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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 IN RELATION TO DISPOSAL OF LIFESTYLE PLAZA (QINGDAO) CO., LIMITED

The Board hereby announces that on 16 November 2021 (after trading hours of the Stock Exchange), Longhai Sansheng (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Beihai Chengli (the Purchaser), pursuant to which Longhai Sansheng agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in the Target Company for a consideration of RMB271.0 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.

INTRODUCTION

The Board hereby announces that on 16 November 2021 (after trading hours of the Stock Exchange), Longhai Sansheng (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with Beihai Chengli (the Purchaser), pursuant to which Longhai Sansheng agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in the Target Company for a consideration of RMB271.0 million.

THE EQUITY TRANSFER AGREEMENT

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

Date

16 November 2021 (after trading hours of the Stock Exchange)

Parties

- (a) Longhai Sansheng, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as the Vendor. Longhai Sansheng is principally engaged in property development and property investment; and
- (b) Beihai Chengli, a company established under the laws of the PRC with limited liability, as the Purchaser. Beihai Chengli is principally engaged in investment holding and property management services, and its ultimate beneficial owners are Mr. Lin Renxi (林人喜) and Ms. Yu Jiying (俞繼瑛), who held 95% and 5% of the equity interests, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Beihai Chengli and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject Matter

Pursuant to the Equity Transfer Agreement, Longhai Sansheng agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in the Target Company for a consideration of RMB271.0 million. The rental income of the Target Asset prior to 31 October 2021 shall be vested in the Group (the "**Rental Income Allocation**").

Consideration

Pursuant to the Equity Transfer Agreement, the consideration for the disposal of the entire equity interest in the Target Company by Longhai Sansheng is RMB271.0 million. The consideration was agreed on normal commercial terms and on an arm's length basis between the parties to the Equity Transfer Agreement, with reference to:

- (1) the valuation of the net asset of the Target Company of approximately RMB260.5 million as at 25 October 2021 as assessed by an independent valuer using the asset-based approach; and
- (2) Rental Income Allocation.

Payment Terms

The consideration shall be payable by the Purchaser in the following manner:

- (i) Deposit: Within 10 days after the signing of the Equity Transfer Agreement, the Purchaser shall pay Longhai Sansheng (or its designated third party) a deposit of RMB10.0 million;
- (ii) First installment: Within 30 business days after the signing of the Equity Transfer Agreement, Longhai Sansheng shall submit the Real Estate Title Certificate of the Target Asset to the Purchaser for verification, and on the date after verifying that the Target Asset are free from other rights restrictions, the Purchaser shall pay Longhai Sansheng (or its designated third party) the equity transfer price of RMB100.0 million, and the aforesaid deposit of RMB10.0 million shall be converted into the first installment of the equity transfer price;

- (iii) Second installment: Within 20 days after Longhai Sansheng and Beihai Chengli have completed the industrial and commercial registration of the equity transfer of the Target Company, the Purchaser shall pay Longhai Sansheng (or its designated third party) the second installment of the equity transfer price of RMB100.0 million;
- (iv) Third installment: Within 60 days after all the equity interests in the Target Company have been registered in the name of the Purchaser, the Purchaser shall pay Longhai Sansheng (or its designated third party) the third installment of the equity transfer price of RMB50.0 million; and
- (v) Fourth installment: Within 90 days after all the equity interests in the Target Company have been registered in the name of the Purchaser, the Purchaser shall pay Longhai Sansheng (or its designated third party) the fourth installment of the equity transfer price of RMB21.0 million.

FINANCIAL EFFECT OF THE DISPOSAL OF THE TARGET COMPANY

It is expected that the Group will recognize an unaudited gain of approximately RMB10.5 million as a result of the Disposal. Such gain is calculated with reference to the difference between the aggregate consideration (exclusive of tax) of RMB271.0 million for the Disposal and the valuation of the Target Company of approximately RMB260.5 million as stated in the valuation report dated 25 October 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 costs 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 will take place on the date of actual completion of the industrial and commercial registration of the equity transfer in the Target Company. The completion date of the industrial and commercial registration of the equity transfer will be no later than 30 November 2021, except for the delay mutually agreed by the parties due to reasons such as incomplete approval from government authorities.

Upon the completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the Group will cease to have any interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability on 31 December 1995. The Target Company is principally engaged in property investment.

The principal asset of the Target Company is Qingdao Lifestyle Plaza, a commercial property with a gross floor area of 26,507.07 sq.m. located at No. 152-158, Jiaozhou Road, Shibei District, Qingdao City, Shandong Province, the PRC, which is currently used for rental purpose.

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

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

| | Year ended 31 December 2019 | Year ended 31 December 2020 |
|----------------------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 7,829 | 7,714 |
| Net profit before taxation | 11,515 | 3,572 |
| Net profit after taxation | 9,352 | 3,045 |
| Net assets | 222,287 | 225,331 |

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.

The Board considers that the Disposal represents a good opportunity for the Company to realize the value of the Target Asset at a reasonable price and the proceeds from the Disposal will enable the Group to reallocate more financial resources to future potential investment opportunities or as working capital for the Group's ongoing operational development.

Taking into account the factors mentioned above, the Directors are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and 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:

| | |
|------------------------------------|--|
| “Beihai Chengli” or “Purchaser” | Beihai Chengli Investment Co., Ltd.* (北海晟利投資有限公司), a company established under the laws of the PRC with limited liability |
| “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 Longhai Sansheng to the Purchaser pursuant to the Equity Transfer Agreement |
| “Equity Transfer Agreement” | the equity transfer agreement dated 16 November 2021 entered into between Longhai Sansheng (an indirect wholly-owned subsidiary of the Company) and Beihai Chengli (the Purchaser) in relation to the disposal of the entire equity interest in the Target Company |
| “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 PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

| | |
|-----------------------------------|---|
| “Longhai Sansheng” or “Vendor” | Longhai Sansheng Real Estate Limited* (龍海三盛置業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “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 |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | shareholders of the Company |
| “sq.m.” | square meter(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Asset” | Qingdao Lifestyle Plaza, which is located at No. 152-158, Jiaozhou Road, Shibei District, Qingdao City, Shandong Province, the PRC |
| “Target Company” | Lifestyle Plaza (Qingdao) Co., Limited* (嘉標商廈(青島)有限公司), a company established under the laws of the PRC with limited liability |
| “%” | per cent. |

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

Hong Kong, 16 November 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.*