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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**

### **ENTERING INTO FRAMEWORK AGREEMENT FOR CAR PARKING SPACES**

**AND**

### **REVISION OF ANNUAL CAP UNDER THE 2024 CATERING SERVICES FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

##### **Entering into framework agreement for car parking spaces**

On July 16, 2024 (after trading hours), the Company and Binjiang Real Estate entered into the Framework Agreement pursuant to which the parties agreed that the Group may from time to time enter into transactions with Binjiang Real Estate Group for the acquisition of the right of use (which includes the right to occupy and transfer) of car parking spaces located in the projects developed and owned by Binjiang Real Estate Group and managed by the Group for resale purposes. The term of the Framework Agreement is from July 17, 2024 to December 31, 2024 (both dates inclusive).

##### **Revision of annual cap under the 2024 Catering Services Framework Agreement**

On July 16, 2024 (after trading hours), the Company and Binjiang Real Estate entered into the Supplemental Agreement to amend the Existing Annual Cap under the 2024 Catering Services Framework Agreement for the year ending December 31, 2024 from RMB4.0 million to RMB10.0 million.

## **LISTING RULES IMPLICATIONS**

Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders. Therefore, Binjiang Real Estate and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement and Supplemental Agreement respectively constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, according to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company shall re-comply with the relevant requirements under Chapter 14A of the Listing Rules so as to exceed the Existing Annual Cap and amend the 2024 Catering Services Framework Agreement.

As the applicable percentage ratios for the annual cap in respect of the Framework Agreement and for the revised annual cap in respect of the Supplemental Agreement respectively exceed 0.1% and all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are as follows:

**Date:**

July 16, 2024

**Parties:**

- (a) The Company; and
- (b) Binjiang Real Estate.

**Term:**

The Framework Agreement is for a term from July 17, 2024 to December 31, 2024 (both dates inclusive)

## **Subject matter**

The Company and Binjiang Real Estate entered into the Framework Agreement pursuant to which the parties agreed that the Group may from time to time enter into transactions with Binjiang Real Estate Group for the acquisition of the right of use (which includes the right to occupy and transfer) of car parking spaces located in the projects developed and owned by Binjiang Real Estate Group and managed by the Group for resale purposes.

## **Pricing and other terms**

The consideration to be paid by the Group under the Framework Agreement will be determined on an arm's length basis and the Company (or the relevant subsidiary) shall commission a valuation report for each relevant transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant transaction shall be no more than the relevant valuation so obtained. The valuation report will take into account factors such as whether the purchase price will be paid in full on completion and any bulk purchase discount. In any event, the consideration shall be no less favourable than the prevailing market price of the right of use of the car parking spaces in nearby projects with the same positioning. The purchase price will be funded by internal resources of the Group.

## **Historical transaction amounts**

For the two years ended December 31, 2022 and 2023 and the six months ended June 30, 2024 the consideration paid by the Group to Binjiang Real Estate Group in respect of acquisition of right of use of car parking spaces amounted to RMB72.0 million, RMB144.2 million and RMB32.6 million, respectively.

## **Annual cap and basis of determination**

The annual cap for the transactions contemplated under the Framework Agreement will not exceed RMB150.0 million.

The above annual cap is arrived at based on (i) the historical amounts as disclosed in the section headed "*Historical transaction amounts*" above; (ii) the estimated value of the portfolios of car parking spaces to be made available by Binjiang Real Estate Group for the Group to purchase selectively during the term of the Framework Agreement; and (iii) the financial resources the Group plans to devote to acquisition of car parking spaces in general, taking into account the estimated sale proceeds from the disposal of car parking spaces to be purchased under the Framework Agreement.

## **Information on the car parking spaces**

There were/will be no development costs allocated to the relevant car parking spaces, book value or relevant original acquisition cost as the assets were/will be developed by Binjiang Real Estate Group.

## **Reasons for and benefits of entering into of the Framework Agreement**

The car parking spaces are/will be located in the projects developed and owned by Binjiang Real Estate Group and managed by the Group. After the development of the projects are completed and the Binjiang Real Estate Group's sales departments of such projects move out of the locations of the projects, it will be more convenient for the Group, as a provider of ongoing property management services for owners of the relevant projects, to take over the assignment of the right of use of the remaining car parking spaces unsold after the mass sales period.

The Company considers that there will be steady demand for the car parking spaces from the residents of the projects and based on (i) the floor area, location, positioning and industry trend of the assets for sale; (ii) the expected operating costs (including but not limited to labor costs, material costs and management costs) that the Group will incur in providing resale services for such assets; and (iii) the brand effect of Binjiang Real Estate, the resale of the rights of use (which includes the right to occupy and transfer) of car parking spaces assumed by the Group under the Framework Agreement would enable the Group to bring valuable return to the Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement (including the annual cap thereunder) are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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

To ensure that the continuing connected transactions of the Group are on normal commercial terms or better and on terms no less favourable to the Group than those available from independent third parties, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted in accordance with the Framework Agreement and the pricing policy adopted by the Group:

- (1) the relevant personnel of the business department and finance department will monitor the transactions monthly to ensure that the transaction amount does not exceed the annual cap of the Framework Agreement;

- (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 Framework Agreement, particularly that the considerations and payment terms are no less favorable than those available to the Group from independent third parties and that the consideration for each of the proposed acquisitions will be no more than the relevant valuation obtained from a qualified independent third party property valuer;
- (3) the relevant personnel of the business department of the Group will conduct annual 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 Group's pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual cap of such continuing connected transactions to ensure that the transactions amount is within the annual cap and that the transactions are conducted on the principal terms of the Framework Agreements; and
- (5) the independent non-executive Directors shall review the management's review reports on the transactions contemplated under the Framework Agreement to ensure that such transactions are conducted on normal commercial terms or better, in particular, consideration paid for each relevant transaction shall be no more than the relevant valuation obtained from a qualified independent third party property valuer, 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.

## **THE SUPPLEMENTAL AGREEMENT**

### **Background**

Reference is made to the announcement dated November 29, 2023 in relation to the continuing connected transactions under the 2024 Catering Services Framework Agreement.

## Reasons for and detailed information of revision of the annual cap of the 2024 Catering Services Framework Agreement

In view of the increase in the Group's headcount and hospitality expenses driven by the Group's business expansion, and the improvement of employee benefits, the Company and Binjiang Real Estate entered into the Supplemental Agreement to amend the Existing Annual Cap under the 2024 Catering Services Framework Agreement for the year ending December 31, 2024 from RMB4.0 million to RMB10.0 million. Save for the above revision in the annual cap, all other terms of the 2024 Catering Services Framework Agreement shall remain valid and in full force and effect.

The table below lists the amount of catering services purchased by the Group under the 2024 Catering Services Framework Agreement for the six months ended June 30, 2024 and the existing and revised annual caps for the year ending December 31, 2024.

Aggregate amount of catering services fee paid for the six months ended June 30, 2024 (RMB million) (unaudited)		1.2
	Existing	Revised
Annual Cap for the year ending December 31, 2024 (RMB million)	4.0	10.0

The revised annual cap has been determined taking into account the following factors: (i) the unaudited actual transaction amount for the six months ended June 30, 2024, which is approximately RMB1.2 million, equivalent to approximately 30.0% of the Existing Annual Cap for the year ending December 31, 2024; and (ii) the Company's catering purchase expectations for the second half of 2024.

For the reasons and benefits for entering into the 2024 Catering Services Framework Agreement, please refer to the Company's announcement dated November 29, 2023, and taking into account that the bulk purchase discount is more favourable than temporary purchase discount and based on the principle of strategic corporation and mutual trust between the Group and Binjiang Real Estate Group, and the quality of the relevant products of Binjiang Real Estate Group is reliable, the Directors (including independent non-executive Directors) consider that the terms of the Supplemental Agreement (including the revised annual cap thereunder) are fair and reasonable, and the transactions 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.

The Board confirms that as of the date of this announcement, the transaction amount for 2024 Catering Services Framework Agreement does not exceed the Existing Annual Cap. The revision of the annual cap of the 2024 Catering Services Framework Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms or better, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Company is a limited liability company incorporated in the Cayman Islands. The Group is a reputable property management service provider in China with a focus on high-end properties. As at the date of this announcement, the Group is owned as to approximately (i) 45.85% by Great Dragon Ventures Limited, a company held by Cantrust (Far East) Limited (through its nominee company) as trustee of Bright Cloud Trust which in turn is a discretionary trust set up by Mr. Qi Jinxing as settlor with beneficiaries including Mr. Qi Jinxing, Mr. Qi Jiaqi (a non-executive Director) and certain family members of Mr. Qi Jinxing; (ii) 12.89% by Jovial Success Global Holdings Limited, a company held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of Splendid Force Trust which in turn is a discretionary trust set up by Mr. Zhu Huiming as settlor with beneficiaries including Mr. Zhu Huiming and his certain family members; and (iii) 12.89% by Haoyu Ventures Limited, a company held by Infiniti Trust (Asia) Limited (through its nominee companies) as trustee of Great Splendor Trust which in turn is a discretionary trust set up by Mr. Mo Jianhua (a non-executive Director) as settlor with beneficiaries including Mr. Mo Jianhua and his certain family members.

### **Binjiang Real Estate**

Binjiang Real Estate, a limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002244), is mainly engaged in real estate development. As at the date of this announcement, Binjiang Real Estate is owned as to approximately (i) 45.41% by Binjiang Holdings; (ii) 11.94% by Mr. Qi Jinxing; (iii) 3.22% by Mr. Mo Jianhua (a non-executive Director); (iv) 3.22% by Mr. Zhu Huiming; and (v) 1.00% by Mr. Qi Jiaqi (a non-executive Director and the son of Mr. Qi Jinxing). The remaining shareholders of Binjiang Real Estate each holds less than 5% interest. Binjiang Holdings, which is controlled by Mr. Qi Jinxing, is owned as to 64% by Mr. Qi Jinxing, 18% by Mr. Mo Jianhua (a non-executive Director) and 18% by Mr. Zhu Huiming.

## **LISTING RULES IMPLICATIONS**

Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders. Therefore, Binjiang Real Estate and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreements and the Supplemental Agreement respectively constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. In addition, according to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company shall re-comply with the relevant requirements under Chapter 14A of the Listing Rules so as to exceed the Existing Annual Cap and amend the 2024 Catering Services Framework Agreement.



As the applicable percentage ratios for the annual cap in respect of the Framework Agreement and for the revised annual cap in respect of the Supplemental Agreement respectively exceed 0.1% and all of which are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Mo Jianhua and Mr. Qi Jiaqi, non-executive Directors, are shareholders of Binjiang Real Estate, they have abstained from voting on the resolutions of the Board passed in respect of the transactions contemplated under the Framework Agreement and the entering into of the Supplemental Agreement. Save as aforementioned, none of the other Directors have a material interest in the transactions contemplated under the Framework Agreement and the Supplemental Agreement and no other Director has abstained from voting.

## DEFINITIONS

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

- “2024 Catering Services Framework Agreement” the catering services framework agreement entered into between the Company and Binjiang Real Estate on November 28, 2023
- “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 owned as to 64% by Mr. Qi Jinxing, 18% by Mr. Mo Jianhua and 18% by Mr. Zhu Huiming. Given it is controlled by Mr. Qi Jinxing, one of the controlling Shareholders of the Company, Binjiang Holdings 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 company established in the PRC on August 22, 1996, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002244). As at the date of this announcement, Binjiang Real Estate is owned as to approximately (i) 45.41% by Binjiang Holdings; (ii) 11.94% by Mr. Qi Jinxing; (iii) 3.22% by Mr. Mo Jianhua; (iv) 3.22% by Mr. Zhu Huiming; and (v) 1.00% by Mr. Qi Jiaqi, the son of Mr. Qi Jinxing. Given it is controlled by Mr. Qi Jinxing, one of the controlling Shareholders of the Company, it 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
“Company”	Binjiang Service Group Co. Ltd. (濱江服務集團有限公司), an exempted 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: 3316)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Annual Cap”	the existing annual cap for the transactions contemplated under the 2024 Catering Services Framework Agreement for the year ending December 31, 2024, which amounts to RMB4.0 million
“Framework Agreement”	the framework agreement entered into between the Company and Binjiang Real Estate on July 16, 2024 in respect of acquisition of the right of use of car parking spaces from Binjiang Real Estate Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Qi Jinxing”	one of the controlling Shareholders of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.0001 each

“Shareholder(s)”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the 2024 Catering Services Framework Agreement entered into between the Company and Binjiang Real Estate on July 16, 2024, to revise the Existing Annual Cap
“%”	per cent

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

Hangzhou, the PRC  
July 16, 2024

*As at the date of this announcement, the Board comprises Mr. Yu Zhongxiang and Ms. Zhong Ruoqin as executive Directors; Mr. Mo Jianhua, Mr. Qi Jiaqi 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*