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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3301)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 15 September 2017 and 29 September 2017 in relation to the 2017 Landscape Engineering Services Framework Agreement, pursuant to which Xiujing Landscape has agreed to provide the Landscape Engineering Services to the Group for a term commenced from the date of the 2017 Landscape Engineering Services Framework Agreement (i.e. 15 September 2017) and ended on 31 December 2019 (both days inclusive).

As the 2017 Landscape Engineering Services Framework Agreement has expired on 31 December 2019 and since it is anticipated that the Group will continue to procure the Landscape Engineering Services from Xiujing Landscape, the 2020 Landscape Engineering Services Framework Agreement was entered into on 10 January 2020 between Xiujing Landscape and the Company to renew the 2017 Landscape Engineering Services Framework Agreement for a term of three years commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) to 31 December 2022 (both days inclusive).

Listing Rules Implication

As at the date of this announcement, Xiujing Landscape is owned as to 99% by Mr. Ou, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company, and 1% by Mr. Ou Guopeng, the son of Mr. Ou. As Xiujing Landscape is an associate of Mr. Ou, it is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the highest annual caps for the provision of the Landscape Engineering Services are more than 0.1% but all of which are less than 5%, the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement are only subject to the announcement, reporting and annual review requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 15 September 2017 and 29 September 2017 in relation to the 2017 Landscape Engineering Services Framework Agreement, pursuant to which Xiujing Landscape has agreed to provide the Landscape Engineering Services to the Group for a term commenced from the date of the 2017 Landscape Engineering Services Framework Agreement (i.e. 15 September 2017) and ended on 31 December 2019 (both days inclusive).

Details of the 2017 Landscape Engineering Services Framework Agreement are set out below:

2017 LANDSCAPE ENGINEERING SERVICES FRAMEWORK AGREEMENT

Date: 15 September 2017

Parties: (a) the Company
(b) Xiujing Landscape

Subject: Pursuant to the 2017 Landscape Engineering Services Framework Agreement, the parties agreed that Xiujing Landscape will provide, among others services, (i) landscape engineering design services; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the “**Landscape Engineering Services**”) to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou.

Term: The 2017 Landscape Engineering Services Framework Agreement has a fixed term commenced from the date of the 2017 Landscape Engineering Services Framework Agreement (i.e. 15 September 2017) and ended on 31 December 2019 (both days inclusive).

RENEWAL OF THE 2017 LANDSCAPE ENGINEERING SERVICES FRAMEWORK AGREEMENT

As the 2017 Landscape Engineering Services Framework Agreement has expired on 31 December 2019 and since it is anticipated that the Group will continue to procure the Landscape Engineering Services from Xiujing Landscape, the 2020 Landscape Engineering Services Framework Agreement was entered into on 10 January 2020 between Xiujing Landscape and the Company to renew the 2017 Landscape Engineering Services Framework Agreement for a term of three years commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) to 31 December 2022 (both days inclusive).

Set out below are the principal terms of the 2020 Landscape Engineering Services Framework Agreement:

Date:	10 January 2020
Parties:	(c) the Company (d) Xiujing Landscape
Subject:	Pursuant to the 2020 Landscape Engineering Services Framework Agreement, the parties agreed that Xiujing Landscape will provide, among others services, the Landscape Engineering Services covering (i) landscape engineering design services; (ii) landscape construction; and (iii) sale and nursery of horticultural plants to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai, Hangzhou and Chengdu.
Term:	The 2020 Landscape Engineering Services Framework Agreement has a fixed term commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) and ending on 31 December 2022 (both days inclusive).
Pricing:	As a general principle, the price and terms of the individual services agreement in respect of the Landscape Engineering Services to be provided pursuant to the 2020 Landscape Engineering Services Framework Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group.

Subject to the general principle disclosed above, the service fee payable by the Company to Xiujing Landscape for the Landscape Engineering Services shall be determined with reference to:

- (i) the total area of the property projects of the Group in the PRC for which the Landscape Engineering Services is required;
- (ii) the costs to be incurred by Xiujing Landscape for the provision of the Landscape Engineering Services (including the salaries and benefits in respect of the employment of the relevant employees of Xiujing Landscape, the raw material costs and the costs of purchase or rental of facilities or equipment for the provision of the Landscape Engineering Services); and
- (iii) the comparable market price for the provision of the Landscape Engineering Services by other similar providers.

In determining the costs to be incurred by Xiujing Landscape, the internal control department of the Company will conduct regular research and study on market data such as (i) compensation package of personnel in similar industry; (ii) prevailing market prices of relevant raw material required for landscape construction; and (iii) number and types of facilities or equipment required for landscape construction, and review and assess the reasonableness of the quotations (including the incurred costs) submitted by Xiujing Landscape to the Group for approval.

In addition, the Group will obtain at least two quotations from other independent third parties providing similar services in the market (the “**Independent Quotations**”) and conduct online research in the market in respect of similar services provided by other independent service providers, and make comparison with respect to the Independent Quotations. In the event that the Group is able to obtain a price from comparable independent third party service providers which is more favourable than those offered by Xiujing Landscape, the Group will negotiate the pricing terms with Xiujing Landscape. The Group will only procure Landscape Engineering Services from Xiujing Landscape if the service fee payable to Xiujing Landscape will not exceed that could be offered by other independent third party service providers in the market.

Payment:

Payment for the Landscape Engineering Services will be settled by bank transfer or any other means to be agreed by the parties to the 2020 Landscape Engineering Services Framework Agreement.

The 2020 Landscape Engineering Services Framework Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between Xiujing Landscape and/or its subsidiaries and the Company and/or its subsidiaries for the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement.

Annual Caps and Basis of Determination

The annual caps under the 2020 Landscape Engineering Services Framework Agreement for the period from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) and ending on 31 December 2022 (both days inclusive) are as follows:

Period/Financial Year	Annual caps RMB'000
10 January 2020 – 31 December 2020	400,000
1 December 2021 – 31 December 2021	500,000
1 January 2022 – 31 December 2022	600,000

Historical transaction amount

The historical transaction amounts under the 2017 Landscape Engineering Services Framework Agreement are as follows:

	2017 RMB'000 (Audited)	2018 RMB'000 (Audited)	2019 RMB'000 (Unaudited)
Annual caps	150,000	400,000	490,000
Actual transaction amount	0	119,436	297,401

The annual caps for the Landscape Engineering Services under the 2020 Landscape Engineering Services Framework Agreement were determined with reference to, among others, (i) the historical transaction amounts payable by the Group to Xiujing Landscape for the four months ended 31 December 2017 and the two years ended 31 December 2018 and 31 December 2019; (ii) the number of existing property projects together with the expected total area of such property projects that require the Landscape Engineering Services and the number of property projects together with the total area of such property projects expected to be undertaken by the Group in each of the years ending 31 December 2020, 2021 and 2022 based on the Group's five-year plan, which require the Landscape Engineering Service and the estimated service fee to be charged by Xiujing Landscape; (iii) the historical costs incurred by the Group on landscape engineering in respect of the Group's previous property projects; and (iv) the general market prices in respect of the Landscape Engineering Services by obtaining at least two Independent Quotations.

Reasons and Benefits for entering into the 2020 Landscape Engineering Services Framework Agreement

Taking into consideration of the quality of the Landscape Engineering Services provided to the Group by Xiujing Landscape, the Board is of the view that Xiujing Landscape has competitive strengths over other independent service providers of similar landscape engineering services in the PRC and considers that the 2020 Landscape Engineering Services Framework Agreement will enable the Group to obtain stable landscape engineering service provision for the Group's property development projects from time to time, and continue to maintain the excellent and established cooperation relationship with Xiujing Landscape.

Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the 2020 Landscape Engineering Services Framework Agreement (including the annual caps) and the transactions contemplated thereunder are (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms based on an arm's length basis and on terms no less favourable than terms available to independent third parties of the Group; and (iii) fair and reasonable. The Directors (including independent non-executive Directors) are of the view that the continuing connected transactions and the annual caps to the 2020 Landscape Engineering Services Framework Agreement are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, Xiujing Landscape is owned as to 99% by Mr. Ou, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company, and 1% by Mr. Ou Guopeng, the son of Mr. Ou. As Xiujing Landscape is an associate of Mr. Ou, it is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the highest annual caps for the provision of the Landscape Engineering Services are more than 0.1% but all of which are less than 5%, the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement are only subject to the announcement, reporting and annual review requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL

Subject to the general principle disclosed above, the pricing policy will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure the 2020 Landscape Engineering Services Framework Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Group will also conduct regular checks on a bi-annual basis to review and assess whether the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement are conducted in accordance with the terms of the 2020 Landscape Engineering Services Framework Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement and its auditors will also conduct an annual review on the pricing terms and the annual caps. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement has been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

GENERAL

As at the date of this announcement, Xiujing Landscape is owned as to 99% by Mr. Ou, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company. Accordingly, Mr. Ou is considered having a material interest in the transactions contemplated under the 2020 Landscape Engineering Services Framework Agreement and therefore has abstained from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the 2020 Landscape Engineering Services Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“2017 Landscape Engineering Services Framework Agreement”	the agreement dated 15 September 2017 entered into between the Company and Xiujing Landscape in relation to the provision of the Landscape Engineering Services by Xiujing Landscape to the Group
“2020 Landscape Engineering Services Framework Agreement”	the agreement dated 10 January 2020 entered into between Xiujing Landscape and the Company in relation to the provision of the Landscape Engineering Services by Xiujing Landscape to the Group for the term commencing from the date of the 2020 Landscape Engineering Services Framework Agreement and ending on 31 December 2022 (both days inclusive)
“Board”	the board of Directors
“Company”	Ronshine China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Landscape Engineering Services”	as defined under the paragraph headed “2017 Landscape Engineering Services Framework Agreement” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ou”	Mr. Ou Zonghong, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.00001 each in the share capital of the Company

“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiujing Landscape”	Xiujing (Fujian) Landscape Engineering Company Limited* (秀景(福建)園林工程有限公司), a limited liability company established in the PRC, and owned as to 99% by Mr. Ou and 1% by Mr. Ou Guopeng as at the date of this announcement
“%”	per cent.

By Order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 10 January 2020

As at the date of this announcement, Mr. Ou Zonghong, Ms. Yu Lijuan, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng are the independent non-executive Directors.

* *for identification purposes only*