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# seazen 新城发展

## SEAZEN GROUP LIMITED

### 新城發展控股有限公司

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

**(Stock Code: 1030)**

## CONTINUING CONNECTED TRANSACTIONS 2022 SERVICES FRAMEWORK AGREEMENT

### THE 2022 SERVICES FRAMEWORK AGREEMENT

As the Group will continue to engage S-Enjoy Group to provide property management services, the 2022 Services Framework Agreement was entered into between the Company (through Seazen Holdings) and S-Enjoy Group (through Jiangsu Xinchengyue) on 28 October 2021 (after trading hours) in relation to provision of various services, including property management services by Jiangsu Xinchengyue for a term of one year from 1 January 2022 to 31 December 2022 subject to the Annual Cap of RMB1,650 million.

### LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wang, a controlling shareholder of the Company, is indirectly holding approximately 68.75% of the equity interests in S-Enjoy Service. Accordingly, Jiangsu Xinchengyue, as a subsidiary of S-Enjoy Service, is an associate of Mr. Wang and a connected person of the Company and the entering into of the 2022 Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the 2022 Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INTRODUCTION

Reference is made to the announcement of the Company dated 29 October 2020 in relation to the 2021 Services Framework Agreement. The Company will continue to engage S-Enjoy Group to provide various services, including property management services.

## THE 2022 SERVICES FRAMEWORK AGREEMENT

As disclosed in the announcement of the Company dated 29 October 2020, the 2021 Services Framework Agreement was entered for the year commencing on 1 January 2021 and ending on 31 December 2021, pursuant to which the Company has engaged S-Enjoy Group (through Tibet Xinchengyue) as part of the ordinary and usual course of business to provide property management services. As the 2021 Services Framework Agreement will expire on 31 December 2021, the 2022 Services Framework Agreement was entered into between the Company (through Seazen Holdings) and S-Enjoy Group (through Jiangsu Xinchengyue) on 28 October 2021 (after trading hours) in relation to provision of property management services by Jiangsu Xinchengyue for a term of one year from 1 January 2022 to 31 December 2022 subject to the Annual Cap of RMB1,650 million.

The principal terms of the 2022 Services Framework Agreement are set out below:

**Date:** 28 October 2021

**Parties:** (i) Seazen Holdings (as the recipient of services); and  
(ii) Jiangsu Xinchengyue (as the service provider).

**Term:** The 2022 Services Framework Agreement shall be effective from 1 January 2022 to 31 December 2022 (both days inclusive).

**Property Management Services and Value-added Services:** Jiangsu Xinchengyue is commissioned to provide various property management services, including the maintenance, consultancy and inspection services in connection with the development projects of Seazen Holdings. Jiangsu Xinchengyue agrees to provide the following services to Seazen Holdings with the pricing policies and payment terms as briefly listed below:

**a. Property Management Services**

Scope of Services: Jiangsu Xinchengyue is responsible for providing a wide range of property management services, including maintenance, conservation and management of properties, ancillary facilities and other relevant locations, preserving the cleanliness and maintaining order of the relevant areas.

Pricing Policy: The service fees shall be determined through a public bidding process by combining factors including the property type of the property project, the product positioning, the guidance price for such property types from the local government, the cost in the provision of services that match the product positioning and the anticipated increase in costs.

Payment Term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the subsidiary agreements to be entered into.

**b. Intelligent Construction Services**

Scope of Services: Jiangsu Xinchengyue will provide engineering and maintenance services of intelligent security equipments, e.g., surveillance system, access control system, parking system and indoor smart homes, for the properties developed by Seazen Holdings.

Pricing Policy: The service fees shall be determined through bidding or quotation and negotiation between both parties based on the equipment and accompanying support materials required by Seazen Holdings and the construction manpower, etc.

Payment Term: Payment shall be made after the delivery of, the inspection and acceptance of the intelligent construction service pursuant to the subsidiary agreement to be entered into.

**c. Sales Offices Management Services**

Scope of Services: Jiangsu Xinchengyue is responsible for the cleaning, security and customer services at the sale offices, exhibition halls, showrooms and clubhouses in the development projects.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by combining factors including nearby active market transaction price and the service cost (including but not limited to labor cost and consumable cost), plus comprehensive factors including reasonable management fees mark-up and others.

Payment Term: Payment shall be made quarterly or monthly pursuant to the terms of the subsidiary agreement to be entered into.

**d. Property Inspection Services**

Scope of Services: Jiangsu Xinchengyue is responsible for providing property inspection services for development projects, including inspections on the properties, facilities and security systems in accordance with the acceptable standards of Seazen Holdings.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness based on the active market transaction price and the service cost (including but not limited to labor cost, consumable cost, etc.), plus comprehensive factors including reasonable management fees mark-up and others.

Payment Term: Payment shall be made within one month after the delivery of property inspection services pursuant to the subsidiary agreement to be entered into.

**e. Property Preliminary Stage Consultancy Services**

Scope of Services: Jiangsu Xinchengyue will (1) provide advice in the preliminary stage of property development projects, including marketing strategy and property design; and (2) assist in the preparation for the delivery of properties.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness based on the active market transaction price and the cost for provision of services.

Payment Term: Lump sum payment within three months after the delivery of properties of the relevant development project.

**f. Parking Lot Sales Services**

Scope of Services: Jiangsu Xinchengyue will provide sales agency and underwriting services in relation to parking lot developed by Seazen Holdings.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including local market in the parking agent sales industry. Jiangsu Xinchengyue will either (i) charge a certain percentage of commission out of the sales income; or (ii) pay a certain underwriting deposits and therefore receive a discount (the specific discount will be determined by the prevailing market rate for similar transactions in the local market) on the price of the parking space sold by the Company and charge the gap between such discounted price and the final selling price as service fees.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

**g. Property Maintenance and Management Services during the Warranty Period**

Scope of Services: Jiangsu Xinchengyue will provide property maintenance and management services during the warranty period after the delivery of properties developed by Seazen Holdings.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness based on factors including the cost of professional personnel and management costs for the services provided by Jiangsu Xinchengyue.

Payment Term: Payment shall be made quarterly pursuant to the terms of the subsidiary agreement to be entered into.

#### **h. Elevator Installation and Maintenance Services**

Scope of Services: Seazen Holdings has entrusted Jiangsu Xinchengyue to carry out elevator installation services in its property development projects, and to provide maintenance services for the elevators in some of the properties under its management.

Pricing Policy: The price shall be determined by Seazen Holdings and Jiangsu Xinchengyue based on the active market transaction price and the service cost of Jiangsu Xinchengyue (including but not limited to labor cost, consumable cost, etc.) through negotiation.

Payment Term: Payment shall be made according to the method agreed in the specific construction contract. Generally a part of the payment shall be made upon commencement of construction, and the rest shall be paid according to the final amount after the completion of the construction and the acceptance of the project by Seazen Holdings. The payment for elevator maintenance service shall be settled quarterly according to the service contract.

**i. On-site Event Planning and Layout Services**

Scope of Services: Seazen Holdings has entrusted Jiangsu Xinchengyue to conduct on-site event planning and layout services for its property development project.

Pricing Policy: The price shall be determined by Seazen Holdings and Jiangsu Xinchengyue based on the active market transaction price and the service cost of Jiangsu Xinchengyue (including but not limited to labor cost, consumable cost, etc.) through negotiation.

Payment Term: Payment shall be made in accordance with the specific site service commission contract, and the settlement shall be made based on the service quality within 1 month after the completion of the services.



**j. Miscellaneous Entrustment Services**

Scope of Services: Jiangsu Xinchengyue will provide entrustment service in relation to development projects organized by Seazen Holdings.

Pricing Policy: The service fees shall be determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by taking into account factors including locations of the development projects, the operational costs (including labour costs and material costs, if applicable) with reference to the fees for similar services and similar type of development projects in the market from time to time (if available).

Payment Term: Payment shall be made generally after the end of provision of services pursuant to the specific terms of the temporary subsidiary agreement to be entered into.

**Subsidiary Agreement(s):** For each development project of Seazen Holdings which requires the property management services under the 2022 Services Framework Agreement, Seazen Holdings and Jiangsu Xinchengyue will (directly or through their respective subsidiaries) enter into subsidiary agreements setting out the specific scopes of services required and amount of fees payable in conformity with the principles (including the pricing policy mentioned above) set out in the 2022 Services Framework Agreement.

All transactions contemplated under the 2022 Services Framework Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis. It is agreed that the terms offered by Jiangsu Xinchengyue to Seazen Holdings should not be less favorable than those offered to other parties for similar services.

**Annual Cap and Its Basis:** The Annual Cap of the service fees under the 2022 Services Framework Agreement for the year ending 31 December 2022 shall not exceed RMB1,650 million. The service fees are expected to be satisfied by the internal resources of the Group.

The Annual Cap is determined with reference to, among others, the following factors:

- (1) the aggregate amount of approximately RMB906.9 million settled by Seazen Holdings for property management services and value-added services for the nine months ended 30 September 2021;
- (2) the Group's total contracted sales area of approximately 16.34 million square meters for the nine months ended 30 September 2021;
- (3) the expected sales scale, area and number of the Group's property projects to be managed by Jiangsu Xinchengyue, as well as the pre-sale and deliver time of such property projects; and
- (4) the estimated demand of the Group for property management services and the price charged by such services.

## **HISTORICAL TRANSACTION AMOUNTS UNDER THE 2021 SERVICES FRAMEWORK AGREEMENT**

The historical transaction amount that the Group settled with S-Enjoy Group (through Tibet Xinchengyue) for the property management services for the nine months ended 30 September 2021 was approximately RMB906.9 million. The annual cap under the 2021 Services Framework Agreement for the year ending 31 December 2021 is RMB1,350 million.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 SERVICES FRAMEWORK AGREEMENT**

S-Enjoy Group is an experienced property management services provider in the PRC. S-Enjoy Service, through its subsidiaries including Jiangsu Xinchengyue and Tibet Xinchengyue, has managed many property projects across a number of Chinese cities, including Shanghai, Nanjing, Changzhou, Wuxi and Suzhou. The Board believes that the experiences of S-Enjoy Group shall provide reliable support to the Group's expansion of property development business.

The 2022 Services Framework Agreement hence represents a stable and trusted business relationship which Seazen Holdings can leverage to achieve its business objectives.

## **DIRECTORS' VIEW**

Each of the Directors (including the independent non-executive Directors) is of the view that the 2022 Services Framework Agreement is entered into on an arm's length basis, on normal commercial terms and in the usual and ordinary course of business of the Group. The transactions contemplated under the 2022 Services Framework Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

In order to ensure that the terms of the property management services provided by Jiangsu Xinchengyue are not less favourable than those available from Independent Third Parties, the Group has adopted the following measures:

- (i) where applicable and commercially sensible, the Group will continue to request Jiangsu Xinchengyue to provide property management and other services through a bidding process, on arm's length basis and on the best available terms, with reference to the prevailing market prices;

- (ii) the relevant department of Seazen Holdings in charge of property management of Seazen Holdings will conduct market research on the service fees of relevant comparable services provided by at least three property management companies in the market based on the type of development projects and the scope of services quarterly for ascertaining that the range of the service fees of the property management services provided by Jiangsu Xinchengyue is mark to market;
- (iii) as part of the internal control procedures, the implementation of the 2022 Services Framework Agreement and the actual number and amount of services provided by Jiangsu Xinchengyue will be monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with the Independent Third Parties;
- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s);
- (v) the Group shall use the best endeavour to comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;
- (vi) the Company will engage its external auditor to review the transactions between the Group and Jiangsu Xinchengyue under the 2022 Services Framework Agreement, to ensure that the transactions amount are within the Annual Cap and the transactions are conducted in accordance with the terms set out in the 2022 Services Framework Agreement and the Listing Rules; and
- (vii) the Group will duly disclose in the annual reports and accounts the transactions of provision of property services by Jiangsu Xinchengyue during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP AND JIANGSU XINCHENGYUE**

Seazen Holdings is a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155). The principal activities of the Group and Seazen Holdings are property development, property investment and commercial property management in the PRC.

S-Enjoy Service is a company listed on the Stock Exchange (stock code: 1755) and is an experienced property management services provider in the PRC engaging in the provision of property management services, such as property and equipment maintenance, security services, cleaning services, gardening services and public area maintenances. Jiangsu Xinchengyue is one of the principal operating subsidiaries of S-Enjoy Service providing the same business.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wang, a controlling shareholder of the Company, is indirectly holding approximately 68.75% of the equity interests in S-Enjoy Service. Accordingly, Jiangsu Xinchengyue, as a subsidiary of S-Enjoy Service, is an associate of Mr. Wang and a connected person of the Company and the entering into of the 2022 Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the 2022 Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The provision of services under the 2022 Services Framework Agreement beyond a certain monetary limit will be subject to S-Enjoy Service obtaining necessary shareholders' approval.

## GENERAL

(i) Mr. Lv Xiaoping and Mr. Lu Zhongming, being the non-executive directors of S-Enjoy Service and the executive Directors of the Company; and (ii) Mr. Wang Xiaosong, being the non-executive director of S-Enjoy Service, the son of Mr. Wang, the chairman of the Board and a non-executive Director of the Company, are considered to be interested in the 2022 Services Framework Agreement and the transactions contemplated thereunder and have abstained from voting on the Board resolutions for approving the 2022 Services Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2022 Services Framework Agreement and was required to abstain from voting on the Board resolutions to approve the 2022 Services Framework Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

<b>“2021 Services Framework Agreement”</b>	the services framework agreement dated 29 October 2020 entered into between Seazen Holdings and Tibet Xinchengyue in relation to the provision of property management service and value-added services for the property projects of Seazen Holdings;
<b>“2022 Services Framework Agreement”</b>	the services framework agreement dated 28 October 2021 entered into between Seazen Holdings and Jiangsu Xinchengyue in relation to the provision of property management service and value-added services for the property projects of Seazen Holdings;
<b>“Annual Cap”</b>	the annual cap of RMB1,650 million for the service fees under the 2022 Services Framework Agreement;
<b>“associate(s)”</b>	has the meaning ascribed to it in the Listing Rules;

<b>“Board”</b>	the board of Directors;
<b>“Company”</b>	Seazen Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange;
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Director(s)”</b>	director(s) of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Third Party(ies)”</b>	third party(ies) independent of the Company and are not a connected person of the Company;
<b>“Jiangsu Xinchengyue”</b>	Jiangsu Xinchengyue Holdings Company Limited* (江蘇新城悅控股有限公司), a company established in the PRC with limited liability. It is a subsidiary of S-Enjoy Service and a connected person of the Company;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Mr. Wang”</b>	Mr. Wang Zhenhua, a controlling shareholder of the Company;
<b>“PRC”</b>	The People’s Republic of China;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“S-Enjoy Group”</b>	S-Enjoy Service and its subsidiaries;
<b>“S-Enjoy Service”</b>	S-Enjoy Service Group Co., Limited (新城悅服務集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1755). It is indirectly owned as to approximately 68.75% by Mr. Wang and therefore a connected person of the Company;
<b>“Seazen Holdings”</b>	Seazen Holdings Co., Ltd. (新城控股集團股份有限公司), a subsidiary of the Company with its A shares listed on the SSE (stock code: 601155);
<b>“Share(s)”</b>	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each;
<b>“Shareholder(s)”</b>	the holder(s) of the shares of the Company;

“SSE”	Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tibet Xinchengyue”	Tibet Xinchengyue Property Management Services Co., Ltd.* (西藏新城悅物業服務股份有限公司), a company incorporated in the PRC with limited liability. It is a subsidiary of S-Enjoy Service and a connected person of the Company; and
“%”	per cent.

\* *The English name is a translation of its Chinese name and is included in this announcement for identification purposes only.*

By order of the Board  
**Seazen Group Limited**  
**Wang Xiaosong**  
*Chairman*

The PRC, 28 October 2021

*As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong, Mr. Qu Dejun and Mr. Zhang Shengman as non-executive Directors and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.*