



Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

REVISED ANNUAL CAP FOR AND RENEWAL OF CONTINUING CONNECTED TRANSACTION

REVISED ANNUAL CAP FOR AND RENEWAL OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 8 November 2016 in relation to the 2016 Master Pre-delivery Property Management Agreement, pursuant to which Rongxin Shiou Property has agreed to provide Pre-delivery Property Management Services to the Group at the pre-sale and pre-delivery stages for a term which commenced from the date of the Master Pre-delivery Property Management Agreement (i.e. 8 November 2016) and ending on 31 December 2018 (both days inclusive).

Due to (i) the expected increases in the demand for the Pre-delivery Property Management Services to be provided by Rongxin Shiou Property and its subsidiaries to the Group for the remaining term of the 2016 Master Pre-delivery Property Management Agreement and (ii) certain other additional Property Management Services to be provided by Rongxin Shiou Property to the Group, the Directors expect that the service fees to be paid by the Group to Rongxin Shiou Property in relation to the provision of the Pre-delivery Property Management Services, together with the additional Property Management Services to be provided by Rongxin Shiou Property to the Group, under the 2016 Master Pre-delivery Property Management Agreement will exceed the annual cap provided under the 2016 Master Pre-delivery Property Management Agreement for the year ending 31 December 2018. Accordingly, on 23 November 2018, Rongxin Shiou Property and the Company entered into the Supplemental and Renewal Agreement in relation to the Revision.

Further, as the 2016 Master Pre-delivery Property Management Agreement will be expiring on 31 December 2018 and since it is anticipated that the Group will continue to procure the Property Management Services (including the Pre-delivery Property Management Services) from Rongxin Shiou Property, the Supplemental and Renewal Agreement was entered into on 23 November 2018 between Rongxin Shiou Property and the Company in relation to the Renewal to renew the 2016 Master Pre-delivery Property Management Agreement for a term of two years commencing from 1 January 2019 to 31 December 2020 (both days inclusive).

LISTING RULES' IMPLICATION

As at the date of this announcement, Rongxin Shiou Property is indirectly controlled by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Rongxin Shiou Property and its subsidiaries are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Property Management Services (including the Pre-delivery Property Management Services) by Rongxin Shiou Property and its subsidiaries and the entering into of the Supplemental and Renewal Agreement by the Company and Rongxin Shiou Property constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) for the proposed annual cap amounts under the Supplemental and Renewal Agreement is or are, on an annual basis, expected to exceed 0.1% but less than 5%, and the Revision and the Renewal contemplated under the Supplemental and Renewal Agreement are subject to the reporting, annual review and announcement requirements, but are exempted from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 8 November 2016 in relation to the 2016 Master Pre-delivery Property Management Agreement, pursuant to which Rongxin Shiou Property has agreed to provide pre-delivery property management services to the Group at the pre-sale and pre-delivery stages for a term which commenced from the date of the Master Pre-delivery Property Management Agreement (i.e. 8 November 2016) and ending on 31 December 2018 (both days inclusive).

Details of the 2016 Master Pre-delivery Property Management Agreement are set out below:

2016 MASTER PRE-DELIVERY PROPERTY MANAGEMENT AGREEMENT

Date: 8 November 2016

Parties: (a) the Company
(b) Rongxin Shiou Property

Subject: Pursuant to the 2016 Master Pre-delivery Property Management Agreement, the parties agreed that Rongxin Shiou Property will provide pre-delivery property management services at the pre-sale and pre-delivery stages (including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services (collectively, the “**Pre-delivery Property Management Services**”) to the property projects of the Group in the PRC.

Term: The 2016 Master Pre-delivery Property Management Agreement has a fixed term, which commenced from the date of the 2016 Master Pre-delivery Property Management Agreement (i.e. 8 November 2016) and ending on 31 December 2018 (both days inclusive).

REVISION OF ANNUAL CAP AND SERVICES PROVIDED UNDER THE 2016 MASTER PRE-DELIVERY PROPERTY MANAGEMENT AGREEMENT

Existing Annual Caps and Services Provided

Pursuant to the 2016 Master Pre-delivery Property Management Agreement, the annual cap amounts for the Pre-delivery Property Management Services for each of the two financial years ended 31 December 2016 and 2017 as well as the financial year ending 31 December 2018 is as follows:

	2016	2017	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of Pre-delivery Property Management Services by Rongxin Shiou Property to the Group	<u>40,000,000</u>	<u>55,000,000</u>	<u>65,000,000</u>

The total actual transaction amount for the provision of the Pre-delivery Property Management Services by Rongxin Shiou Property for each of the two financial years ended 31 December 2016 and 2017 and the period from 1 January 2018 up till 31 October 2018 is as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the period from 1 January 2018 till 31 October 2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amount for the provision of Pre-delivery Property Management Services by Rongxin Shiou Property to the Group	<u>34,400,000</u>	<u>45,500,000</u>	<u>63,240,000</u>

The Directors confirm that the annual cap for the provision of Pre-delivery Property Management Services under the 2016 Master Pre-delivery Property Management Agreement for the year ending 31 December 2018 have not been exceeded up to the date of this announcement.

The Revisions

On 23 November 2018, Rongxin Shiou Property and the Company entered into the Supplemental and Renewal Agreement, pursuant to which Rongxin Shiou Property and the Company agreed, among others:

- (i) for Rongxin Shiou Property to provide certain property management services including real estate information consulting, project design, construction and agency sales services, construction maintenance and repair services and marketing promotion service, in addition to the Pre-delivery Property Management Services (such services shall be, together the with the Pre-delivery Property Management Services, hereinafter referred to as the “**Property Management Services**”) under the scope of the 2016 Master Pre-delivery Property Management Agreement; and
- (ii) to increase the annual cap of the service fee to be paid by the Group to Rongxin Shiou Property under 2016 Master Pre-delivery Property Management Agreement for the year 31 December 2018 from RMB65,000,000 to RMB140,000,000 (collectively the “**Revisions**”).

Saved for the Revisions, all other material terms of the 2016 Master Pre-delivery Property Management Agreement shall remain unchanged.

The Revisions made and the Reasons for the Supplemental and Renewal Agreement

Rongxin Shiou Property is a company principally engaged in property management, property information and intermediary service and building repair, water-bearing equipment design and installation services business in the PRC. Rongxin Shiou Property, being a professional service provider in this area, has been providing pre-delivery property management services to the Rongxin Shiou Property since May 2011.

Due to the expected increases in the demand for the Pre-delivery Property Management Services as well as the additional Property Management Services to be provided by Rongxin Shiou Property to the Group for the remaining term of the 2016 Master Pre-delivery Property Management Agreement, as a result, the Directors expect that the service fees to be paid by the Group to Rongxin Shiou Property (including other member(s) of Rongxin Shiou Property) in relation to the provision of the Pre-delivery Property Management under the 2016 Master Pre-delivery Property Management Agreement will exceed the annual cap provided under the 2016 Master Pre-delivery Property Management Agreement for the year ending 31 December 2018.

The Revised 2018 Annual Cap for the provision of the Property Management Service by Rongxin Shiou Property to the Group under the Supplemental and Renewal Agreement for the year ending 31 December 2018 was determined after arm's length negotiation between the Group and Rongxin Shiou Property with reference to (i) the historical transaction amounts payable by the Group to Rongxin Shiou Property for the two years ended 31 December 2017 and the ten months ended 31 October 2018; (ii) the expected amount of service fees payable to Rongxin Shiou Property for the provision of the Property Management Services as a result of new services provided by the Shiou Group, including information consulting, project construction and agency sales etc.; (iii) fees incurred for certain one time services including construction maintenance and repair service and marketing promotion services; and (iv) the unit price per square meter as agreed from time to time.

In light of the above, the Directors (including the independent non-executive Directors but excluding the Interested Director) consider that the Revised 2018 Annual Cap under the Supplemental and Renewal Agreement are entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms between Rongxin Shiou Property and the Company, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

RENEWAL OF THE 2016 MASTER PRE-DELIVERY PROPERTY MANAGEMENT AGREEMENT

Further, as the 2016 Master Pre-delivery Property Management Agreement will be expiring on 31 December 2018 and since it is anticipated that the Group will continue to procure the Property Management Services, together with other Property Management Services (including the Pre-delivery Property Management Services), Rongxin Shiou Property, the Supplemental and Renewal Agreement was entered into on 23 November 2018 between Rongxin Shiou Property and the Company to also renew the 2016 Master Pre-delivery Property Management Agreement for a term of two years commencing from 1 January 2019 to 31 December 2020 (both days inclusive) (the “**Renewal**”).

Set out below are the principal terms of the Supplemental and Renewal Agreement:

Date: 23 November 2018

Parties: (a) the Company
(b) Rongxin Shiou Property

Subject: Pursuant to the Supplemental and Renewal Agreement, the parties agreed that Rongxin Shiou Property will provide Property Management Services to the property projects of the Group in the PRC.

Term: Pursuant to the Supplemental and Renewal Agreement, the parties agreed to renew the transactions contemplated under the 2016 Master Pre-delivery Property Management Agreement for a further term of two years from 1 January 2019 to 31 December 2020.

Pricing: As a general principle, the price and terms of the individual services agreement in respect of the Property Management Services to be provided pursuant to Supplemental and Renewal Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group. Subject to the general principle disclosed above, the service fee payable by the Company to Rongxin Shiou Property for the Property Management Services shall be determined with reference to (i) the total area of the property projects of the Group in the PRC for which Pre-delivery Property Management Services is required for the two years ending 31 December 2020; (ii) the costs to be incurred by Rongxin Shiou Property for the provision of the Property Management Services (including the salaries and benefits, costs incurred for the use of facilities and disbursements to third parties etc.); (iii) the quality of services provided by Rongxin Shiou Property and level of customer satisfaction; (iv) Rongxin Shiou Property’s foundry with the circumstance of the Group’s property prospects; and (v) comparable market price where the normal costs of property management services concerned will be taken into account.

Payment: Payment for the Pre-delivery Property Management Services will be settled by bank transfer at credit terms to be agreed by the parties in accordance with market practice.

The Supplemental and Renewal 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 Rongxin Shiou Property and the Company and/or its subsidiaries for the transactions contemplated under the Supplemental and Renewal Agreement.

Annual Caps and Basis of Determination

Pursuant to the Supplemental and Renewal Agreement, it is proposed that the cap amount for the Property Management Services for the financial year ending 31 December 2018 will be revised to the Revised 2018 Annual Cap and the cap amounts for the Pre-delivery Property Management Services for each of the two financial years ending 31 December 2020 is expected not to exceed the following:

	2018	2019	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of Pre-delivery Property Management Services by Rongxin Shiou Property to the Group	<u>140,000,000</u>	<u>220,000,000</u>	<u>250,000,000</u>

The annual caps for the Property Management Services for each of the two financial years ending 31 December 2020 were determined by reference to: (i) the historical transaction amounts payable by the Group to Rongxin Shiou Property for the two years ended 31 December 2017 and the ten months ended 31 October 2018; and (ii) the expected amount of service fees payable to Rongxin Shiou Property for the provision of Property Management Services with reference to (a) the anticipated increases in demand Property Management Services required by the Group during the term of the Supplemental and Renewal Agreement taking into account of the expected growth in the number of property development projects of the Group in the PRC and the expected area to be completed for each year during the term of the Supplemental and Renewal Agreement; and (b) the unit price per square meter as agreed from time to time.

It is expected that there will be an increase of Property Management Services required by the Group from the year ending 31 December 2018 to the year ending 31 December 2019 and from the year ending 31 December 2019 to the year ending 31 December 2020 owing to (i) increased property management fee, commissions from agency sale of property development projects, fees from additional fees expected from equipment repair and upgrade to smart systems; and (ii) branding support fees and pre-delivery consultancy fees etc.,

Reasons and Benefits for entering into the Supplemental and Renewal Agreement

Taking into consideration of the quality of the management services previously provided to the Group by the Rongxin Shiou Property, the Board is of the view that the Rongxin Shiou Property has competitive strengths over other independent service providers of similar management services in the PRC and considers that the Supplemental and Renewal Agreement will enable the Group to obtain stable management service provision for the Group's property development projects from time to time, and continue to maintain the excellent and established cooperation relationship with the Rongxin Shiou Property. For the property management service, customer feedback and ranking is an important indicator of the quality of property management, and quality property management will elevate the Group's property branding and customer rating, and increase the market share of the Company's properties. As such, it is industry practice to pay branding support fee to good property manager companies to achieve the aforesaid. At the same time, the early involvement of pre-delivery property management conforms to the concept of "complete cycle management" of properties. The aforesaid involvement in the planning, design and development of the properties serve important and irreplaceable purposes in the improvement of properties function, ensure quality of property construction, reduction of early stage capital investment, and reduction of costly late-stage alteration fees. Accordingly, the Directors (including the independent non-executive Directors but excluding the Interested Director) consider that the terms of the Supplemental and Renewal Agreement are fair and reasonable and the entering into of the Supplemental and Renewal Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

LISTING RULES' IMPLICATION

As at the date of this announcement, Rongxin Shiou Property is indirectly controlled by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Rongxin Shiou Property and its subsidiaries are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the provision of Property Management Services by Rongxin Shiou Property and the entering into of the Supplemental and Renewal Agreement by the Company and Rongxin Shiou Property constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) for the proposed annual cap amounts under the Supplemental and Renewal Agreement is or are, on an annual basis, expected to exceed 0.1% but less than 5%, and the Revision and the Renewal contemplated under the Supplemental and Renewal Agreement are subject to the reporting, annual review and announcement requirements, but are exempted from circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL

Subject to the general principle disclosed above, the pricing policy will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure the Supplemental and Renewal Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will also conduct regular checks on a quarterly basis to review and assess whether the transactions contemplated under the Supplemental and Renewal Agreement are conducted in accordance with the terms of the Supplemental and Renewal Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors would continue to review the transactions contemplated under the Supplemental and Renewal Agreement and its auditors would 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 Supplemental and Renewal Agreement has been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in property development, property investment and property construction in the PRC.

As at the date of this announcement, Rongxin Shiou Property is indirectly controlled by Mr. Ou, an executive Director, the chief executive officer and the chairman of the Company. Accordingly, Mr. Ou is considered having a material interest in the transactions contemplated under the Supplemental and Renewal Agreement and therefore has abstained from attending the Board meeting and/or voting on the Board resolutions approving the entering into of the Supplemental and Renewal Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“2016 Master Pre-delivery Property Management Agreement”	the agreement dated 8 November 2016 entered into between Rongxin Shiou Property and the Company in relation to the provision of Pre-delivery Property Management Services by Rongxin Shiou Property to the Group for a term from 8 November 2016 and ending on 31 December 2018
“associate”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Company”	Ronshine China Holdings Limited, an exempted 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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Rongxin Shiou Property”	Rongxin Shiou Property Management Group Limited (福建融信世歐物業管理集團有限公司) formally known as Fujian Shiou Property Management Company Limited (福建世歐物業管理有限公司), a company established in the PRC
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ou” or “Interested Director”	Mr. Ou Zonghong, an executive Director, the chief executive officer and the chairman of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Pre-delivery Property Management Services”	as defined under the paragraph headed “2016 Master Pre-delivery Property Management Agreement” of this announcement
“Property Management Services”	as defined under the paragraph “REVISION OF ANNUAL CAP AND SERVICES PROVIDED UNDER THE 2016 PRE-DELIVERY PROPERTY MANAGEMENT AGREEMENT — The Revisions” in this announcement
“Renewal”	as defined under the paragraph headed “Renewal of the 2016 Master Pre-delivery Property Management Agreement” in this announcement
“Revised 2018 Annual Cap”	the revised annual cap for the year ending 31 December 2018 as contemplated under the Supplemental and Renewal Agreement
“Revision”	as defined under the paragraph headed “REVISION OF ANNUAL CAP AND SERVICES PROVIDED UNDER THE 2016 MASTER PRE-DELIVERY PROPERTY MANAGEMENT AGREEMENT — The Revision” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary shares with a nominal value of HK\$0.00001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental and Renewal Agreement”	the agreement dated 23 November 2018 entered into between Rongxin Shiou Property and the Company in relation to the Revision and the Renewal
“%”	per cent.

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

Hong Kong, 23 November 2018

As at the date of this announcement, Mr. Ou Zonghong, Ms. Zeng Feiyuan, Mr. Ruan Youzhi and Mr. Zhang Lixin are the executive Directors; Ms. Chen Shucui is the non-executive Director; and Dr. Lo Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou are the independent non-executive Directors.