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**SHINSUN 祥生**

**Shinsun Holdings (Group) Co., Ltd.**

**祥生控股(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 02599)**

**CONTINUING CONNECTED TRANSACTIONS  
PROPERTY AGENCY SERVICE FRAMEWORK AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

On 2 July 2021, the Company (for itself and on behalf of its subsidiaries) and Shinsun Services (for itself and on behalf of its subsidiaries) entered into the Property Agency Service Framework Agreement pursuant to which Shinsun Services Group has agreed to provide property agency services and other ancillary services to the Group for unsold car parking spaces located in properties developed by the Group for a period commencing from 2 July 2021 and ending on 31 December 2023 (both days inclusive).

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shinsun Services is owned as to 98% by Top Honour Global Limited, a company wholly owned by Shinlight, which is wholly owned by Shinfamily Holdings, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries. Accordingly, Shinsun Services is an associate of Mr. Chen and a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under the Property Agency Service Framework Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the view that the terms of the Property Agency Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the highest amount of the annual caps under the Property Agency Service Framework Agreement exceed 0.1% but all of which are less than 5%, the Property Agency Service Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Chen is considered as having a material interest in the transactions contemplated under the Property Agency Service Framework Agreement. Mr. Chen Hongni, the executive Director, is the son of Mr. Chen. Accordingly, Mr. Chen and Mr. Chen Hongni had abstained from voting on the Board resolutions for approving the Property Agency Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

Save as disclosed above, none of the other Directors has a material interest in the Property Agency Service Framework Agreement and is required to abstain from voting on the relevant Board resolutions.

## **BACKGROUND**

The Board is pleased to announce that, on 2 July 2021, the Company (for itself and on behalf of its subsidiaries) and Shinsun Services (for itself and on behalf of its subsidiaries) entered into the Property Agency Service Framework Agreement pursuant to which Shinsun Services Group has agreed to provide property agency services and other ancillary services to the Group for unsold car parking spaces located in properties developed by the Group for a period commencing from 2 July 2021 and ending on 31 December 2023 (both days inclusive).

Principal terms of the Property Agency Service Framework Agreement are set out below.

## **PROPERTY AGENCY SERVICE FRAMEWORK AGREEMENT**

Date:	2 July 2021
Parties:	(1) the Company (for itself and on behalf of its subsidiaries) (2) Shinsun Services (for itself and on behalf of its subsidiaries)
Scope of services:	Pursuant to the Property Agency Service Framework Agreement, Shinsun Services Group has agreed to provide property agency services and other ancillary services to facilitate the sales of unsold car parking spaces located in properties developed by the Group, including but not limited to, conducting market research and analysis, formulation of sales strategy and marketing plan, design of sale program and promotional materials, and review of documents and provision of documentation services to facilitate completion of sales and delivery of car parking spaces to the Group, in respect of unsold car parking spaces located in properties developed by the Group after the mass sales period of the Group's property development projects.
Term:	For the period commencing from 2 July 2021 and ending on 31 December 2023 (both days inclusive).
Pricing policy:	The Group will pay a commission calculated as a percentage of the contract price of the sales of the subject car parking spaces, and will be determined after arm's length negotiation between the Group and Shinsun Services Group with reference to the prevailing market conditions and the terms offered to Independent Third Parties by the Group for similar services. The terms offered by Shinsun Services Group to the Group shall not be less favourable than those offered by Shinsun Services Group to Independent Third Parties for similar services.
Historical transaction amount:	Given that Shinsun Services Group will only commence the provision of the property agency services to the Group in July 2021, there was no historical transaction amount in respect of the property agency services.

Annual caps: Pursuant to the Property Agency Service Framework Agreement, it is proposed that the annual caps for the transactions contemplated thereunder for the three years ending 31 December 2023 are expected not to exceed the following:

	<b>For the year ending 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	63,400	122,400	125,800

The proposed annual caps for the transactions contemplated under the Property Agency Service Framework Agreement were determined after considering the following factors:

- (i) the estimated number of car parking spaces held by the Group for which Shinsun Services Group is expected to be entrusted to provide sales agency services after arm's length negotiation with Shinsun Services Group;
- (ii) the estimated contract price of the subject car parking spaces successfully sold by Shinsun Services Group;
- (iii) the prevailing market rate for the provision of sales agency services in the same industry; and
- (iv) the level of difficulty of sales of the car parking spaces with reference to the locations of the development projects and their sell-through and occupancy rate.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY AGENCY SERVICE FRAMEWORK AGREEMENT**

Shinsun Services Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services, including property agency services.

The unsold car parking spaces of the Group are situated in the properties managed by Shinsun Services Group. Shinsun Services Group has been providing property management services to the Group. As such, it has (i) more efficient communications with the Group; and (ii) more thorough understanding of the conditions and requirements of the services needed for the Group's property projects. Shinsun Services Group has sufficient manpower and resources to conduct marketing and sales of the Group's unsold car parking spaces through its extensive business network. By conducting the transactions contemplated under the Property Agency Service Framework Agreement, the Group would be able to leverage on Shinsun Services Group's business capabilities, experience and expertise to bring in revenue to the Group and at the same time, it could reallocate resources of its marketing teams to focus on other newly developed projects which would be more cost efficient to the Group.

The Board (including all independent non-executive Directors) is of the view that (i) the terms and conditions of the Property Agency Service Framework Agreement are on normal commercial terms which are fair and reasonable; (ii) the proposed annual cap is fair and reasonable; and (iii) the Property Agency Service Framework Agreement and the transactions contemplated thereunder were entered into and will be conducted in the ordinary and usual course of business of the Company and its subsidiaries, and are in the interests of the Company and the Shareholders as a whole.

## INTERNAL CONTROL MEASURES

The Directors are of the view that, in respect of the Property Agency Service Framework Agreement, the Group will implement adequate internal control procedures and steps in executing the transaction terms of the continuing connected transactions under the Property Agency Service Framework Agreement.

To safeguard the interest of the Group, the Group will adopt the following internal control measures:

1. before the Group enters into an individual agreement contemplated under the Property Agency Service Framework Agreement, the marketing department of the Group will review and verify whether the price is fair and reasonable. In addition, if the pricing terms in respect of the relevant agreement are applied for the first time or the pricing terms are different from those applied previously, the cost management department of the Group will also review the price together with the marketing department of the Group. If Shinsun Services Group is selected, the terms of any individual agreement entered into under the Property Agency Service Framework Agreement will be reviewed by the relevant department(s) of the Group prior to the execution to ensure that the relevant general principles contained in the Property Agency Service Framework Agreement are being complied with and agreed upon as arm's length basis and the terms are no less favourable than those offered by Independent Third Parties;
2. the Group's financial management department will closely review and monitor the aggregate transactions of the individual agreements of the Group entered under the Property Agency Service Framework Agreement to ensure that the total consideration does not exceed the stipulated annual caps and are implemented pursuant to the pricing policy or mechanism under the Property Agency Service Framework Agreement;
3. the Group's financial management department will conduct checks on a regular basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms set out in the Property Agency Service Framework Agreement and whether the terms for the transactions are fair and reasonable and in accordance with the pricing policies set out in the Property Agency Service Framework Agreement and prepare an annual report to the management and/or audit committee of the Company;
4. the Company's external auditors will conduct an annual review of the transactions under the Property Agency Service Framework Agreement to ensure the transactions amount are within the annual caps and the transactions are conducted in accordance with the terms set out in the Property Agency Service Framework Agreement; and
5. the Company's independent non-executive Directors will conduct an annual review of the status of the transactions under the Property Agency Service Framework Agreement to ensure the Group has complied with its internal approval process, the terms of the Property Agency Service Framework Agreement and the relevant Listing Rules.

## **INFORMATION ON THE PARTIES TO THE PROPERTY AGENCY SERVICE FRAMEWORK AGREEMENT**

The Group is a comprehensive real estate developer in China focusing on the development of quality residential properties in select regions in China.

Shinsun Services is a company established in the PRC with limited liability and Shinsun Services Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services, including property agency services.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Shinsun Services is owned as to 98% by Top Honour Global Limited, a company wholly owned by Shinlight, which is wholly owned by Shinfamily Holdings, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shinsun Services is owned as to 98% by Top Honour Global Limited, a company wholly owned by Shinlight, which is wholly owned by Shinfamily Holdings, which is in turn wholly owned by TMF (Cayman) Ltd., the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. Chen, the settlor, with Mr. Chen and his family members as the beneficiaries. Accordingly, Shinsun Services is an associate of Mr. Chen and a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the transactions contemplated under the Property Agency Service Framework Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the view that the terms of the Property Agency Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the highest amount of the annual caps under the Property Agency Service Framework Agreement exceed 0.1% but all of which are less than 5%, the Property Agency Service Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Chen is considered as having a material interest in the transactions contemplated under the Property Agency Service Framework Agreement. Mr. Chen Hongni, the executive Director, is the son of Mr. Chen. Accordingly, Mr. Chen and Mr. Chen Hongni had abstained from voting on the Board resolutions for approving the Property Agency Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor).

Save as disclosed above, none of the other Directors has a material interest in the Property Agency Service Framework Agreement and is required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shinsun Holdings (Group) Co., Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the meaning as ascribed to it under the Listing Rules
“controlling shareholders”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Family Trust”	CGX Family Trust, being a discretionary trust established on 23 March 2020 by Mr. Chen as the settlor, with TMF (Cayman) Ltd. as the trustee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chen”	Mr. Chen Guoxiang (陳國祥), one of the Company’s controlling shareholders, an executive Director and chairman of the Board
“PRC”	the People’s Republic of China
“Property Agency Service Framework Agreement”	the property agency service framework agreement entered into between the Company and Shinsun Services on 2 July 2021, details of which are set out under the section headed “Property Agency Service Framework Agreement” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) with nominal value of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the same meaning as ascribed to it under the Listing Rules
“substantial shareholder”	shall have the same meaning as ascribed to it under the Listing Rules
“Shinlight”	Shinlight Limited, a company incorporated in the British Virgin Islands with limited liability and one of the Company’s controlling shareholders held as to 78.07% interests of the Company. As at the date of this announcement, Shinlight is wholly owned by Shinfamily Holdings
“Shinfamily Holdings”	Shinfamily Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 21 January 2020 and the holding vehicle of the Family Trust, which is in turn wholly owned by TMF (Cayman) Ltd., being the trustee for the Family Trust
“Shinsun Services”	Shinsun Lifestyle Services Group Limited (祥生活服務集團有限公司), a company established in the Cayman Islands with limited liability and as at the date of this announcement, is owned as to 98% by Top Honour Global Limited, a company wholly-owned by Shinlight and 2% by Golden Stone Development Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Shou Bainian (other than the shareholding in the Group, Golden Stone Development Limited and Mr. Shou Bainian are independent from the Group)
“Shinsun Services Group”	Shinsun Services, its subsidiaries and their respective associates
“US\$”	United States dollars, the lawful currency of United States
“%”	per cent.

By Order of the Board  
**Shinsun Holdings (Group) Co., Ltd.**  
**Chen Guoxiang**  
*Chairman*

Hong Kong, 2 July 2021

*As at the date of this notice, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Zhao Leiya and Mr. Han Bo as executive Directors; and Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman as independent non-executive Directors.*