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Sinic Holdings (Group) Company Limited

新力控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2103)

CONTINUING CONNECTED TRANSACTION REVISION OF ANNUAL CAP

REVISION OF ANNUAL CAP UNDER THE PROPERTY MANAGEMENT RELATED SERVICES SUPPLEMENTAL AGREEMENT

Reference is made to the section headed “Connected Transactions” in the Prospectus in respect of, among other things, the Property Management Related Services Framework Agreement, pursuant to which the Group has agreed to engage Sinic Services for the provision of Property Management Related Services for a term commencing from 15 November 2019 to 31 December 2021.

As the Board expected that the transaction amount for the provision of Property Management Related Services will exceed the annual cap set under the Property Management Related Services Framework Agreement for the year ending 31 December 2020, on 12 November 2020, the Company entered into the Property Management Related Services Supplemental Agreement with Sinic Services pursuant to which the parties agreed to revise the annual cap for the provision of the Property Management Related Services for the year ending 31 December 2020.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Sinic Services is wholly owned by Sinic Technology, which is held as to 99% by Mr. Zhang Yuanlin, an executive Director and a controlling shareholder of the Company, and as to 1% by Ms. Wu Chengping, the spouse of Mr. Zhang Yuanlin. Accordingly, Sinic Services is a connected person of the Company under the Listing Rules, and the transactions contemplated under the Property Management Related Services Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios under the Listing Rules in respect of the Revised Annual Cap under the Property Management Related Services Supplemental Agreement is over 0.1% but less than 5% on an annual basis, the transactions contemplated under the Property

Management Related Services Supplemental Agreement and the Revised Annual Cap are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

REVISION OF ANNUAL CAP UNDER THE PROPERTY MANAGEMENT RELATED SERVICES SUPPLEMENTAL AGREEMENT

Reference is made to the section headed "Connected Transactions" in the Prospectus in respect of, among other things, the Property Management Related Services Framework Agreement, pursuant to which the Group has agreed to engage Sinic Services for the provision of Property Management Related Services for a term commencing from 15 November 2019 to 31 December 2021.

As the Board expected that the transaction amount for the provision of Property Management Related Services will exceed the annual cap set under the Property Management Related Services Framework Agreement for the year ending 31 December 2020, on 12 November 2020, the Company entered into the Property Management Related Services Supplemental Agreement with Sinic Services pursuant to which the parties agreed to revise the annual cap for the provision of the Property Management Related Services for the year ending 31 December 2020.

Set out below is a summary of the principal terms of the Property Management Related Services Supplemental Agreement:

Date:

12 November 2020

Parties:

- (i) the Company; and
- (ii) Sinic Services

Subject matter:

Pursuant to the Property Management Related Services Supplemental Agreement, the maximum transaction amounts payable by the Group to Sinic Services in connection with the procurement of Property Management Related Services for the year ending 31 December 2020 is amended as follows:

For the year ending 31 December 2020

Existing Annual Cap	RMB226.5 million
Revised Annual Cap	RMB325.0 million

In arriving at the Revised Annual Cap, the Company has taken into account: (i) the number of current property projects for which the Group has engaged Sinic Services to provide Property Management Related Services; (ii) the historical transaction amounts of Property Management Related Services of RMB181.8 million and RMB217.6 million for the year ended 31 December 2019 and the ten months ended 31 October 2020, respectively; (iii) the estimated gross floor area of the properties expected to be sold and delivered by the Group that would require Property Management Related Services by the end of 2020.

Saved for the revision as to the Revised Annual Cap, all other terms of the Property Management Related Services Framework Agreement remain unchanged and the Property Management Related Services Framework Agreement remains valid and in full force.

REASONS FOR REVISING THE EXISTING ANNUAL CAP AND BASIS FOR DETERMINING THE REVISED ANNUAL CAP

Sinic Services has been providing property management services to the Group in its ordinary and usual course of business. Since the COVID-19 pandemic, the Group has been procuring additional cleaning services at the property sales centers and disinfection and hygiene services to the properties owned by the Group pursuant to the Property Management Related Services Framework Agreement. At the same time, the Group's demand for pre-delivery property management services is expected to exceed the initial expectation of the Group owing to an increase in the number of property projects to be delivered by the Group for the year ending 31 December 2020 and wider scope of services for management of properties owned by the Group in accordance with its operational needs. Based on the Company's management accounts for the ten months ended 31 October 2020, the total actual transaction amounts for the procurement of Property Management Related Services under the Property Management Related Services Framework Agreement amounted to approximately RMB217.6 million, which is approaching the annual cap set for the year ending 31 December 2020 of RMB226.5 million as disclosed in the Prospectus. As such, the Board considered that it is necessary to revise the annual cap for the Property Management Related Services for the year ending 31 December 2020 which would enable Sinic Services to continue to provide quality services to the Group in compliance with the requirements under Chapter 14A of the Listing Rules.

In light of the above, the Directors (including the independent non-executive Directors) consider that the Revised Annual Cap is fair and reasonable, the Property Management Related Services Supplemental Agreement are entered into in the usual and ordinary course of business of the Group, the transactions conducted under the Property Management Related Services Framework Agreement and the Property Management Related Services Supplemental Agreement are conducted on an arm's length basis and on normal commercial terms between the Company and Sinic Services, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Except for Mr. Zhang Yuanlin, who is the executive Director and one of the controlling shareholders of the Company, none of the Directors have any material interest in the transactions contemplated under the Property Management Related Services Supplemental Agreement. Mr. Zhang Yuanlin had abstained from voting on the Board resolutions of the Company in respect of the Property Management Related Services Supplemental Agreement.

INTERNAL CONTROL MEASURES

The Group has appropriate internal control measures to ensure that the terms of each individual agreement are in accordance with the Property Management Related Services Framework Agreement and the Property Management Related Services Supplemental Agreement and with reference to prevailing market prices of similar services. Before entering into any individual agreement, the cost management department of the Group will collect the following information:

- (a) at least two other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties and the scope of services) carried out with Independent Third Parties or quoted by Independent Third Parties; and
- (b) prices charged by other property management companies in the PRC of comparable transactions.

After collecting the relevant information, the cost management department of the Group would determine a price to be offered to Sinic Services which will not be more than the prices offered by the Group to Independent Third Parties for similar services.

LISTING RULES IMPLICATIONS

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As each of the applicable percentage ratios under the Listing Rules in respect of the Revised Annual Cap under the Property Management Related Services Supplemental Agreement is over 0.1% but less than 5% on an annual basis, the transactions contemplated under the Property Management Related Services Supplemental Agreement and the Revised Annual Cap are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT PARTIES TO THE PROPERTY MANAGEMENT RELATED SERVICES SUPPLEMENTAL AGREEMENT

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property leasing. It is a large-scale and comprehensive property developer in the PRC, focusing on the development of residential and commercial properties. Headquartered in Shanghai, the Group has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China core cities and other regions with high growth potential.

Sinic Services

Sinic Services is principally engaged in the provision of property management services and related value-added services in the PRC.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sinic Holdings (Group) Company Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2103)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or its connected persons as defined under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Management Related Services”	the property management related services to be provided by Sinic Services to the Group pursuant to the Property Management Related Services Framework Agreement, including but not limited to (i) pre-delivery services and property management services for unsold properties owned by the Group; (ii) house inspection and cleaning services; and (iii) display units and on-site sales office management services
“Property Management Related Services Framework Agreement”	the agreement dated 21 October 2019 entered into between the Company and Sinic Services in relation to the provision of Property Management Related Services by Sinic Services to the Group
“Property Management Related Services Supplemental Agreement”	the agreement dated 12 November 2020 entered into between the Company and Sinic Services to supplement the Property Management Related Services Framework Agreement
“Prospectus”	the prospectus of the Company dated 30 October 2019
“Revised Annual Cap”	has the meaning as ascribed to it under the paragraph headed “Revision of Annual Cap under the Property Management Related Services Supplemental Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Sinic Services”	Sinic Services Group Co., Ltd. (新力物業集團有限公司), a limited liability company established under the laws of the PRC
“Sinic Technology”	Sinic Technology Group Co., Ltd.* 新力科技集團有限公司, a limited liability company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%”

per cent.

By order of the Board
Sinic Holdings (Group) Company Limited
ZHANG Yuanlin
Chairman

Hong Kong, 12 November 2020

As at the date of this announcement, the Board of the Company comprises Mr. ZHANG Yuanlin and Ms. TU Jing as executive Directors, and Mr. TAM Chi Choi, Mr. AU YEUNG Po Fung and Mr. LIU Xin as independent non-executive Directors.