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Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement (the “**Announcement**”) of Zhongliang Holdings Group Company Limited (the “**Company**”) dated 12 December 2019. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to further elaborate the pricing policy of the continuing connected transactions contemplated under the Cooperation Framework Agreement in this announcement.

PRICING POLICY

The Group has put in place internal control measures to ensure that the terms under the individual agreements to be entered into under the Cooperation Framework Agreement are on normal commercial terms and are no less favourable than those offered by the Independent Third Parties. In particular, when the Group requires decoration and design services for its projects, it would invite at least two independent contractors or service providers to submit tender for selection by the Group in accordance with the relevant PRC laws and regulations. The cost management department at the headquarters, regional management and the project company manage the tender process, review the tender documents and decide the winning bid based on the various factors including but not limited to experience, technical capabilities, track record and reputation of the parties, price and payment terms. The selection process and the result will be documented and submitted to the tender review team for review and final approval before entering into any specific contract with the successful service provider.

If Shanghai Zhongliang Quanzhu is selected, the terms of any individual agreement entered into under the Cooperation Framework Agreement will be reviewed by cost management department prior to the execution to ensure that the relevant general principles contained in the Cooperation Framework Agreement are being complied with and agreed upon as arm’s length basis and the terms are no less favourable than those offered by Independent Third Parties.

The Directors (including the independent non-executive Directors) are of the view that the pricing policy and the methods and procedures taken by the Group can ensure that the transactions will be conducted on normal commercial terms.

By order of the Board
Zhongliang Holdings Group Company Limited
Yang Jian
Chairman

Hong Kong, 3 January 2020

As at the date of this announcement, Mr. Yang Jian, Mr. Huang Chunlei, Mr. Chen Hongliang, Mr. Li Heli and Mr. Yau Sze Ka (Albert) are the executive Directors; and Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung are the independent non-executive Directors.