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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 DESIGN AND CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

THE FRAMEWORK AGREEMENT

On 24 April 2020 (after trading hours of the Stock Exchange), Fuzhou JY, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with Fuzhou Sansheng, pursuant to which Fuzhou JY agreed to provide, or procure its fellow subsidiaries to provide, the Services to Fuzhou Sansheng Group for a term from 24 April 2020 to 31 December 2022 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fuzhou JY is a wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in total of 318,348,127 Shares, representing approximately 72.17% of the issued share capital of the Company.

As at the date of this announcement, Fuzhou Sansheng is indirectly wholly-owned by Mr. Lin and Ms. Cheng, and therefore is an associate of connected persons of the Company.

As a result, the entering into the Framework Agreement between Fuzhou JY and Fuzhou Sansheng 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 Framework Agreement are over 0.1% but all are less than 5%, the transactions contemplated under the Framework Agreement 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.

1 INTRODUCTION

On 24 April 2020 (after trading hours of the Stock Exchange), Fuzhou JY, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with Fuzhou Sansheng, pursuant to which Fuzhou JY agreed to provide, or procure its fellow subsidiaries to provide, the Services to Fuzhou Sansheng Group for a term from 24 April 2020 to 31 December 2022 (both days inclusive).

2 THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are summarized as follows:

Date: 24 April 2020 (after trading hours of the Stock Exchange)

Parties: Fuzhou JY; and
Fuzhou Sansheng.

As at the date of this announcement, Fuzhou JY is a wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in total of 318,348,127 Shares, representing approximately 72.17% of the issued share capital of the Company.

As at the date of this announcement, Fuzhou Sansheng is indirectly owned by Mr. Lin and Ms. Cheng, and therefore is an associate of connected persons of the Company.

Subject matter: Pursuant to the Framework Agreement, (i) Fuzhou JY agreed to provide or procure its fellow subsidiaries (the “**Relevant Fuzhou JY Party**”) to provide the Services to Fuzhou Sansheng Group; and (ii) Fuzhou Sansheng agreed to procure its subsidiaries to receive the Services from the Relevant Fuzhou JY Party, in accordance with the terms of the Framework Agreement.

Pursuant to the Framework Agreement, for each type of the Services, the relevant parties (i.e. the Relevant Fuzhou JY Party on one hand, and Fuzhou Sansheng or its subsidiaries on the other hand) shall enter into a specific contract based on the relevant template set out in the Framework Agreement and within the term of the Framework Agreement, pursuant to which detailed terms and conditions (such as details of the relevant Services and pricing terms) shall be governed by such specific contract.

(i) *Design services*

Pursuant to the specific contract for design services, the Relevant Fuzhou JY Party will provide or procure to provide design services to Fuzhou Sansheng Group for its property development projects in the PRC. Such services include drafting and finalising design proposals and implementation plans, cooperation work during the construction stage, which will cover interior and exterior design works (for example, walkways, corridors, decorations, water supply and drainage and structures) of the property development projects.

(ii) *Construction services*

Pursuant to the specific contract for construction services, the Relevant Fuzhou JY Party will provide or procure to provide construction services to Fuzhou Sansheng Group for its property development projects in the PRC. Such services include landscaping, structures, decorations, roadworks, recreational facilities, water supply and drainage and electricity.

Term: From 24 April 2020 to 31 December 2022 (both days inclusive)

Pricing: Pursuant to the Framework Agreement, the total contract price for each of the Services will be calculated according to the pricing terms set out under the relevant specific contract, which will be based on the Group's internal pricing guidelines for provision of design and construction services by the Group for property development projects in the PRC, which are set out as follows:

(i) *Design services*

For design services, the total contract price will be based on (i) the total area being serviced; and (ii) unit price per square metre being serviced, which is determined based on the class of the property development project.

The class of the relevant property development project is determined with reference to: (i) the type of property development project, and (ii) the targeted group of customers.

The unit price per square metre set against the relevant class is also determined with reference to: (i) the complexity of the design; (ii) time and design materials required to produce the design products; (iii) cost of manpower; (iv) applicable tax rate for design works in the PRC; and (v) any adjustments based on regular review of the pricing terms against prices charged by market competitors for similar services.

(ii) *Construction services*

For construction services, the total contract price will be based on (i) the total area being serviced; and (ii) the unit price per square metre being serviced, which is determined based on the class of the relevant property development project.

The class of the relevant property development project is determined with reference to: (i) the type of property development project; (ii) the estimated sale price of the property development project; (iii) the planning parameters such as floor area ratio and building density of the property development projects; and (iv) location of the property development project.

The unit price per square metre set against the relevant class is determined with reference to: (i) cost of raw materials based on indicative prices prescribed by the relevant local authorities and market prices; (ii) cost of machinery and equipment; (iii) geographical condition of the land on which buildings to be constructed; (iv) complexity of the construction works; (v) time and construction materials required to complete the construction works; (vi) cost of manpower; (vii) applicable tax rate for construction works in the PRC; and (viii) any adjustments based on regular review of the pricing terms against prices charged by market competitors for similar services.

Annual caps and basis of the annual caps

The annual cap for each of the three years ending 31 December 2022 for the transactions contemplated under the Framework Agreement and basis thereof are as follows:

	For the period from 24 April 2020 to 31 December 2020 <i>(RMB million)</i>	For the year ending 31 December 2021 <i>(RMB million)</i>	For the year ending 31 December 2022 <i>(RMB million)</i>
For design services to be provided to Fuzhou Sansheng Group	6 (equivalent to approximately HK\$6.57 million)	6 (equivalent to approximately HK\$6.57 million)	6 (equivalent to approximately HK\$6.57 million)
For construction services to be provided to Fuzhou Sansheng Group	94 (equivalent to approximately HK\$102.91 million)	94 (equivalent to approximately HK\$102.91 million)	94 (equivalent to approximately HK\$102.91 million)

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

- (i) the anticipated demand for the Services by Fuzhou Sansheng Group based on the current development plan of the existing property development projects of Fuzhou Sansheng Group;
- (ii) the prevailing market prices for the relevant Service; and
- (iii) a buffer taking into account, among others, (a) the inflation expected during the term of the Framework Agreement; (b) the potential additional demand for the Services by Fuzhou Sansheng Group during the term of the Framework Agreement; and (c) the possibility of early or delay in revenue recognition due to the progress of the Services during the term of the Framework Agreement.

3 INTERNAL CONTROL

In order to ensure the transactions contemplated under the Framework Agreement (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 Framework Agreement 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 Framework Agreement are conducted on normal commercial terms, in accordance with the terms set out in the Framework Agreement 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 Framework Agreement to ensure that the transaction amounts are within the annual caps and the transactions are in accordance with the terms set out in the Framework Agreement; and
- (iv) the Company's independent non-executive Directors will conduct regular reviews of the status of the transactions contemplated under the Framework Agreement to ensure that the Company has complied with its internal approval process, the terms of the Framework Agreement and the relevant requirements under the Listing Rules.

4 REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

As the Group is principally engaged in property development in the PRC, the entering into the Framework Agreement is consistent with the Group's core business goals and development strategies.

The Directors (including the independent non-executive Directors) are of the view that the Framework Agreement and the individual service contracts to be entered into are 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 Framework Agreement" above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5 LISTING RULES IMPLICATIONS

As at the date of this announcement, Fuzhou JY is a wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Lin, through companies wholly-owned by him, is interested in total of 318,348,127 Shares, representing approximately 72.17% of the issued share capital of the Company.

As at the date of this announcement, Fuzhou Sansheng is indirectly wholly-owned by Mr. Lin and Ms. Cheng, and therefore is an associate of connected persons of the Company.

As a result, the entering into the Framework Agreement between Fuzhou JY and Fuzhou Sansheng 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 Framework Agreement are over 0.1% but all are less than 5%, the transactions contemplated under the Framework Agreement 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 Framework Agreement, Mr. Lin and Ms. Cheng have abstained from voting on the relevant Board resolution to approve the entering into of the Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Framework Agreement and none of them has abstained from voting on the relevant Board resolutions.

6 INFORMATION ABOUT THE PARTIES

The Group is principally engaged in property development and sale, and property investment. Fuzhou JY is principally engaged in the provision of design and construction services.

Fuzhou Sansheng Group is principally engaged in operation and development of real estate.

7 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;
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the design and construction services framework agreement entered into between Fuzhou JY and Fuzhou Sansheng dated 24 April 2020;
“Fuzhou JY”	福州景雅裝飾工程有限責任公司 (Fuzhou Jingya Decoration Engineering Co., Ltd.*), a company established in the PRC with limited liability;
“Fuzhou Sansheng”	福州三盛置業有限公司 (Fuzhou Sansheng Property Co., Ltd.*), a company established in the PRC with limited liability which is wholly-owned by 三盛集團有限公司 (Sansheng Group Company Limited*), a company indirectly held by Mr. Lin and Ms. Cheng;
“Fuzhou Sansheng Group”	Fuzhou Sansheng and its subsidiaries;
“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, Chairman of the Board and an executive Director;
“Ms. Cheng”	Ms. Cheng Xuan, an executive Director and spouse of Mr. Lin;
“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;
“Services”	the design and construction services for certain property development projects of the Group in the PRC pursuant to the terms of the Framework Agreement;
“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;
“substantial shareholder”	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 RMB0.91345.

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

Hong Kong, 24 April 2020

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. Zhong Bin.

* *For identification purposes only*