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Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO OVERSEAS MANAGEMENT SERVICES

Reference is made to the announcement of the Company dated 12 December 2017 in relation to the Existing Service Agreements. All the Existing Service Agreements (namely, the Existing Singapore Service Agreement and the Existing NCGA Service Agreement) will expire on 31 December 2020. The relevant parties to each Existing Service Agreement have agreed to continue with the arrangement under the relevant Existing Service Agreement after expiry of its term upon similar terms and/or conditions and covering similar scope of services as in the relevant Existing Service Agreement by entering into the relevant New Service Agreement as disclosed in this announcement.

LISTING RULES IMPLICATIONS

Mr. Ji is the chairman of the Board, the chief executive officer of the Company, an executive Director and a controlling shareholder of the Company, therefore Mr. Ji is a connected person of the Company under Chapter 14A of the Listing Rules.

The entire equity interest in Fullshare Singapore is held directly by Mr. Ji as at the date of this announcement, therefore Fullshare Singapore is an associate of Mr. Ji and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, NCGA is a wholly-owned subsidiary of Nanjing Jiangong. Nanjing Jiangong is beneficially owned as to approximately 51.2% by Nanjing Jiangong Industrial. Nanjing Jiangong Industrial is beneficially owned as to approximately 34.06% and 28.48% by Nanjing Xinmeng and Mr. Ji Changrong (季昌榮) respectively. As at the date of this announcement, 99.9% and 0.1% of the equity interest in Nanjing Xinmeng is held by Mr. Ji Changrong and Mr. Shi Zhiqiang (施智強) respectively. Mr. Ji Changrong is a younger brother of Mr. Ji, therefore NCGA is an associate of Mr. Ji and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, each of the New Singapore Service Agreement and the New NCGA Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions contemplated under the New Singapore Service Agreement and New NCGA Service Agreement exceeds 0.1% but is less than 5%, the entering into of the New Singapore Service Agreement and New NCGA Service Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 December 2017 in relation to the Existing Service Agreements. All the Existing Service Agreements (namely, the Existing Singapore Service Agreement and the Existing NCGA Service Agreement) will expire on 31 December 2020. The relevant parties to each Existing Service Agreement have agreed to continue with the arrangement under the relevant Existing Service Agreement after expiry of its term upon similar terms and/or conditions and covering similar scope of services as in the relevant Existing Service Agreement by entering into the relevant New Service Agreement as disclosed in this announcement.

NEW SERVICE AGREEMENTS

New Singapore Service Agreement and New NCGA Service Agreement

On 18 December 2020 (after trading hours of the Stock Exchange), the Company (as service provider) entered into a New Service Agreement with each of Fullshare Singapore and NCGA, to regulate and provide a framework for the provision of the Services by the Group to the Fullshare Singapore Group and the NCGA Group. Each of the New Singapore Service Agreement and New NCGA Service Agreement is of substantially the same terms and the principal terms of the New Singapore Service Agreement and New NCGA Service Agreement are set out below:

Provision of Services

The Company will provide, or will procure its subsidiaries to provide, the Services to each of the Fullshare Singapore Group and the NCGA Group.

The Services to be provided by the Group are operation, administration and management services which include but not limited to (i) management, consultancy, strategic and business advice services; (ii) accounting and legal services; (iii) human resources management; (iv) green energy management; (v) project planning and design; and (vi) such other operation, administration and management services as the parties to each New Service Agreement may agree from time to time. The Company may, subject to the obtaining of the necessary permits (if any), second such management personnel to the Fullshare Singapore Group and the NCGA Group as it may, in its absolute discretion, consider appropriate to provide the Services. Each of Fullshare Singapore and NCGA will appoint (or procure the appointment of) such personnel to such management position(s) (including but not limited to the position of general manager) of its group as recommended by the Company with all the necessary power and authority.

Subsidiary agreement(s)

The relevant parties to the New Service Agreements may, from time to time when the situation requires, enter into separate agreement(s) which set out the specific terms for the provision of the relevant Services based on normal commercial terms and subject to the terms of the New Service Agreements and the relevant laws and regulations, including but not limited to the Listing Rules. In the event of conflict or inconsistency between the New Service Agreements and the separate agreements, the terms of the New Service Agreement shall prevail.

Duration

Each of the New Service Agreements will be for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023 (both days inclusive) unless terminated earlier by either party to a New Service Agreement giving to the other party at least two months' written notice of termination or otherwise in accordance with the terms of the New Service Agreement.

Fees payable for the Services and pricing policy

The amount of fees payable by each of Fullshare Singapore and NCGA for the Services shall be determined with reference to the costs of provision of the relevant Services incurred by the Company or its subsidiary (which exclude rent, utility fees and other fees and charges paid directly by the Fullshare Singapore Group or the NCGA Group, as the case may be) plus a reasonable amount of margin to be separately agreed between the relevant parties under the relevant separate agreement(s) in accordance with the following principles: (i) not lower than the margins for provision of comparable Services by the Group to independent third parties and (ii) with reference to the prevailing market conditions and the margins for comparable Services provided by independent third party service providers if any.

To facilitate the recording and calculation of the costs of provision of the Services by the Group, the Company had set up two service companies in Singapore and Australia, namely, Fullshare Holdings (Singapore) Service Management Pte. Ltd. and Fullshare Holdings (Australia) Service Management Pty. Ltd. respectively, which have been designated to provide the Services. The management teams of these service companies are responsible for monitoring and checking the costs incurred and the margin charged to ensure that each transaction is conducted in accordance with the pricing principles set out above and report to the Board. The Board will review the effectiveness of the measures adopted by the management teams of these service companies for monitoring and checking such transactions.

Payment of fees for the Services will be made in cash on a monthly basis within fifteen (15) days after receiving the invoice issued by the Company.

HISTORICAL FIGURES

The actual amounts of the transactions under the Existing Service Agreements incurred for each of the two financial years ended 31 December 2018 and 2019 and the nine months ended 30 September 2020 are set out as follows:

	Financial year ended 31 December		Nine months ended 30 September
	2018 (RMB'000)	2019 (RMB'000)	2020 (RMB'000)
Existing Singapore Service Agreement	5,822	4,849	496
Existing NCGA Service Agreement	1,308	988	199
Total	7,130	5,837	695

PROPOSED ANNUAL CAPS

The Company expects that the Annual Caps in respect of the Transactions contemplated under each of the New Service Agreements for the financial years ending 31 December 2021, 2022 and 2023 will be as follows:

	For the financial year ending 31 December		
	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)
New Singapore Service Agreement	1,250	1,250	1,250
New NCGA Service Agreement	2,000	2,000	2,000
Total	3,250	3,250	3,250

Each of the Annual Caps of the Services contemplated under each of the New Service Agreements has been determined by reference to the projected annual or annualized amounts in respect of the Services to be provided by the relevant members of the Group to the relevant members of the Fullshare Singapore Group and the NCGA Group (as the case may be, in the next three financial years), having taken into account:

- (a) the expected manpower required for the Services to be rendered by the Group during the term of the New Service Agreements;
- (b) the historical costs attributable to the respective operation, administration and management teams of the Fullshare Singapore Group and the NCGA Group for the nine months ended 30 September 2020;
- (c) the expected salary and headcount of the respective operation, administration and management teams during the term of the New Service Agreements; and
- (d) the margins charged for provision of comparable Services by the Group to independent third parties,

on the principal assumptions that, for the duration of the projected period, (i) there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group, the Fullshare Singapore Group or the NCGA Group, and (ii) the service industries in which the Group operates will have steady growth.

Shareholders and potential investors should note that the Annual Caps should not be construed as an assurance or forecast by the Company of the future revenues of the Group.

INTERNAL CONTROL MEASURES

Save for the monitoring measures disclosed under paragraph headed “Fees payable for the Services and pricing policy” in this announcement, the Company has also established following internal control measures to ensure that the price and terms of the continuing connected transactions contemplated under the New Service Agreements are on normal commercial terms and conducted in accordance with the pricing policy of the Company:

- (i) The relevant business units will review regularly the transactions under the New Service Agreements to ensure compliance with the pricing policy and that the proposed Annual Caps are not exceeded; if the actual amount exceeds the estimated transaction amount forming the basis of the Annual Caps, the relevant business units will report to the Board and the Company will revise the annual cap and comply with the relevant announcement and/or shareholders’ approval requirements in accordance with the Listing Rules;

- (ii) The Company will conduct internal control review and financial audit on an annual basis so as to ensure that the terms of the New Service Agreements and the pricing policy are complied with; and
- (iii) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the New Service Agreements in accordance with the Listing Rules.

The Directors consider that the above internal control measures and pricing policy of the Group are effective to ensure that the transactions contemplated under the relevant continuing connected transaction will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Transactions contemplated under each of the New Service Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, the Fullshare Singapore Group and the NCGA Group (as the case may be). The Agreements to be entered into pursuant to each of the New Service Agreements will be agreed on arm's length basis and on normal commercial terms.

The Directors believe that the maintenance of the strategic business relationships with Fullshare Singapore Group and the NCGA Group will not only allow the realization of synergies and economies of scale but will also continue to bring sustainable contribution to the Group's profitability in the long run.

The Directors (including the independent non-executive Directors but excluding Mr. Ji who has abstained from voting for the reasons set out in the paragraph headed "Listing Rules Implications" below) are of the views that the terms of each of the New Service Agreements are fair and reasonable and the Transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Ji is the chairman of the Board, the chief executive officer of the Company, an executive Director and a controlling shareholder of the Company, therefore Mr. Ji is a connected person of the Company under Chapter 14A of the Listing Rules.

The entire equity interest in Fullshare Singapore is held directly by Mr. Ji as at the date of this announcement, therefore Fullshare Singapore is an associate of Mr. Ji and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, NCGA is a wholly-owned subsidiary of Nanjing Jiangong. Nanjing Jiangong is beneficially owned as to approximately 51.2% by Nanjing Jiangong Industrial. Nanjing Jiangong Industrial is beneficially owned as to approximately 34.06% and 28.48% by Nanjing Xinmeng and Mr. Ji Changrong (季昌榮) respectively. As at the date of this announcement, 99.9% and 0.1% of the equity interest in Nanjing Xinmeng is held by Mr. Ji Changrong and Mr. Shi Zhiqiang (施智強) respectively. Mr. Ji Changrong is a younger brother of Mr. Ji, therefore NCGA is an associate of Mr. Ji and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, each of the New Singapore Service Agreement and the New NCGA Service Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions contemplated under the New Singapore Service Agreement and New NCGA Service Agreement exceeds 0.1% but is less than 5%, the entering into of the New Singapore Service Agreement and New NCGA Service Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Ji has abstained from voting on the relevant board resolutions of the Company approving the New Service Agreements, the Transactions contemplated thereunder and the related Annual Caps.

INFORMATION ON THE GROUP, THE FULLSHARE SINGAPORE GROUP AND THE NCGA GROUP

The Group

The Group is principally engaged in (a) property development and investment, (b) tourism, (c) investment and financial services, (d) provision of healthcare and education products and services, and (e) new energy business.

Fullshare Singapore Group

Fullshare Singapore is a company incorporated in Singapore. The Fullshare Singapore Group is principally engaged in the businesses of investment holding and construction and operation of a recreation park in Singapore. The ultimate beneficial owner of Fullshare Singapore is Mr. Ji.

NCGA Group

NCGA is a company incorporated in Australia. The NCGA Group is principally engaged in the businesses of commercial and residential property development including a resort. The entire equity interest in NCGA is beneficially owned by Nanjing Jiangong. The ultimate beneficial owner of Nanjing Jiangong and NCGA is Mr. Ji Changrong, being a PRC citizen and a younger brother of Mr. Ji.

DEFINITIONS

Unless the context otherwise requires, the following expressions used in this announcement shall have the following meanings:

“Annual Cap(s)”	the maximum aggregate annual transaction value in respect of the Services under each of the New Service Agreements
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 607)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing NCGA Service Agreement”	the service agreement dated 12 December 2017 entered into between the Company and NCGA in relation to the provision of Services by the Group to the NCGA Group from 1 January 2018 to 31 December 2020
“Existing Service Agreements”	collectively, the Existing Singapore Service Agreement and the Existing NCGA Service Agreement and each an “Existing Service Agreement”
“Existing Singapore Service Agreement”	the service agreement dated 12 December 2017 entered into between the Company and Fullshare Singapore in relation to the provision of Services by the Group to the Fullshare Singapore Group from 1 January 2018 to 31 December 2020
“Fullshare Singapore”	Fullshare Group Pte. Ltd. 豐盛集團私人有限公司, a company incorporated in Singapore
“Fullshare Singapore Group”	Fullshare Singapore and its subsidiaries

“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ji”	Mr. Ji Changqun (季昌群), the chairman of the Board, the chief executive officer, an executive Director and a controlling shareholder of the Company as at the date of this announcement
“Nanjing Jiangong”	南京建工集團有限公司 (Nanjing Jiangong Group Co. Ltd.*), a limited liability company incorporated in the PRC
“Nanjing Jiangong Industrial”	南京建工產業集團有限公司 (Nanjing Jiangong Industrial Group Co., Ltd.*), a limited liability company incorporated in the PRC
“Nanjing Xinmeng”	南京新盟企業管理有限公司 (Nanjing Xinmeng Enterprise Management Co., Ltd.*), a limited liability company incorporated in the PRC
“NCGA”	Nanjing Construction Group (Australia) Whisper Bay Pty Ltd ATF Nanjing Construction Group (Australia) Unit Trust, a company incorporated in Australia
“NCGA Group”	NCGA and its subsidiaries
“New NCGA Service Agreement”	the service agreement dated 18 December 2020 entered into between the Company and NCGA in relation to the provision of the Services by the Group to the NCGA Group for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023 (both days inclusive) unless terminated earlier by the relevant parties
“New Service Agreements”	collectively, the New Singapore Service Agreement and the New NCGA Service Agreement and each a “New Service Agreement”

“New Singapore Service Agreement”	the service agreement dated 18 December 2020 entered into between the Company and Fullshare Singapore in relation to the provision of the Services by the Group to the Fullshare Singapore Group for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023 (both days inclusive) unless terminated earlier by the relevant parties
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude 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”	<p>the operation, administration and management services to be provided by the Group, including but not limited to:</p> <ul style="list-style-type: none"> (i) management, consultancy, strategic and business advice services; (ii) accounting and legal services; (iii) human resources management; (iv) green energy management; (v) project planning and design; and (vi) such other operation, administration and management services as the parties to the New Service Agreements may agree from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Transactions”	the transactions contemplated under the New Service Agreements
“%”	per cent.

By order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 18 December 2020

As at the date of this announcement, the executive Directors are Mr. Ji Changqun, Ms. Du Wei and Mr. Shen Chen; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung.

* *For identification purpose only*