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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)

DISCLOSEABLE TRANSACTION

The Board announces that on 15 October 2021, Fuzhou Shangsheng and Fuzhou Shengzhi (both an indirect wholly-owned subsidiary of the Company), as the Vendors, entered into the Equity Transfer Agreement with Shanghai Yongbi, pursuant to which the Vendors agreed to sell, and Shanghai Yongbi agreed to acquire, the entire equity interest in the Target Company for a consideration of RMB417 million.

As the highest of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Set out below is a summary of the key terms of the Equity Transfer Agreement:

Date

15 October 2021

Parties

- (i) Fuzhou Shangsheng, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as one of the Vendors. Fuzhou Shangsheng is principally engaged in investment holding;
- (ii) Fuzhou Shengzhi, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as one of the Vendors. Fuzhou Shengzhi is principally engaged in investment holding; and

- (iii) Shanghai Yongbi, a company established under the laws of the PRC with limited liability, as the purchaser. Shanghai Yongbi is principally engaged in a variety of diversified businesses, including marketing and sales planning, real estate advisory, property leasing and information consulting services, and its ultimate beneficial owner is Mr. Song Qiang (宋强).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shanghai Yongbi and Mr. Song Qiang are third parties independent of the Company and connected persons of the Company.

Subject Matter

Pursuant to the Equity Transfer Agreement, the Vendors agreed to sell, and Shanghai Yongbi agreed to acquire, the entire equity interest in the Target Company.

Consideration

The consideration for the Disposal shall be RMB417 million.

The consideration was arrived at normal commercial terms and after arm's length negotiations amongst parties to the Equity Transfer Agreement, with reference to the valuation of the net asset value of Fuzhou Shengxin by an independent professional valuer on 30 September 2021.

According to the valuation report prepared by the independent professional valuer based on market value approach ("Valuation Report"), the Target Company is valued at approximately RMB403 million.

Payment Terms

The Consideration shall be payable by Shanghai Yongbi in the following manner:-

- (i) the first installment of RMB400 million shall be payable to the Vendors within ten days after satisfaction of the relevant payment conditions. The conditions to the payment of the first installment include:
 - (1) there are no other restrictive conditions on the Target Company and the Target Land affecting land development nor any adverse factors preventing normal development and construction;
 - (2) there is no breach of contract by the Vendors and the Target Company; there are no breach of representations, warranties and undertakings made by the Vendors and the Target Company under the Equity Transfer Agreement nor any false representation and deliberate concealment; and
 - (3) within three days after the fulfillment of conditions (1) and (2) above within six months after entering into the Equity Transfer Agreement, the Vendor giving written notice to Shanghai Yongbi and also submitting the original written document of proof to Shanghai Yongbi stating that each of the conditions precedent to the transaction has been satisfied.

- (ii) the second installment of RMB17 million shall be payable to the Vendors within thirty days after the Vendors have transferred the entire equity interest in the Target Company to Shanghai Yongbi.

FINANCIAL EFFECT OF THE DISPOSAL OF THE TARGET COMPANY

It is expected that the Group will recognize an unaudited gain of approximately RMB14 million as a result of the Disposal. Such gain is calculated with reference to the difference between the aggregate consideration (exclusive of tax) of RMB417 million for the Disposal and the Valuation Report of the Target Company of RMB403 million as at 30 September 2021. Such calculation is only an estimate provided for illustrative purpose. The actual amount of gain to be recorded will be subject to review by the auditors of the Company.

INTENDED USE OF PROCEEDS

It is intended that the net proceeds from the Disposal (after deducting the fees and expenses in relation to the Disposal) will be used for future potential investment opportunities or as general working capital of the Group.

Completion

Completion of the Disposal shall take place on the day when all filing and registration procedures with the relevant PRC authorities in relation to the transfer of the entire equity interest in the Target Company to Shanghai Yongbi are completed by the Vendors. Upon completion, the Company will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability on 15 March 2018. The Target Company is principally engaged in property development. The principal asset of the Target Company is the Target Land located on the western part of Langqi Island, Mawei District, Fuzhou, Fujian Province, the PRC with an area of approximately 75,805 sq.m.

The unaudited financial information of the Target Company for the two years ended 31 December 2020 was as follows:

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000
Revenue	0.8	1,034.3
Net loss before taxation	25,983.4	14,613.4
Net loss after taxation	19,564.6	12,397.6
Net assets	27,693.0	40,090.6

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

Langqi Island, which is situated in Mawei District, Fuzhou, Fujian Province, and is where the Target Land is located, has been positioned by the local government as an "international eco-tourism island" pursuant to the overall development plan of the local government. In order to align with the local development plan, the Target Company plans to develop the remaining saleable properties into tourism real estate products for its operation. As the Group currently has no experience in the operation of tourism real estate products, in order to optimise the Group's overall investment portfolio, the Board has decided to sell the Target Land to a buyer with relevant operational experience in order to optimise the Group's strategic layout on the Western Taiwan Straits.

The Board believes that the Disposal represents a good opportunity for the Group to realise its investment in the Target Company and the cash return obtained will strengthen the Group's liquidity, thus providing additional capital for the Group to execute its development strategy of expanding into the metropolitan area in the future and reach core urban clusters.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal (including the consideration) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Sansheng Holdings (Group) Co. Ltd., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2183)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company by Fuzhou Shangsheng and Fuzhou Shengzhi to Shanghai Yongbi pursuant to the Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“Equity Transfer Agreement”	the equity transfer agreement dated 15 October 2021 entered into between Fuzhou Shangsheng, Fuzhou Shengzhi and Shanghai Yongbi in relation to the Disposal
“Fuzhou Shangsheng”	Fuzhou Shangsheng Investment Co., Ltd.* (福州上盛投資有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuzhou Shengzhi”	Fuzhou Shengzhi Investment Co., Ltd.* (福州盛致投資有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yongbi”	Shanghai Yongbi Industrial Co., Ltd.* (上海雍碧實業有限公司), a company established under the laws of the PRC with limited liability

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Fuzhou Shengxin”	Fuzhou Shengxin Real Estate Development Co., Ltd.* (福州盛欣房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Target Land”	the land under the title certificate of Min (2018) Mawei District Real Estate Property Right No. 0006020, which is located on the western part of Langqi Island, Mawei District, Fuzhou, Fujian Province, the PRC, south of the island-entering section of Langqi Minjiang River Bridge with Duting River to the west and a planned green space to the north, west of Area A of Xianghai Xincheng (香海新城) and north of the Yanhang River
“Vendors”	collectively, Fuzhou Shangsheng and Fuzhou Shengzhi

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

Hong Kong, 15 October 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.

* *The English translation of the Chinese names denoted in this announcement is for illustration purpose only. Should there be any inconsistencies, the Chinese names prevail.*