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**濱江服務**

BINJIANG SERVICE

**Binjiang Service Group Co. Ltd.**

**濱江服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3316)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **REVISION OF ANNUAL CAP**

#### **AND**

### **RENEWAL OF AGREEMENTS DUE TO EXPIRE IN 2020**

#### **REVISION OF ANNUAL CAP**

On October 30, 2020 (after trading hours), the Company entered into the Supplemental Master Pre-delivery Management Services Agreement to revise the existing annual cap for the year ending December 31, 2020 in respect of the transactions contemplated under the Existing Master Pre-delivery Management Services Agreement.

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

On October 30, 2020 (after trading hours), the Company entered into the following agreements:

- (i) 2021 Master Leasing Agreement;
- (ii) 2021 Master Consultancy Agreement;
- (iii) 2021 Master Pre-delivery Management Services Agreement; and
- (iv) 2021 Property Management Services Agreement,

to renew the transactions contemplated under the corresponding existing agreements.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Binjiang Real Estate is controlled by Mr. Qi, one of the controlling Shareholders of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the Supplemental Master Pre-delivery Management Services Agreement, according to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the announcement and shareholders' approval requirements before the annual cap is exceeded.

For the Partially-exempt CCT Agreements, as one or more of the applicable percentage ratios for the annual caps contemplated under each of the Partially-exempt CCT Agreements exceed 0.1% but all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

For the Non-exempt CCT Agreements, as one or more of the applicable percentage ratios for the annual caps contemplated under each of the Non-exempt CCT Agreements exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

## **EXTRAORDINARY GENERAL MEETING**

The Company will convene an EGM for the Independent Shareholders to consider, and if thought fit, to approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the transactions under the Non-exempt CCT Agreements are fair and reasonable, on normal commercial terms or better, and are entered into 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. Optima Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further details of the Non-exempt CCT Agreements, (ii) recommendations of the Independent Board Committee to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, together with the proxy form, will be despatched to the Shareholders on or before November 20, 2020.

## **I. SUMMARY OF CONTINUING CONNECTED TRANSACTIONS**

On October 30, 2020 (after trading hours), the Company entered into the Supplemental Master Pre-delivery Management Services Agreement to revise the existing annual cap for the year ending December 31, 2020 in respect of the transactions contemplated under the Existing Master Pre-delivery Management Services Agreement.

In addition, on October 30, 2020 (after trading hours), the Company entered into (i) the 2021 Master Leasing Agreement, (ii) the 2021 Master Consultancy Agreement, (iii) the 2021 Master Pre-delivery Management Services Agreement and (iv) the 2021 Property Management Services Agreement, to renew the transactions contemplated under the corresponding previous agreements.

The 2021 Master Leasing Agreement, the 2021 Master Consultancy Agreement, the 2021 Master Pre-delivery Management Services Agreement and the 2021 Property Management Services Agreement shall collectively be referred to as the “**2021 Agreements**”.

<b>Nature of transactions</b>	<b>Proposed annual caps for the year ending December 31,</b>	
	<b>2020</b>	<b>2021</b>
	<i>(RMB'000)</i>	
<i>Partially-exempt continuing connected transactions subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement</i>		
2021 Master Leasing Agreement	—	4,000
2021 Master Consultancy Agreement	—	15,000
<i>Non-exempt continuing connected transactions subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements</i>		
Supplemental Master Pre-delivery Management		
Services Agreement	210,000	—
2021 Master Pre-delivery Management Services		
Agreement	—	270,000
2021 Property Management Services Agreement	—	50,000

**II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

**1. 2021 Master Leasing Agreement**

*(a) Background*

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Existing Master Leasing Agreement entered into between the Company and Binjiang Real Estate and the annual caps thereunder. As the Existing Master Leasing Agreement will expire on December 31, 2020, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2021 Master Leasing Agreement with Binjiang Real Estate on October 30, 2020.

**(b) *Principal terms***

<b>Date:</b>	October 30, 2020
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2021 and ending on December 31, 2021.
<b>Subject matter:</b>	The Group may lease from Binjiang Real Estate Group certain properties as office space and parking lots.
<b>Pricing and other terms:</b>	The rent to be paid by the Group under the 2021 Master Leasing Agreement will be determined on arm's length basis, with reference to the historical transaction amounts with Binjiang Real Estate Group under the Existing Master Leasing Agreement and the prevailing market rent of similar properties located in similar areas and on terms no less favourable to the Group than the terms available from Independent Third Parties.

The parties will separately enter into tenancy agreements in respect of the property units and parking lots subject to the terms of the 2021 Master Leasing Agreement.

**(c) *Historical amounts***

For the two years ended December 31, 2019 and the nine months ended September 30, 2020, the rent paid by the Group under the Existing Master Leasing Agreement amounted to RMB2.3 million, RMB2.4 million and RMB1.8 million, respectively.

**(d) *Annual cap and basis of determination***

It is proposed that the annual cap for the transactions contemplated under the 2021 Master Leasing Agreement for the year ending December 31, 2021 is not expected to exceed RMB4.0 million.

As IFRS 16 “Lease” has come into effect on 1 January 2019, the above annual cap is based on the total value of right-of-use assets relating to the leases to be entered into pursuant to the 2021 Master Leasing Agreement, with reference to (i) the properties to be leased by the Group from Binjiang Real Estate Group, (ii) the lease term of the leases, (iii) the benchmark borrowing rate set by the People’s Bank of China, and (iv) the aggregate rent, taxes and duties payable by the Group for leasing those properties.

In addition, having considered the scale expansion and business development of the Company, the Company expects to enter into additional lease arrangements with Binjiang Real Estate Group in 2021. As such, the transaction amounts under the 2021 Master Leasing Agreement for the year ending December 31, 2021 are expected to be higher than those under the Existing Master Leasing Agreement.

***(e) Reasons for and benefits of entering into the 2021 Master Leasing Agreement***

As the Group has historically leased from Binjiang Real Estate Group certain properties as office space and parking lots and having considered the scale expansion and business development and the operational cost, time and stability of the Company, it is in the interests of the Group to enter into the 2021 Master Leasing Agreement.

The Directors considers it beneficial to renew the Existing Master Leasing Agreement so long as the relevant rental fees and other terms are favourable to the Group, in order to avoid unnecessary disturbance to the Group’s operations and to generate additional income. The Group will consider, among other factors, location, quality and condition of the relevant premises, rent, duration of the relevant lease, and requirements of the Group before entering into separate tenancy agreements under the 2021 Master Leasing Agreement.

## 2. 2021 Master Consultancy Agreement

### (a) *Background*

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Existing Master Consultancy Agreement entered into between the Company and Binjiang Real Estate Group and the annual caps thereunder. As the Existing Master Consultancy Agreement will expire on December 31, 2020, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2021 Master Consultancy Agreement with Binjiang Real Estate on October 30, 2020.

### (b) *Principal terms*

<b>Date:</b>	October 30, 2020
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2021 and ending on December 31, 2021.
<b>Subject matter:</b>	The Group will provide consultancy services to Binjiang Real Estate Group for their residential property projects, including advising Binjiang Real Estate Group at the early stage (such as planning and design stage, marketing stage and construction stage) on project planning, design management and construction management and property management.
<b>Pricing and other terms:</b>	The service fees to be charged by the Group under the 2021 Master Consultancy Agreement will be determined on arm's length basis, with reference to the size, location and positioning of the properties to be sold. The service fees payable by Binjiang Real Estate Group to the Group shall be no less favourable than those offered by any Independent Third Party.

The parties will separately enter into consultancy services agreements in respect of each consultancy project subject to the terms of the 2021 Master Consultancy Agreement.

**(c) *Historical amounts***

For the two years ended December 31, 2019 and the nine months ended September 30, 2020, the service fees paid to the Group under the Existing Master Consultancy Agreement amounted to RMB6.2 million, RMB7.4 million and RMB7.0 million, respectively.

**(d) *Annual cap and basis of determination***

It is proposed that the annual cap for the transactions contemplated under the 2021 Master Consultancy Agreement for the year ending December 31, 2021 is not expected to exceed RMB15.0 million.

The above annual cap is arrived at based on (i) the historical amounts paid by the Group to Binjiang Real Estate Group under the Existing Master Consultancy Agreement; (ii) existing consultancy projects that the Group has been engaged by Binjiang Real Estate Group as consultant; (iii) new consultancy projects that the Group expects to be engaged by Binjiang Real Estate Group for the year ending December 31, 2021; and (iv) the prevailing market condition of the comparable consultancy firms.

In view of Binjiang Real Estate Group's business expansion plan and the number of existing and new projects that are available for sale and expected to be available for sale for the year ending December 31, 2021, the Directors expect that the demand for consultation services at various stages of development in the properties of Binjiang Real Estate Group will continue to increase in 2021 under the 2021 Master Consultancy Agreement. As such, the transaction amounts under the 2021 Master Consultancy Agreement for the year ending December 31, 2021 are expected to be higher than those under the Existing Master Consultancy Agreement.

*(e) Reasons for and benefits of entering into the 2021 Master Consultancy Agreement*

The Board considers that the provision of consultation services helps to further strengthen the Group's business cooperation with Binjiang Real Estate Group. Leveraging on its extensive experience in provision of management services, the Group provides comprehensive and efficient implementation consultation services. The Group strives to provide a highly thoughtful and customized service experience, enhancing synergy within the Binjiang Group brand.

As such, the Directors considers it beneficial to renew the Existing Master Consultancy Agreement.

**III. REVISION OF ANNUAL CAP AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

**1. Supplemental Master Pre-delivery Management Services Agreement and 2021 Master Pre-delivery Management Services Agreement**

*(a) Background*

Reference is made to the Prospectus in relation to, among others, the continuing connected transactions under the Existing Master Pre-delivery Management Services Agreement entered into between the Company and Binjiang Real Estate, and the annual caps thereunder.

*(b) Revision of annual cap for 2020 under the Existing Master Pre-delivery Management Services Agreement*

Due to Binjiang Real Estate's rapid business expansion, the demand for pre-delivery management services from the Group increased. Therefore, the Directors found that the transaction amount under the Existing Master Pre-delivery Management Services Agreement is approaching the existing annual cap for the year ending December 31, 2020.

On October 30, 2020, the Company entered into the Supplemental Master Pre-delivery Management Services Agreement with Binjiang Real Estate to revise the existing annual cap for the year ending December 31, 2020 from RMB135.0 million to RMB210.0 million. Save for such revision in the annual cap, all other terms of the Existing Master Pre-delivery Management Services Agreement shall remain valid and in full force and effect.

The revised annual cap is determined with reference to the following factors:

- (i) the unaudited actual transaction amounts under the Property Management Services Agreement for the nine months ended September 30, 2020, being approximately RMB113.3 million, representing approximately 83.9% of the existing annual cap for the year ending December 31, 2020;
- (ii) the estimated total amount of pre-delivery management fees to be received by the Group based on signed contracts in relation to the existing pre-delivery projects that the Group has been engaged by Binjiang Real Estate Group as management service provider; and
- (iii) the estimated total amount of pre-delivery management fees to be received by the Group in relation to the projected new pre-delivery projects that the Group may be engaged by Binjiang Real Estate Group for property management services for the remaining year ended December 31, 2020.

The Board confirms that as at the date of this announcement, the transaction amount for the Existing Master Pre-delivery Management Services Agreement has not exceeded the original annual cap for the year ending December 31, 2020.

(c) *Renewal of the Existing Master Pre-delivery Management Services Agreement*

As the Existing Master Pre-delivery Management Services Agreement will expire on December 31, 2020, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2021 Master Pre-delivery Management Services Agreement with Binjiang Real Estate on October 30, 2020.

a. *Principal terms*

<b>Date:</b>	October 30, 2020
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2021 and ending on December 31, 2021.
<b>Subject matter:</b>	The Group will provide to Binjiang Real Estate Group pre-delivery management services, including cleaning, quality check assistance and security services for completed properties and display units, and property sales venue management services to property developers.
<b>Pricing and other terms:</b>	The management fees to be charged by the Group under the 2021 Master Pre-delivery Management Services Agreement will be determined on arm's length basis, with reference to (i) the size, location and positioning of the properties to be sold; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and administrative costs) and (iii) scope and quality of the services proposed. The fees payable by Binjiang Real Estate Group to the Group shall be no less favourable than those offered by any Independent Third Party.

The parties will separately enter into pre-delivery management services agreements in respect of each pre-delivery management project subject to the terms of the 2021 Master Pre-delivery Management Services Agreement.

*b. Historical amounts*

For the two years ended December 31, 2019 and the nine months ended September 30, 2020, the management fees paid to the Group under the Existing Master Pre-delivery Management Services Agreement amounted to approximately RMB58.1 million, RMB104.8 million and RMB113.3 million, respectively.

*c. Annual cap and basis of determination*

It is proposed that the annual cap for the transactions contemplated under the 2021 Master Pre-delivery Management Services Agreement for the year ending December 31, 2021 is not expected to exceed RMB270.0 million.

The above annual cap is arrived at based on (i) the historical transaction amounts under the Existing Master Pre-delivery Management Services Agreement and the revised annual cap under the Supplemental Master Pre-delivery Management Services Agreement; (ii) existing pre-delivery projects that the Group has been engaged by Binjiang Real Estate Group as management service provider; and (iii) new projects that the Group expects to be engaged by Binjiang Real Estate Group for the year ending December 31, 2021, based on the development plans of Binjiang Real Estate Group provided to the Group.

Taking into account of the pre-delivery management services provided to the existing projects of Binjiang Real Estate Group, the Company expects that the transaction amounts with Binjiang Real Estate Group under the 2021 Master Pre-delivery Management Services Agreement for the year ending December 31, 2021 will be higher than those under the Existing Master Pre-delivery Management Services Agreement and the Supplemental Master Pre-delivery Management Services Agreement.

***(d) Reasons for and benefits of entering into the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Master Pre-delivery Management Services Agreement***

The Group has been providing pre-delivery management services to Binjiang Real Estate Group for a number of years. Under the Existing Master Pre-delivery Management Services Agreement, the Group has been able to secure pre-delivery management service engagements for properties developed by Binjiang Real Estate Group. In addition, based on the development plans of Binjiang Real Estate Group provided to the Group and the project acquisitions of the Group, the Company expects that there will be rapid growth in the demand for pre-delivery management services to be provided by the Group to Binjiang Real Estate Group in 2021.

As such, the Directors consider it beneficial to renew the Existing Master Pre-delivery Management Services Agreement.

**2. 2021 Property Management Services Agreement**

***(a) Background***

Reference is made to the Prospectus and the announcement of the Company dated October 9, 2020 in relation to, among others, the continuing connected transactions under the Existing Property Management Services Agreement entered into between the Company and Binjiang Real Estate Group, and the revised annual cap thereunder. As the Existing Property Management Services Agreement will expire on December 31, 2020, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2021 Property Management Services Agreement with Binjiang Real Estate on October 30, 2020.

**(b) *Principal terms***

<b>Date:</b>	October 30, 2020
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2021 and ending on December 31, 2021.
<b>Subject matter:</b>	The Group will provide Binjiang Real Estate Group with property management services for their unsold residential and non-residential property units.
<b>Pricing and other terms:</b>	The service fees to be charged by the Group under the 2021 Property Management Services Agreement will be determined on arm's length basis, with reference to (i) the size, location and positioning of the properties to be sold; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and administrative costs); (iii) scope and quality of the services proposed; (iv) revenue model and targeted profit margins; (v) local government's pricing guidance/regulations on property management fees (where applicable); and (vi) evaluation of competitors' pricing. The fees payable by Binjiang Real Estate Group to the Group shall be no less favourable than those offered by any Independent Third Party.

The parties will separately enter into property management services agreements in respect of each residential and non-residential property unit subject to the terms of the 2021 Property Management Services Agreement.

**(c) *Historical amounts***

For the two years ended December 31, 2019 and the nine months ended September 30, 2020, the service fees paid to the Group under the Existing Property Management Services Agreement amounted to approximately RMB15.0 million, RMB14.5 million and RMB14.4 million, respectively.

***(d) Annual cap and basis of determination***

It is proposed that the annual cap for the transactions contemplated under the 2021 Property Management Services Agreement for the year ending December 31, 2021 is not expected to exceed RMB50.0 million.

The above annual cap is arrived at based on (i) the historical management fees under the Existing Property Management Services Agreement and the revised annual cap under the Supplemental Property Management Services Agreement; (ii) the current residential and non-residential property units that the Group has been engaged by Binjiang Real Estate Group as property management service provider; and (iii) the projected new residential and non-residential property projects that the Group may be engaged by Binjiang Real Estate Group for property management services for the year ending December 31, 2021.

Based on the estimated pre-sale performance of Binjiang Real Estate Group and the development plans of Binjiang Real Estate Group provided to the Group, the Company expects that the demand for property management services will increase significantly in 2021 under the 2021 Property Management Services Agreement due to the increase in the expected GFA of the relevant residential and non-residential property units. As such, the transaction amounts under the 2021 Property Management Services Agreement for the year ending December 31, 2021 are expected to be higher than those under the Existing Property Management Services Agreement.

***(e) Reasons for and benefits of entering into the 2021 Property Management Services Agreement***

The Group has been providing property management services to Binjiang Real Estate Group for a number of years. Under the Existing Property Management Services Agreement, the Group has been able to secure initial property management service engagements for properties developed by Binjiang Real Estate Group. In addition, based on the estimated pre-sale performance of Binjiang Real Estate Group and the development plans of Binjiang Real Estate Group provided to the Group, the Company expects that the demand for property management services will increase rapidly in 2021 under the 2021 Property Management Services Agreement due to the increase in the expected GFA of the relevant residential and non-residential property units.

As such, the Directors consider it beneficial to renew the Existing Property Management Services Agreement.

#### **IV. PRICING POLICY FOR CONTINUING CONNECTED TRANSACTIONS**

As a general principle, the fees to be charged or paid by the Group under the respective agreement of the continuing connected transactions of the Group shall be determined on an arm's length basis in accordance with the prevailing market prices of similar services or products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar services or products taking into account of the price of the same or substantially similar services or products with comparable scope or quantities and quality offered by other suppliers/purchasers to the Group;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms or better comparable to those offered to/received from independent third parties by Binjiang Real Estate Group in respect of the same or substantially similar services or products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar services or products previously supplied or procured by a party, and on normal commercial terms or better comparable to those offered by the relevant party to independent third parties.

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, from time to time, invite quotations from at least two Independent Third Parties for the provision of the same or similar services or products with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties; or if applicable, the price list of services or products procured by Binjiang Real Estate Group from Independent Third Parties for the same or similar services or products with comparable scope or quantities and quality as provided by the Group to Binjiang Real Estate Group. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the 2021 Agreements, and make evaluation and assessment to ensure that the price payable by or to be charged by Binjiang Real Estate Group will be on normal commercial terms or better and on terms no less favourable than that available from Independent Third Parties.

## **V. INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS**

To ensure that the actual prices for the continuing connected transactions of the Group are on normal commercial terms or better and on terms no less favourable to the Group than that available from Independent Third Parties, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted within the framework of the respective 2021 Agreements and in accordance with the aforesaid pricing policy:

- (1) the relevant personnel of the sales department and finance department will closely monitor the transactions to ensure that the transaction amount does not exceed the annual caps of the respective 2021 Agreements;
- (2) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2021 Agreements;
- (3) the relevant personnel of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2021 Agreements; and
- (5) the independent non-executive Directors of the Company would continue to review the management's review reports on the transactions contemplated under the respective 2021 Agreements to ensure that such transactions are conducted on normal commercial terms or better and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **VI. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Binjiang Real Estate is controlled by Mr. Qi, one of the controlling Shareholders of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the Supplemental Master Pre-delivery Management Services Agreement, according to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the announcement and shareholders' approval requirements before the annual cap is exceeded.

For the Partially-exempt CCT Agreements, as one or more of the applicable percentage ratios for the annual caps contemplated under each of the Partially-exempt CCT Agreements exceed 0.1% but all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

For the Non-exempt CCT Agreements, as one or more of the applicable percentage ratios for the annual caps contemplated under each of the Non-exempt CCT Agreements exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with Chapter 14A of the Listing Rules.

## **VII. EXTRAORDINARY GENERAL MEETING**

The Company will convene an EGM for the Independent Shareholders to consider, and if thought fit, to approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the transactions under the Non-exempt CCT Agreements are fair and reasonable, on normal commercial terms or better, and are entered into 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. Optima Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further details of the Non-exempt CCT Agreements, (ii) recommendations of the Independent Board Committee to the Independent Shareholders, (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, together with the proxy form, will be despatched to the Shareholders on or before November 20, 2020.

## **VIII. GENERAL**

The Board (including the independent non-executive Directors) considers that the entry of the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements are in the Group's ordinary course of business, and the terms of the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements and the annual caps thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Mo Jianhua, a non-executive Director, is a shareholder of Binjiang Real Estate, and has therefore abstained from voting on the Board resolution approving the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements. Save as aforementioned, none of the other Directors have a material interest in the transactions contemplated under the Supplemental Master Pre-delivery Management Services Agreement and the 2021 Agreements and no other Director has abstained from voting.

## **IX. INFORMATION ON THE PARTIES**

### **The Group**

The Group is a reputable property management service provider in China with a focus on high-end properties. The Group has three major business lines, namely property management services, value-added services to non-property owners and value-added services to property owners, together they form an entire value chain of comprehensive services covering all kinds of property management business.

### **Binjiang Real Estate**

Binjiang Real Estate, a limited liability company established in the PRC, the shares of which are listed on the Shenzhen Small & Medium Enterprise Board of Stock Exchange (stock code: 002244) with its principal business in real estate development. Based on the 2020 interim report of Binjiang Real Estate, Binjiang Real Estate is owned as to 42.95% by Binjiang Holdings which is controlled by Mr. Qi, and 11.51% by Mr. Qi. The remaining shareholders of Binjiang Real Estate each holds less than 10% interest in it.

## X. DEFINITIONS

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

“2021 Agreements”	collectively (i) 2021 Master Leasing Agreement, (ii) 2021 Master Consultancy Agreement, (iii) 2021 Master Pre-delivery Management Services Agreement and (iv) 2021 Property Management Services Agreement
“2021 Master Consultancy Agreement”	the master consultancy agreement entered into between the Company and Binjiang Real Estate dated October 30, 2020
“2021 Master Leasing Agreement”	the master leasing agreement entered into between the Company and Binjiang Real Estate dated October 30, 2020
“2021 Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated October 30, 2020
“2021 Property Management Services Agreement”	the property management services agreement entered into between the Company and Binjiang Real Estate dated October 30, 2020
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Binjiang Holdings”	Hangzhou Binjiang Investment Holdings Co., Ltd.* (杭州濱江投資控股有限公司), a limited liability company established in the PRC on October 8, 2006. It is controlled by Mr. Qi, one of the controlling Shareholders of the Company, and is therefore a connected person of the Company

“Binjiang Real Estate”	Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司), a limited liability company established in the PRC on August 22, 1996, the shares of which are listed on the Shenzhen Small & Medium Enterprise Board of Stock Exchange (stock code: 002244). Binjiang Holdings holds approximately 42.95% interest in Binjiang Real Estate according to the 2020 interim report of Binjiang Real Estate. Binjiang Real Estate is controlled by Mr. Qi, one of the controlling Shareholders of the Company, and is therefore a connected person of the Company
“Binjiang Real Estate Group”	Binjiang Real Estate and its subsidiaries
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the forthcoming extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder
“Existing Master Consultancy Agreement”	the master consultancy agreement entered into between the Company and Binjiang Real Estate dated December 20, 2018
“Existing Master Leasing Agreement”	the master leasing agreement entered into between the Company and Binjiang Real Estate dated December 20, 2018

“Existing Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated December 20, 2018
“Existing Property Management Services Agreement”	the property management services agreement entered into between the Company and Binjiang Real Estate dated December 20, 2018, as amended and supplemented by the supplemental agreement dated October 9, 2020
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements
“Independent Shareholders”	Shareholders who do not have a material interest in the Non-exempt CCT Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Qi”	Mr. Qi Jinxing (戚金興), one of the controlling Shareholders of the Company
“Non-exempt CCT Agreements”	being (i) Supplemental Master Pre-delivery Management Services Agreement, (ii) 2021 Master Pre-delivery Management Services Agreement and (iii) 2021 Property Management Services Agreement
“Partially-exempt CCT Agreements”	being (i) 2021 Master Leasing Agreement, and (ii) 2021 Master Consultancy Agreement
“Prospectus”	the prospectus of the Company dated February 28, 2019
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Pre-delivery Management Services Agreement”	the supplemental agreement dated October 30, 2020 and entered into between the Company and Binjiang Real Estate, which amended and supplemented the Existing Master Pre-delivery Management Services Agreement
“%”	per cent.

By order of the Board  
**Binjiang Service Group Co. Ltd.**  
**Zhu Lidong**  
*Chairman and Executive Director*

Hangzhou, the PRC  
October 30, 2020

*As at the date of this announcement, the Board comprises Mr. Zhu Lidong and Ms. Zhong Ruoqin as executive Directors; Mr. Mo Jianhua and Mr. Cai Xin as non-executive Directors; Mr. Ding Jiangang, Mr. Li Kunjun and Ms. Cai Haijing as independent non-executive Directors.*

*\*For identification purpose only*