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三盛控股

Sansheng Holdings (Group) Co. Ltd.

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三盛控股(集團)有限公司

(formerly known as “Lifestyle Properties Development Limited 利福地產發展有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2183)

- (1) VERY SUBSTANTIAL ACQUISITION:
ACQUISITION OF 80% OF THE ISSUED SHARE CAPITAL OF
ZHANGQIU ZHENGDA TIANYUAN
PROPERTY DEVELOPMENT LIMITED;**
- (2) MAJOR TRANSACTION: PROVISION OF FINANCIAL ASSISTANCE
TO THE TARGET COMPANY;
AND**
- (3) RESUMPTION OF TRADING**

THE AGREEMENT

On 23 August 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 80% of the issued share capital of the Target Company for the Consideration up to RMB86,400,000 (equivalent to approximately HK\$101,088,000), subject to the adjustment.

The Purchaser also conditionally agreed to provide to the Target Company the Loans of a total of RMB688,000,000 (equivalent to approximately HK\$804,960,000) as the Purchaser's proportionate contribution to the funding of the Land to be acquired by the Target Company according to its shareholding in the Target Company upon Completion. The Loans include (i) the Entrusted Loan in the principal amount of RMB400,000,000 (equivalent to approximately HK\$468,000,000); and (ii) the Other Loan in the principal amount of RMB288,000,000 (equivalent to HK\$336,960,000).

LISTING RULES IMPLICATIONS

As one of the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore is subject to the requirements of reporting, announcement and Shareholders' approval under the Listing Rules.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

The provision of the Loans also constitutes a major transaction for the Company under the Listing Rule, which requires reporting, announcement and Shareholders' approval. The Company intends to obtain written Shareholders' approval from Mega Regal Limited, the controlling Shareholders holding 74.66% of the issued share capital of the Company as at the date of this announcement.

A circular containing, among others, (i) the details of the Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Company; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Target Company; (vi) the notice convening the EGM; and (vii) other information as required under the Listing Rules, is expected to be despatched on or before 25 September 2017 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 24 August 2017 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28 August 2017.

INTRODUCTION

The Board is pleased to announce that on 23 August 2017 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 80% of the issued share capital of the Target Company for the Consideration up to RMB86,400,000 (equivalent to approximately HK\$101,088,000), subject to the adjustment.

The Purchaser also conditionally agreed to provide to the Target Company the Loans of a total of RMB688,000,000 (equivalent to approximately HK\$804,960,000) as the Purchaser's proportionate contribution to the funding of the Land to be acquired by the Target Company according to its shareholding in the Target Company upon Completion. The Loans include (i) the Entrusted Loan in the principal amount of RMB400,000,000 (equivalent to approximately HK\$468,000,000); and (ii) the Other Loan in the principal amount of RMB288,000,000 (equivalent to HK\$336,960,000).

Principal terms of the Agreement are set out below:

THE AGREEMENT

Date:

23 August 2017

Parties:

Purchaser : Fuzhou Shangsheng Development Limited* (福州上盛投資有限公司), a direct wholly-owned subsidiary of the Company;

Vendor : Mr. Zheng Huangong, who holds 100% of the issued share capital of the Target Company;

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

Subject matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, being 80% of the issued share capital of the Target Company.

Further information on the Target Company is set out in the section headed "Information on the Target Company" below.

Consideration

Pursuant to the Agreement, the Consideration of RMB86,400,000 (equivalent to approximately HK\$101,088,000) was determined after arm's length negotiation by the parties to the Agreement based on 80% of the sum of (i) the registered capital of the Target Company of RMB18,000,000 (equivalent to approximately HK\$21,060,000); and (ii) the estimated retained earnings of the Target Company of RMB90,000,000 (equivalent to approximately HK\$105,300,000) recorded after all the residential units of the Projects are sold and the relevant tax expenses thereof are fully settled (the "**Retained Earnings**"). The Consideration is therefore subject to the adjustment that in the event the actual Retained Earnings are lower than RMB90,000,000, the Consideration shall be reduced on a dollar-to-dollar basis.

The Consideration up to RMB86,400,000 (equivalent to approximately HK\$101,088,000) shall be payable to the Vendor in cash by the Purchaser as follows:

- (a) as to RMB14,000,000 (equivalent to approximately HK\$16,380,000) payable within a day upon Completion; and
- (b) as to RMB72,400,000 (equivalent to approximately HK\$84,708,000) (subject to adjustment as mentioned above) payable within five Business Days immediately after the Retained Earnings are ascertained.

The Loans

In June 2017, the Target Company won a bid for the Land in an auction held by Jinan Bureau of Land and Resource* (濟南市章丘區國土資源局) for a consideration of RMB822,130,000 (equivalent to approximately HK\$961,892,100) and has paid part of the consideration of RMB434,130,000 (equivalent to approximately HK\$507,932,100) by way of the shareholders' loan provided by the Vendor (the "**Shareholders Loans**") and other external financing. With a view to satisfying the balance consideration of the Land and the relevant tax expenses of approximately RMB40,000,000 (equivalent to approximately HK\$46,800,000) and given the Purchaser shall be responsible for the proportionate funding for the Land according to its shareholding in the Target Company, the Purchaser agreed under the Agreement to provide to the Target Company (i) the Entrusted Loan in the principal amount of RMB400,000,000 (equivalent to approximately HK\$468,000,000) within five Business Days upon signing of Agreement for satisfying the balance consideration of the Land; and (ii) the Other Loan in the principal amount of RMB288,000,000 (equivalent to approximately HK\$336,960,000) for the repayment of the Shareholders Loans immediately after the Target Company obtained the certificate of the land use rights of the Land (in the event that the Target Company is unable to obtain external financing). Details of the Land and the Projects of the Target Company are set out in the section "Information on the Target Company" below.

The provision of the Entrusted Loan will be subject to (i) the relevant company chop and business licence of the Target Company having been jointly kept by the Purchaser and the Vendor; (ii) the Vendor having provided guarantee for the Entrusted Loan in favor of the Purchaser; and (iii) the Vendor having pledged its entire equity interest in the Target Company in favour of the Purchaser as security for the Entrusted Loan. In addition, within three days after the provision of the Entrusted Loan, the Vendor shall provide additional security including (i) a pledge on the properties of the Target Company valued at not less than RMB200,000,000 (equivalent to approximately HK\$234,000,000) (the "**Properties Pledge**"); and (ii) a pledge on the Land within three Business Days of obtaining the certificate of land use rights of the Land (the "**Land Pledge**"), in favour of the Purchaser. The Properties Pledge can be released within five days upon Completion and the Land Pledge will only be released upon full repayment of the Entrusted Loan. If the Acquisition does not proceed, the Target Company shall repay the Entrusted Loan with interest of 15% per annum.

Basis of the Consideration

The Consideration of RMB86,400,000 (equivalent to approximately HK\$101,088,000) was determined after arms' length negotiation between the parties to the Agreement by reference to 80% of the sum of (i) the registered share capital of the Target Company of RMB18,000,000 (equivalent to approximately HK\$21,060,000); and (ii) the Retained Earnings of RMB90,000,000 (equivalent to approximately HK\$105,300,000).

A valuation report of the Target Company will be prepared by an independent professional valuer and be included in the circular for Shareholders' information.

The Group intends to finance the Consideration and the Loans by way of internal resources and the revolving facility of RMB3,000,000,000 (equivalent to approximately HK\$3,510,000,000) provided by Mr. Lin Rongbin (being the controlling Shareholder and an executive Director) on 18 August 2017.

Conditions precedent

Completion is subject to the fulfilment of the following conditions:

- (i) the Shareholders having approved the Agreement and the transactions contemplated thereunder; and
- (ii) the Purchaser having obtained all necessary approval from the Stock Exchange and having made all necessary disclosures as required under the Listing Rules.

Completion

Completion shall take place on the fifth calendar day upon the fulfilment of all conditions precedent to the Agreement.

Upon Completion, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in 2014 in the PRC with limited liability and is wholly owned by the Vendor. It is principally engaged in property development and has completed the development of the three Projects in Zhangqiu district of Jinan City with an aggregate area of 241,109 sqm. The Projects involves the construction of placement housings and other residential buildings in Zhangqiu district. As at the date of this announcement, all construction work of the Projects was completed but no revenue other than that from the sales of the placement housing has been recognized given the receipts in advance for the pre-sales of other residential units of the Projects will only be recognized as revenue after the transfer of the title is completed.

As mentioned in the section headed "The Loans" above, the Target Company will complete the acquisition of the Land upon the payment of the consideration and the relevant tax expenses of approximately RMB862,130,000 (equivalent to approximately HK\$1,008,692,100), which is financed by the shareholders' loans provided by the Vendor

or other external financing of the Target Company and the Loans. The Land is located in Zhangqiu district of Jinan City and has an area of approximately 60,032 sqm., which is for residential purpose.

Financial Information of the Target Company

Set out below is the summary of the unaudited financial information of the Target Company provided by the Vendor for the two years ended 31 December 2015 and 2016 prepared in accordance with the PRC GAAP:

<i>(in million)</i>	For the year ended 31 December			
	2016		2015	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
Loss before and after taxation	42.3	49.5	4.1	4.8
			As at 31 December 2016	
<i>(in million)</i>			<i>RMB</i>	<i>HK\$</i>
Net liabilities			28.4	33.2

As advised by the Vendor, the Target Company recorded a net loss before and after taxation for the year ended 31 December 2016 mainly because most of the sales of the residential units of the Projects were presales only and therefore only revenue from the sales of placement housing (which is of lower profit margin) completed with title transfer were recognized.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property investment.

Subsequent to the announcement of the proposed acquisition of 90% equity interest in a company which principal assets are two parcels of land in Pingtan County, Fujian Province, the PRC (details of which are set out in the announcement of the Company dated 17 August 2017), the Board targets to further enhance its existing property development business by way of the Acquisition. The Board in substance aims at acquiring the Land to increase its land bank in the cities where the residential property markets are of promising prospects. The Land is located in Zhangqiu district of Jinan City and the Board is optimistic about the prospects of the Jinan's residential property market having taken into account the significant increases in the total area of residential housing sold and the sale price for residential housings in 2016 of approximately 33.4% and 48.9% respectively.

The Directors consider that the Acquisition can leverage on the expertise of the Group's management team and Mr. Lin's strong presence in the PRC property market to enhance the long-term growth potential of the Group.

Having considered the above, the Board is of the view that the Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and therefore is subject to the requirements of reporting, announcement and Shareholders' approval under the Listing Rules.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

The provision of the Loans also constitutes a major transaction for the Company under the Listing Rule, which requires reporting, announcement and Shareholders' approval. The Company intends to obtain written Shareholders' approval from Mega Regal Limited, the controlling Shareholders holding 74.66% of the issued share capital of the Company as at the date of this announcement.

A circular containing, among others, (i) the details of the Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Company; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the valuation report of the Target Company; (vi) the notice convening the EGM; and (vii) other information as required under the Listing Rules, is expected to be despatched on or before 25 September 2017 after taking into account the estimated time required for the Company to prepare relevant information for inclusion in the circular.

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of 80% issued share capital of the Target Company by the Purchaser
“Agreement”	the agreement entered into between the Purchaser and the Vendor in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Sansheng Holdings (Group) Co. Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2183)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration for the Sale Shares
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held and convened for the Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Agreement and transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“Entrusted Loan”	an entrusted loan in principal amount of RMB400,000,000 (equivalent to approximately HK\$468,000,000) to be provided by the Purchaser through a bank trustee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Land”	a parcel of land located in Zhangqiu district of Jinan City with an area of approximately 60,032 sqm for residential use
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the Entrusted Loan and the Other Loan
“Other Loan”	a loan in the principal amount of RMB288,000,000 (equivalent to approximately HK\$336,960,000) to be provided by the Purchaser to the Target Company for working capital purpose
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Projects”	three development projects of the Target Company located in Zhangqiu district of Jinan City
“Purchaser”	Fuzhou Shangsheng Investment Co. Ltd* (福州上盛投資有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Sale Shares”	80% of the issued share capital of the Target Company
“sqm”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhangqiu Zhengda Tianyuan Development Limited* (章丘正大天源置業有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Mr. Zheng Huangang* (鄭煥剛), the sole shareholder of the Target Company
“%”	per cent

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.17. Such translations should not be construed as a representation that the amounts have been, could have been or could be, converted at such rate or at all.

* *The English translation of the Chinese names denoted in this announcement is for illustration purpose only. Should there be any inconsistencies, the Chinese names prevail.*

By order of the Board
Sansheng Holdings (Group) Co. Ltd.
*(formerly known as Lifestyle Properties
Development Limited)*
Lin Rongbin
Chairman

Hong Kong, 27 August 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lin Rongbin and Ms. Cheng Xuan; two non-executive Directors, namely Mr. Xiao Zhong and Mr. Xu Jianwen; and three independent non-executive Directors, namely Mr. Pan Dexiang, Mr. Yuan Chun and Mr. Zhong Bin.