange), the Company entered into the Five Framework Agreements with SGCL, pursuant to which the Company agreed to provide, or procure its subsidiaries to provide, the Services to SGCL Group for a term from the Effective Date to 31 December 2023 (both days inclusive).

THE FIVE FRAMEWORK AGREEMENTS

The principal terms of the Five Framework Agreements are summarised as follows:

Date: 30 April 2021 (after trading hours of the Stock Exchange)

Parties: The Company; and

SGCL.

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in a total of 367,828,127 Shares, representing approximately 74.98% of the issued share capital of the Company.

As at the date of this announcement, SGCL is directly owned as to 90.1% by Mr. Lin and 9.9% by Ms. Cheng. Therefore, SGCL is an associate of the connected persons of the Company.

Subject matter:

Pursuant to the Five Framework Agreements, (i) the Company agreed to provide or procure its subsidiaries to provide the Services to SGCL Group; and (ii) SGCL agreed to procure its subsidiaries to receive the Services from the Group, in accordance with the terms of the Five Framework Agreements.

Pursuant to the Five Framework Agreements, for the respective Services, the relevant parties (i.e. the Group on one hand, and SGCL Group on the other hand) shall enter into specific contracts thereunder within the term of the Five Framework Agreements, pursuant to which detailed terms and conditions (such as details of the relevant Services and pricing terms) shall be governed by such specific contracts.

Pricing:

Pursuant to the Five Framework Agreements, the service fees for the respective Services shall be determined after arm's length negotiations between the parties with reference to (i) the location, type, quality and size of the properties, (ii) the scope and standard of the Services to be provided, (iii) the anticipated operational costs (including, among others, labour costs, material costs and administrative costs) for providing such Services and the expected increase of related costs due to inflation and economic and social development, and (iv) the prevailing market rates for similar Services; and as separately agreed between the Group and SGCL Group which is/are to be set out in the specific contract(s).

Historical figures

There is no historical amount in respect of the transactions under each of the Five Framework Agreements.

Annual caps and basis of the annual caps

The annual caps for the period from the Effective Date to 31 December 2021 (both days inclusive) and the two years ending 31 December 2023 for the transactions contemplated under the Five Framework Agreements and basis thereof are as follows:

	For the period from the Effective Date to 31 December 2021 (both days inclusive) (RMB million)	For the year ending 31 December 2022 (RMB million)	For the year ending 31 December 2023 (RMB million)
Annual caps	95.42 (equivalent to approximately HK\$113.60 million)	95.42 (equivalent to approximately HK\$113.60 million)	95.42 (equivalent to approximately HK\$113.60 million)

The annual caps for the Services are arrived at after taking into consideration of, among others, the following:

- (i) anticipated demand for the Services by SGCL Group based on the current development plan of the existing property development projects of SGCL Group;
- (ii) the type, location and size of the properties;
- (iii) the scope and standard of Services to be provided;
- (iv) anticipated operational costs (including, among others, labour costs, material costs and administrative costs) for providing the Services;
- (v) prevailing market prices for the relevant Services; and
- (vi) a buffer taking into account, among others, (a) the expected increase of related costs due to inflation and economic and social development during the term of the Five Framework Agreements; and (b) the potential additional demand for the Services by SGCL Group during the term of the Five Framework Agreements.

INTERNAL CONTROL

In order to ensure the transactions contemplated under the Five Framework Agreements (i) will be conducted on normal commercial terms; (ii) will be fair and reasonable to the Company and the Shareholders; and (iii) will not be prejudicial to the interests of the Company and Shareholders as a whole, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the legal department and finance department of the Company will closely monitor the transactions under the Five Framework Agreements to ensure that the transaction amounts will not exceed the annual caps;
- (ii) the legal department of the Company will conduct regular random checks to review and assess whether the transactions contemplated under the Five Framework Agreements are conducted on normal commercial terms, in accordance with the terms set out in the Five Framework Agreements and whether the service fees and relevant contract terms are in the interest of the Company and the Shareholders as a whole;
- (iii) the Company's external auditors will conduct an annual review of the transactions entered into under the Five Framework Agreements to ensure that the transaction amounts are within the annual caps and the transactions are in accordance with the terms set out in the Five Framework Agreements; and
- (iv) the Company's independent non-executive Directors will conduct regular reviews of the status of the transactions contemplated under the Five Framework Agreements to ensure that the Company has complied with its internal approval process, the terms of the Five Framework Agreements and the relevant requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FIVE FRAMEWORK AGREEMENTS

Upon the completion of acquiring certain property development project companies in late 2020, the Group's expertise and technical know-how in the property development industry have been enhanced and the Group is able to provide more diversified services, such as the Services, to SGCL Group in delivering its prior project development commitments. The Directors (including the independent non-executive Directors) are of the view that the entering into of the Five Framework Agreements would help the Group fully utilise the expertise and technical know-how obtained and also widen the Group's source of revenue and strengthen its cash flow.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Five Framework Agreements is in the ordinary and usual course of business of the Group and on normal commercial terms. Taking into account the reasons and benefits above and the pricing policies set out in the section headed “The Five Framework Agreements” above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Five Framework Agreements (including the annual caps thereof) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in a total of 367,828,127 Shares, representing approximately 74.98% of the issued share capital of the Company.

As at the date of this announcement, SGCL is directly owned as to 90.1% by Mr. Lin and 9.9% by Ms. Cheng. Therefore, SGCL is an associate of the connected persons of the Company.

As a result, the entering into of the Five Framework Agreements between the Company and SGCL and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps for the transactions contemplated under the Five Framework Agreements are over 0.1% but all are less than 5%, the transactions contemplated under the Five Framework Agreements are subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Since Mr. Lin and Ms. Cheng have a material interest in the transactions contemplated under the Five Framework Agreements, Mr. Lin and Ms. Cheng have abstained from voting on the relevant Board resolution to approve the entering into of the Five Framework Agreements. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Five Framework Agreements and none of them has abstained from voting on the relevant Board resolutions.

INFORMATION ABOUT THE PARTIES

(i) The Company

The Company is an investment holding company. The Company's subsidiaries are principally engaged in property development and sales, property investment, hotel operations and construction and design services.

(ii) SGCL

SGCL is a conglomerate and its business comprises four main business segments, namely real estate, education, health and technology.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, SGCL is directly owned as to (i) 90.1% by Mr. Lin and (ii) 9.9% by Ms. Cheng.

DEFINITION

“associate”	has the meaning as ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Company”	Sansheng Holdings (Group) Co. Ltd., a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Construction Management Consultancy Services Framework Agreement”	the construction management consultancy services framework agreement entered into between the Company and SGCL dated 30 April 2021;
“Design Services Consultancy Framework Agreement”	the design services consultancy framework agreement entered into between the Company and SGCL dated 30 April 2021;
“Director(s)”	the director(s) of the Company;
“Effective Date”	1 May 2021;

“Five Framework Agreements”	the Construction Management Consultancy Services Framework Agreement, the Design Services Consultancy Framework Agreement, the Operation Management Services Framework Agreement, the Operation Systems Software Framework Agreement and the Sales Management Services Framework Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Mr. Lin”	Mr. Lin Rongbin (林榮濱), chairman of the Board and an executive Director and the spouse of Ms. Cheng;
“Ms. Cheng”	Ms. Cheng Xuan (程璇), an executive Director and the spouse of Mr. Lin;
“Operation Management Services Framework Agreement”	the operation management services framework agreement entered into between the Company and SGCL dated 30 April 2021;
“Operation Systems Software Framework Agreement”	the operation systems software framework agreement entered into between the Company and SGCL dated 30 April 2021;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sales Management Services Framework Agreement”	the sales management services framework agreement entered into between the Company and SGCL dated 30 April 2021;

“Services”

the services for certain property development projects of SGCL Group in the PRC pursuant to the terms of the Five Framework Agreements, including but not limited to

(i) under the Construction Management Consultancy Services Framework Agreement:

- Provision of preliminary preparation services for projects; and
- Provision of property development services;

(ii) under the Design Services Consultancy Framework Agreement:

- Provision of screening and consultation services for engagement of design institutes;
- Provision of professional opinions on the project design plans;
- Provision of training for design capacity improvement; and
- Assisting in advancement of project designs;

(iii) under the Operation Management Services Framework Agreement:

- Provision of daily operation and management services for property development projects;

(iv) under the Operation Systems Software Framework Agreement:

- Provision of right to use operating systems softwares prerequisite for property development processes; and
- Provision of systems installation, training and technical guidance service support; and

	(v) under the Sales Management Services Framework Agreement:
	– Provision of full market management services for property development projects;
“SGCL”	Sansheng Group Company Limited* (三盛集團有限公司), a limited liability company established in the PRC on 22 April 2013;
“SGCL Group”	SGCL and its subsidiaries;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it in the Listing Rules; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.84.

By order of the Board
Sansheng Holdings (Group) Co. Ltd.
Chairman
Lin Rongbin

Hong Kong, 30 April 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lin Rongbin and Ms. Cheng Xuan; two non-executive Directors, namely Mr. Xiao Zhong and Mr. Xu Jianwen; and three independent non-executive Directors, namely Mr. Pan Dexiang, Mr. Yuan Chun and Mr. Zhu Hongchao.

* *For identification purposes only*