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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF EXISTING FRAMEWORK AGREEMENTS

Reference is made to the Prospectus in relation to the Existing Framework Agreements, namely (i) the Construction Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Construction to provide the Construction Services for a term commencing from 18 November 2020 to 31 December 2022; (ii) the Landscape Engineering Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Landscape to provide the Landscape Engineering Services for a term commencing from 18 November 2020 to 31 December 2022; (iii) the Sales Management Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Property Management Group to provide the Sales Management Services for a term commencing from 18 November 2020 to 31 December 2022; and (iv) the Property Management Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Property Management Group to provide the Property Management Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Existing Framework Agreements expired on 31 December 2022 and the Group will continue to procure (i) Xiangsheng Construction to provide the Construction Services to the Group; (ii) Xiangsheng Landscape to provide the Landscape Engineering Services to the Group; (iii) Xiangsheng Property Management Group to provide the Sales Management Services to the Group; and (iv) Xiangsheng Property Management Group to provide the Property Management Services to the Group, the Company entered into New Framework Agreements to renew the Existing Framework Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is in turn owned as to 99% by Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and 1% by Mr. Chen Hongni, being Mr. Chen Guoxiang's son and an executive Director. Xiangsheng Construction is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. Xiangsheng Landscape is therefore an associate of Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Xiangsheng Property Management is indirectly wholly owned by Shinsun Services. 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 Guoxiang, the settlor, with Mr. Chen Guoxiang and his family members as the beneficiaries. Xiangsheng Property Management is therefore an associate of Mr. Chen Guoxiang and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement and the respective transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under each of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement is more than 5%, each of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps under each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement exceed 0.1% but all of them are less than 5%, each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement is only subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held to seek the approval of the Independent Shareholders for entering into the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

The Independent Board Committee comprising all the independent non-executive Directors have been established to advise the Independent Shareholders as to whether the terms of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement are fair and reasonable, and whether such continuing connected transactions (including the annual caps in relation thereto) contemplated thereunder are on normal commercial terms, 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 to advise the Independent Shareholders on how to vote at the EGM after taking into account the recommendations of the Independent Financial Adviser.

Dongxing Securities (Hong Kong) Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

CIRCULAR

A circular containing, among other things, (i) further information on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement; (ii) the notice of the EGM; (iii) the letter from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders regarding the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder; and (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be despatched to the Shareholders as soon as practicable. It is currently expected that the circular will be despatched to the Shareholders on or before 2 February 2023.

(1) 2023 CONSTRUCTION SERVICE FRAMEWORK AGREEMENT

Reference is made to the Prospectus in relation to the Construction Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Construction to provide the Construction Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Construction Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Construction to provide the Construction Services to the Group, the Company entered into the 2023 Construction Service Framework Agreement with Xiangsheng Construction to renew the Construction Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Set out below are the principal terms of the 2023 Construction Service Framework Agreement:

Date: 9 January 2023

Parties: (a) The Company; and
(b) Xiangsheng Construction.

Subject matter: Pursuant to the 2023 Construction Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Construction to provide construction and related services as main contractor for the Group's property development projects (collectively, the "**Construction Services**").

Term: The 2023 Construction Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Pricing:

The Group shall, where Xiangsheng Construction is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Construction to provide the Construction Services according to the individual service agreements to be entered into between the Group and Xiangsheng Construction from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Construction Services to be entered into pursuant to the 2023 Construction Service 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 offered to Xiangsheng Construction no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the construction fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale, construction period, material and labor costs, technical requirements and complexities.

The 2023 Construction Service 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 the Group and Xiangsheng Construction for the transactions contemplated under the 2023 Construction Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Construction Services provided by Xiangsheng Construction to the Group are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the ten months ended 31 October 2022 RMB
Provision of the Construction Services by Xiangsheng Construction to the Group	7,403,498,000.00	5,393,264,945.22	1,335,956,545.23

The annual caps under the Construction Service Framework Agreement for each of the three years ended 31 December 2022 were RMB9,077.5 million, RMB11,324.4 million and RMB13,401.7 million, respectively.

Proposed annual caps and basis of determination

Pursuant to the 2023 Construction Service Framework Agreement, it is proposed that the annual cap amounts for the Construction Services for the two years ending 31 December 2024 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB
Provision of the Construction Services by Xiangsheng Construction to the Group	2,988,880,199	1,538,406,257

The annual caps for the Construction Services for each of the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing construction service agreements entered into between the Group and Xiangsheng Construction for the provision of the Construction Services by Xiangsheng Construction for the Group's existing property projects.

It is expected that there will be a decrease in demand for the Construction Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects.

Reasons for and benefits of entering into the 2023 Construction Service Framework Agreement

The Group maintains an internal list of qualified construction service providers, which can meet its various criteria including technical capabilities, credentials and quality of services after the Group’s internal assessment. Xiangsheng Construction is one of the Group’s chosen qualified construction service providers taking into account various factors such as its credentials, fee quotes in the tender bids, quality of services and experience in handling the Group’s property projects. Considering that Xiangsheng Construction is familiar with the Group’s standards and requirements and is therefore able to accommodate the specific needs of the Group’s property projects, it will be in the Group’s interest to continue to engage Xiangsheng Construction to provide the Construction Services by entering into the 2023 Construction Service Framework Agreement.

In light of the above reasons and the internal controls as mentioned under the paragraph headed “INTERNAL CONTROL MEASURES” of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(2) 2023 LANDSCAPE ENGINEERING SERVICE FRAMEWORK AGREEMENT

Reference is made to the Prospectus in relation to the Landscape Engineering Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Landscape to provide the Landscape Engineering Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Landscape Engineering Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Landscape to provide the Landscape Engineering Services to the Group, the Company entered into the 2023 Landscape Engineering Service Framework Agreement with Xiangsheng Landscape to renew the Landscape Engineering Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Set out below are the principal terms of the 2023 Landscape Engineering Service Framework Agreement:

- Date:** 9 January 2023
- Parties:** (a) The Company; and
(b) Xiangsheng Landscape.
- Subject matter:** Pursuant to the 2023 Landscape Engineering Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Landscape to provide landscape engineering services, including but not limited to greening services, landscaping services, and outdoor road and drainage engineering services (collectively, the “**Landscape Engineering Services**”).

Term: The 2023 Landscape Engineering Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2024 (both days inclusive).

Pricing: The Group shall, where Xiangsheng Landscape is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Landscape to provide the Landscape Engineering Services according to the individual service agreements to be entered into between the Group and Xiangsheng Landscape from time to time.

As a general principle, the price and terms of the individual service agreements in respect of the Landscape Engineering Services to be entered into pursuant to the 2023 Landscape Engineering Service 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 offered to Xiangsheng Landscape no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by the Group shall be determined with reference to the prevailing market price for similar services and types of projects in the open market taking into account various aspects of the projects, such as project scale and positioning, service scope, service period, material and labor costs, technical requirements and complexities.

The 2023 Landscape Engineering Service 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 the Group and Xiangsheng Landscape for the transactions contemplated under the 2023 Landscape Engineering Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Landscape Engineering Services provided by Xiangsheng Landscape to the Group are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the ten months ended 31 October 2022 RMB
Provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group	315,232,000.00	294,669,697.38	93,815,810.56

The annual caps under the Landscape Engineering Service Framework Agreement for each of the three years ended 31 December 2022 were RMB414.9 million, RMB496.6 million and RMB619.2 million, respectively.

Proposed annual caps and basis of determination

Pursuant to the 2023 Landscape Engineering Service Framework Agreement, it is proposed that the annual cap amounts for the Landscape Engineering Services for the two years ending 31 December 2024 are expected not to exceed the following:

	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB
Provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group	80,074,937	12,475,699

The annual caps for the Landscape Engineering Services for each of the two financial years ending 31 December 2024 were determined by reference to the outstanding contract value of the existing landscape engineering service agreements entered into between the Group and Xiangsheng Landscape for the provision of the Landscape Engineering Services by Xiangsheng Landscape for the Group's existing property projects and the projected volumes of these contracts in 2023 and 2024.

It is expected that there will be a decrease in demand for the Landscape Engineering Services by the Group from the year ending 31 December 2023 to the year ending 31 December 2024 owing to a decrease in the number of construction projects and therefore a reduction in landscape projects.

Reasons for and benefits of entering into the 2023 Landscape Engineering Service Framework Agreement

The Group had engaged Xiangsheng Landscape for the provision of the Landscape Engineering Services for its property projects under the Landscape Engineering Service Framework Agreement taking into account various factors such as its credentials, fee quotes, quality of services and landscape engineering capability. Considering that Xiangsheng Landscape is familiar with the Group’s standards and requirements and is therefore able to accommodate the specific needs of its property projects, it will be in the Group’s interests to continue to engage Xiangsheng Landscape to provide the Landscape Engineering Services by entering into the 2023 Landscape Engineering Service Framework Agreement.

In light of the above reasons and the internal controls as mentioned under the paragraph headed “INTERNAL CONTROL MEASURES” of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(3) 2023 SALES MANAGEMENT SERVICE FRAMEWORK AGREEMENT

Reference is made to the Prospectus in relation to the Sales Management Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Property Management Group to provide the Sales Management Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Sales Management Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Property Management Group to provide the Sales Management Services to the Group, the Company entered into the 2023 Sales Management Service Framework Agreement with Xiangsheng Property Management to renew the Sales Management Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2023 (both days inclusive).

Set out below are the principal terms of the 2023 Sales Management Service Framework Agreement:

- Date:** 9 January 2023
- Parties:**
 - (a) The Company; and
 - (b) Xiangsheng Property Management.
- Subject matter:** Pursuant to the 2023 Sales Management Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Property Management Group to provide sales management and other services, including but not limited to reception services, cleaning, car park management, security and maintenance services in showrooms, display units and sales offices for the Group’s property projects, as well as the commercial properties occupied or operated by the Group (collectively, the “Sales Management Services”).

Term: The 2023 Sales Management Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2023 (both days inclusive).

Pricing: The Group shall, where Xiangsheng Property Management Group is selected by the Group following the comparison of the fee quotes provided by different independent service providers, engage Xiangsheng Property Management Group to provide the Sales Management Services according to the individual management agreements to be entered into between the Group and Xiangsheng Property Management Group from time to time.

As a general principle, the price and terms of the individual management agreements in respect of the Sales Management Services to be entered into pursuant to the 2023 Sales Management Service 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 offered to Xiangsheng Property Management Group no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above, the service fees payable by the Group shall be determined based on the fee quotes to be submitted by Xiangsheng Property Management Group. The fee quotes shall take into account the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs and administrative costs), with reference to the rates generally offered to the Group by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market.

The 2023 Sales Management Service 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 the Group and Xiangsheng Property Management Group for the transactions contemplated under the 2023 Sales Management Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Sales Management Services provided by Xiangsheng Property Management Group to the Group are as follows:

	For the year ended 31 December 2020 RMB	For the year ended 31 December 2021 RMB	For the ten months ended 31 October 2022 RMB
Provision of the Sales Management Services by Xiangsheng Property Management Group to the Group	120,700,000.00	104,500,000.00	35,428,917.37

The annual caps under the Sales Management Service Framework Agreement for each of the three years ended 31 December 2022 were RMB134.9 million, RMB177.9 million and RMB216.2 million, respectively.

Proposed annual cap and basis of determination

Pursuant to the 2023 Sales Management Service Framework Agreement, it is proposed that the annual cap amount for the Sales Management Services for the year ending 31 December 2023 is expected not to exceed RMB19,592,876.

The annual cap for the Sales Management Services for the financial year ending 31 December 2023 was determined by reference to the existing property projects of the Group to which Xiangsheng Property Management Group will provide the Sales Management Services during the year ending 31 December 2023 and the expected duration of the pre-sale period of the relevant property projects.

It is expected that there will be a decrease in demand for the Sales Management Services by the Group from the year ended 31 December 2022 to the year ending 31 December 2023 owing to a decrease in the number of property projects available for sales.

Reasons for and benefits of entering into the 2023 Sales Management Service Framework Agreement

The Group had engaged Xiangsheng Property Management Group for the provision of the Sales Management Services for its property projects under the Sales Management Service Framework Agreement taking into account various factors such as Xiangsheng Property Management Group's credentials, fee quotes and quality of services. Considering that Xiangsheng Property Management Group is familiar with the Group's standards and requirements and is therefore able to provide quality services to the Group, it will be in the Group's interests to continue to engage Xiangsheng Property Management Group to provide the Sales Management Services by entering into the 2023 Sales Management Service Framework Agreement.

In view of the above and the internal controls as mentioned under the paragraph headed "INTERNAL CONTROL MEASURES" of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the 2023 Sales Management Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

(4) 2023 PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT

Reference is made to the Prospectus in relation to the Property Management Service Framework Agreement, pursuant to which the Group could engage Xiangsheng Property Management Group to provide the Property Management Services for a term commencing from 18 November 2020 to 31 December 2022.

As the Property Management Service Framework Agreement expired on 31 December 2022 and the Group will continue to procure Xiangsheng Property Management Group to provide the Property Management Services to the Group, the Company entered into the 2023 Property Management Service Framework Agreement with Xiangsheng Property Management to renew the Property Management Service Framework Agreement for a term commencing from 1 January 2023 to 31 December 2023 (both days inclusive).

Set out below are the principal terms of the 2023 Property Management Service Framework Agreement:

Date: 9 January 2023

Parties: (a) The Company; and
(b) Xiangsheng Property Management.

Subject matter: Pursuant to the 2023 Property Management Service Framework Agreement, the parties agreed that the Group could engage Xiangsheng Property Management Group to provide property management services, including but not limited to (i) pre-delivery services prior to the delivery of properties to property owners, such as security, car park management, cleaning, gardening, repair, maintenance and operation of common area and shared facilities; and (ii) property management services for unsold property units held by the Group (collectively, the "**Property Management Services**").

Term: The 2023 Property Management Service Framework Agreement has a fixed term commencing from 1 January 2023 to 31 December 2023 (both days inclusive).

Pricing: The Group shall, where Xiangsheng Property Management Group is selected by the Group following the tender processes in accordance with the relevant PRC laws and regulations, engage Xiangsheng Property Management Group to provide property management services for unsold properties held by the Group according to the tender documents and individual property management agreements to be entered into between the Group and Xiangsheng Property Management Group from time to time. Xiangsheng Property Management Group, if selected to provide property management services for unsold property units held by the Group through the aforesaid tender processes, shall also provide pre-delivery services to the Group.

As a general principle, the price and terms of the individual service agreements in respect of the Property Management Services to be entered into pursuant to the 2023 Property Management Service 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 offered to Xiangsheng Property Management Group no more favorable than those offered by the Group to Independent Third Parties. Subject to the general principle disclosed above:

- (i) the management fees for the property management services for unsold property units are charged based on the GFA of the unsold property units, which shall be determined based on the fee quotes to be submitted by Xiangsheng Property Management Group under the relevant tender bids. The fee quotes shall take into account the nature, size and location of the property projects, the service scopes and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to the rates generally offered to the Group by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities (if any). The rates of the management fees charged for the unsold property units are the same as the rates charged to other independent property owners in the same property projects as stipulated in the individual property management agreements; and

- (ii) the service fees for pre-delivery services are charged based on the expected delivered GFA of the property units, the labor and administration costs to be incurred by Xiangsheng Property Management Group, as well as the rates generally offered to the Group by Independent Third Parties in respect of comparable services, the fees for similar services and types of projects in the market and the pricing terms as recommended by the relevant government authorities (if any).

The 2023 Property Management Service 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 the Group and Xiangsheng Property Management Group for the transactions contemplated under the 2023 Property Management Service Framework Agreement.

Historical transaction amounts

The historical transaction amounts for the Property Management Services provided by Xiangsheng Property Management Group to the Group are as follows:

	For the year ended 31 December 2020 <i>RMB</i>	For the year ended 31 December 2021 <i>RMB</i>	For the ten months ended 31 October 2022 <i>RMB</i>
Provision of the Property Management Services by Xiangsheng Property Management Group to the Group	54,500,000.00	49,900,000.00	42,790,294.50

The annual caps under the Property Management Service Framework Agreement for each of the three years ended 31 December 2022 were RMB54.7 million, RMB59.4 million and RMB64.0 million, respectively.

Proposed annual cap and basis of determination

Pursuant to the 2023 Property Management Service Framework Agreement, it is proposed that the annual cap amount for the Property Management Services provided by Xiangsheng Property Management Group to the Group for the year ending 31 December 2023 is expected not to exceed RMB24,051,703.

The annual cap for the Property Management Services for the financial year ending 31 December 2023 was determined by reference to: (i) the estimated delivered GFA of the Group for the year ending 31 December 2023. Such delivered GFA is estimated with reference to the existing property projects of the Group, the delivery schedule of the Group's existing property projects and future property development plans; (ii) the estimated GFA of the projected unsold property units of the Group for the year ending 31 December 2023, which is estimated based on the estimated delivered GFA of the Group for the year ending 31 December 2023; and (iii) the estimated rates of service fees and management fees for the Property Management Services payable to Xiangsheng Property Management Group during the year ending 31 December 2023 with reference to (a) the rates of service fees and management fees as set out in the existing property management service contracts entered into between the Group and Xiangsheng Property Management Group; and (b) the average service fees and management fees charged by Xiangsheng Property Management Group for the Group's existing property projects pursuant to the property management service contracts entered into between the Group and Xiangsheng Property Management Group under the Property Management Service Framework Agreement.

It is expected that there will be a decrease in demand for the Property Management Services by the Group from the year ended 31 December 2022 to the year ending 31 December 2023 owing to the decrease in the number of property projects expected to be delivered.

Reasons for and benefits of entering into the 2023 Property Management Service Framework Agreement

The Group had engaged Xiangsheng Property Management Group for the provision of the Property Management Services for its property projects by way of tender in accordance with the relevant PRC laws and regulations or comparison of quotations under the Property Management Service Framework Agreement, taking into account various factors such as its credentials, fee quotes and quality of services. The terms of transactions with Xiangsheng Property Management Group, including the pricing and credit terms, are comparable to the transactions of similar nature with other independent service providers. Considering that Xiangsheng Property Management Group has been providing quality services to the Group at terms which are comparable to other independent services providers, it will be in the Group's interests to continue to engage Xiangsheng Property Management Group to provide the Property Management Services by entering into the 2023 Property Management Service Framework Agreement.

In light of the above reasons and the internal controls as mentioned under the paragraph headed "INTERNAL CONTROL MEASURES" of this announcement, the Board (including the independent non-executive Directors) considers that the terms of the 2023 Property Management Service Framework Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiangsheng Construction is wholly-owned by Xiangsheng Industrial, which is in turn owned as to 99% by Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and 1% by Mr. Chen Hongni, being Mr. Chen Guoxiang's son and an executive Director. Xiangsheng Construction is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Construction Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Xiangsheng Landscape is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. Xiangsheng Landscape is therefore an associate of Mr. Chen Guoxiang, a controlling shareholder of the Company and an executive Director, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Xiangsheng Property Management is indirectly wholly owned by Shinsun Services. 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 Guoxiang, the settlor, with Mr. Chen Guoxiang and his family members as the beneficiaries. Xiangsheng Property Management is therefore an associate of Mr. Chen Guoxiang and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement and the respective transactions contemplated thereunder shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under each of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement is more than 5%, each of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps under each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement exceed 0.1% but all of them are less than 5%, each of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement is only subject to the reporting and announcement requirements, and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held to seek the approval of the Independent Shareholders for entering into the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement are fair and reasonable, and whether such continuing connected transactions (including the annual caps in relation thereto) contemplated thereunder are on normal commercial terms, 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 to advise the Independent Shareholders on how to vote at the EGM after taking into account the recommendations of the Independent Financial Adviser.

Dongxing Securities (Hong Kong) Company Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions).

CIRCULAR

A circular containing, among other things, (i) further information on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement; (ii) the notice of the EGM; (iii) the letter from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders regarding the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder; and (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in connection thereto, will be despatched to the Shareholders as soon as practicable. It is currently expected that the circular will be despatched to the Shareholders on or before 2 February 2023.

INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the New Framework Agreements will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Company transacts business with other independent service providers or transaction parties and shall be on terms which are no less favorable to the Group than those offered by other independent service providers or transaction parties.

In respect of the 2023 Construction Service Framework Agreement, the Group generally invites at least three qualified construction service providers to submit tender and select the construction service provider taking into account various factors including the professional qualifications, technical capabilities, track record, project team requirement and pricing terms of the construction service providers. Xiangsheng Construction has been and will be invited to participate in the tender process as one of the three qualified construction service providers. In the event that the fee quote under a tender bid submitted by a construction service provider is lower by 10% than (i) the second lowest fee quote among the tender bids submitted to the Group; (ii) the reference price as set out in the invitation to tender documents issued by the Group; and (iii) the average fee quotes under the tender bids submitted to the Group, the Group will commence an internal procedure to consider whether such fee quote is unreasonably low based on cost analysis and deem such tender bid invalid as appropriate.

In respect of the 2023 Landscape Engineering Service Framework Agreement, the Group generally obtains fee quotes from at least three landscape service providers and select the landscape service provider based on various factors, including landscape engineering capability, pricing and credit terms, duration and quality of services.

In respect of the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement, the Group generally obtains fee quotes from at least three other independent service providers from time to time for comparison.

The respective pricing policies for the continuing connected transactions of the Company under the New Framework Agreements will be supervised and monitored by the relevant personnel and management of the Company to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policies of the Company and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The relevant personnel and management of the Company will conduct regular checks and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the relevant agreement and will also regularly review whether the price charged/paid for a specific transaction is fair and reasonable and in accordance with the applicable pricing policy. The independent non-executive Directors will continue to review the transactions contemplated under each of the New Framework Agreements, and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the New Framework Agreements have 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

Since each of Xiangsheng Construction, Xiangsheng Landscape and Xiangsheng Property Management is an associate of Mr. Chen Guoxiang, Mr. Chen Guoxiang is considered to have a material interest in the transactions contemplated under the New Framework Agreements and therefore has abstained from voting on the Board resolutions approving the entering into of the New Framework Agreements and the transactions contemplated thereunder.

Since Mr. Chen Hongni has interest in Xiangsheng Construction and each of Xiangsheng Landscape and Xiangsheng Property Management is an associate of his father, Mr. Chen Guoxiang, Mr. Chen Hongni is considered to have a material interest in the transactions contemplated under the New Framework Agreements and therefore has abstained from voting on the Board resolutions approving the entering into of the New Framework Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the New Framework Agreements and is therefore required to abstain from voting on the Board resolutions approving the entering into of the New Framework Agreements and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES TO THE NEW FRAMEWORK AGREEMENTS

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in developing and selling properties in cities in Zhejiang Province and other cities in the Pan-Yangtze River Delta Region in the PRC.

Xiangsheng Industrial

Xiangsheng Industrial is a company established in the PRC with limited liability and is owned as to 99% by Mr. Chen Guoxiang and 1% by Mr. Chen Hongni. It is principally engaged in business investment, domestic trade, the provision of real estate agency services and hotel management.

Xiangsheng Construction

Xiangsheng Construction is a company established in the PRC with limited liability and a wholly-owned subsidiary of Xiangsheng Industrial. It is a general contractor of building construction projects.

Xiangsheng Landscape

Xiangsheng Landscape is a company established in the PRC with limited liability and is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang. It is principally engaged in landscape engineering and architecture, municipal public works, interior and exterior decoration engineering design and construction.

Xiangsheng Property Management

Xiangsheng Property Management is indirectly wholly owned by Shinsun Services. 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 Guoxiang, the settlor, with Mr. Chen Guoxiang and his family members as the beneficiaries. The remaining 2% equity interest in Shinsun Services is owned by Golden Stone Development Limited, a company incorporated in the British Virgin Islands which is wholly-owned by Mr. Shou Bainian, an Independent Third Party. It is principally engaged in the provision of property management services.

DEFINITIONS

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

“2023 Construction Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Construction on 9 January 2023 in relation to the renewal of the Construction Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2024 (both days inclusive)
“2023 Landscape Engineering Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Landscape on 9 January 2023 in relation to the renewal of the Landscape Engineering Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2024 (both days inclusive)
“2023 Property Management Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Property Management on 9 January 2023 in relation to the renewal of the Property Management Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2023 (both days inclusive)
“2023 Sales Management Service Framework Agreement”	the agreement entered into between the Company and Xiangsheng Property Management on 9 January 2023 in relation to the renewal of the Sales Management Service Framework Agreement for a term commencing from 1 January 2023 and ending on 31 December 2023 (both days inclusive)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2019, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02599)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Construction Service Framework Agreement”	the construction service framework agreement entered into between the Company and Xiangsheng Construction on 26 October 2020 in relation to the provision of the Construction Services by Xiangsheng Construction to the Group for a term from 18 November 2020 to 31 December 2022
“Construction Services”	as defined under the paragraph headed “(1) 2023 CONSTRUCTION SERVICE FRAMEWORK AGREEMENT” of this announcement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps for those transactions)
“Existing Framework Agreements”	collectively, the Construction Service Framework Agreement, the Landscape Engineering Service Framework Agreement, the Sales Management Service Framework Agreement and the Property Management Service Framework Agreement
“Family Trust”	CGX Family Trust, being a discretionary trust established on 23 March 2020 by Mr. Chen Guoxiang as the settlor, with TMF (Cayman) Ltd. as the trustee
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu, established to advise the Independent Shareholders on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the annual caps for those transactions)

“Independent Financial Adviser”	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the 2023 Construction Service Framework Agreement and the 2023 Landscape Engineering Service Framework Agreement and the transactions contemplated thereunder (including the annual caps for those transactions)
“Independent Shareholders”	the Shareholders other than Mr. Chen Guoxiang and his associates
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Landscape Engineering Service Framework Agreement”	the landscape engineering service framework agreement entered into between the Company and Xiangsheng Landscape on 26 October 2020 in relation to the provision of the Landscape Engineering Services by Xiangsheng Landscape to the Group for a term from 18 November 2020 to 31 December 2022
“Landscape Engineering Services”	as defined under the paragraph headed “(2) 2023 LANDSCAPE ENGINEERING SERVICE FRAMEWORK AGREEMENT” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Framework Agreements”	collectively, the 2023 Construction Service Framework Agreement, the 2023 Landscape Engineering Service Framework Agreement, the 2023 Sales Management Service Framework Agreement and the 2023 Property Management Service Framework Agreement
“PRC”	the People’s Republic of China
“Property Management Service Framework Agreement”	the property management service framework agreement entered into between the Company and Xiangsheng Property Management on 26 October 2020 in relation to the provision of the Property Management Services by the Xiangsheng Property Management Group to the Group for a term from 18 November 2020 to 31 December 2022
“Property Management Services”	as defined under the paragraph headed “(4) 2023 PROPERTY MANAGEMENT SERVICE FRAMEWORK AGREEMENT” of this announcement

“Prospectus”	the prospectus of the Company dated 30 October 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Management Service Framework Agreement”	the sales management service framework agreement entered into between the Company and Xiangsheng Property Management on 26 October 2020 in relation to the provision of the Sales Management Services by the Xiangsheng Property Management Group to the Group for a term from 18 November 2020 to 31 December 2022
“Sales Management Services”	as defined under the paragraph headed “(3) 2023 SALES MANAGEMENT SERVICE FRAMEWORK AGREEMENT” of this announcement
“Shareholder(s)”	shareholder(s) of the Company
“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
“Shinlight”	Shinlight Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Shinfamily Holdings, and is a controlling shareholder of the Company
“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 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 which is wholly-owned by Mr. Shou Bainian
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Xiangsheng Construction”	Zhejiang Xiangsheng Construction Co., Ltd.* (浙江祥生建設工程有限公司), a company established in the PRC with limited liability on 30 May 1995 and is wholly-owned by Xiangsheng Industrial

“Xiangsheng Industrial”	Xiangsheng Industrial Group Co., Ltd. (祥生實業集團有限公司), a company established in the PRC with limited liability on 7 July 1995 and is owned as to 99% by Mr. Chen Guoxiang and 1% by Mr. Chen Hongni
“Xiangsheng Landscape”	Zhuji Xiangsheng Landscape Engineering Co., Ltd.* (諸暨市祥生園林綠化工程有限公司), a company established in the PRC with limited liability on 13 January 2003 which is owned as to 50% by Mr. Chen Guoqing, the brother of Mr. Chen Guoxiang, and 50% by Ms. Chen Zhiping, the sister of Mr. Chen Guoxiang
“Xiangsheng Property Management”	Zhejiang Xiangsheng Property Management Service Co., Ltd.* (浙江祥生物業服務有限公司), a company established in the PRC with limited liability on 6 December 2000 and is indirectly wholly-owned by Shinsun Services
“Xiangsheng Property Management Group”	Xiangsheng Property Management and its subsidiaries
“%”	per cent

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

Hong Kong, 9 January 2023

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang and Mr. Chen Hongni as executive Directors; and Mr. Ding Jiangang, Mr. Ma Hongman and Mr. Hung Yuk Miu as independent non-executive Directors.

* *For identification purpose only*