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**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
PROVISION OF EXCLUSIVE PARKING SPACE SALES AGENCY SERVICES  
(1) REVISION OF 2022 DEPOSIT CAP AND ADDITIONAL TERM  
AND  
(2) RENEWAL OF AGREEMENT  
FOR THE THREE YEARS ENDING 31 DECEMBER 2025**

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
PROVISION OF EXCLUSIVE PARKING SPACE SALES AGENCY SERVICES**

Reference is made to the Announcements in relation to, among other things, the Continuing Connected Transactions and the 2022 Deposit Cap thereunder.

**REVISION OF 2022 DEPOSIT CAP AND ADDITIONAL TERM**

As mentioned in the Announcements, the Existing CP Framework Agreement provides, among other things, (i) that the Group shall provide sales agency services with respect to the Target Parking Spaces identified and agreed between the Group and the Sino-Ocean Connected Persons on an exclusive basis; (ii) that the Group shall pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the Exclusive Sales Rights in respect of the Target Parking Spaces, with the amount of deposits determined with reference to the Base Price thereof; and (iii) the 2022 Deposit Cap.

Taking into account the changes in the market conditions and the business development plans of the Group, as well as the historical transaction amounts for the sale of the Target Parking Spaces pursuant to the Existing CP Framework Agreement and the revenue and profits brought to the Group thereby, it is the intention of the Company to obtain the Exclusive Sales Rights for additional Target Parking Spaces. As such, the Board proposes to revise the original 2022 Deposit Cap under the Existing CP Framework Agreement in view of the additional amount of deposits to be paid by the Group to the Sino-Ocean Connected Persons for the obtaining of the Exclusive Sales Rights for additional Target Parking Spaces. Accordingly, on 14 October 2022 (after trading hours of the Stock Exchange), the Company (on behalf of each member of the Group) entered into the Supplemental CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the parties have agreed, subject to the obtaining of approval by the Independent Shareholders at the EGM, to revise the 2022 Deposit Cap. It was also agreed, subject to the obtaining of approval by the Independent Shareholders at the EGM, that with respect to the additional Target Parking Spaces to be identified and agreed between the Group and the Sino-Ocean Connected Persons after the entering into of the Supplemental CP Framework Agreement, the amount of deposits payable for the obtaining of the Exclusive Sales Rights for such additional Target Parking Spaces shall not exceed 50% of the Base Price thereof.

#### **RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025**

In addition, as the Existing CP Framework Agreement will expire on 31 December 2022, and it is expected that the Group will continue to carry out the transactions as contemplated thereunder after 31 December 2022, on 14 October 2022 (after trading hours of the Stock Exchange), the Company (on behalf of each member of the Group) entered into the New CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the parties have agreed, subject to the obtaining of approval by the Independent Shareholders at the EGM, to renew the Continuing Connected Transactions for a term of three years commencing on 1 January 2023 and ending on 31 December 2025, on terms as set out in the New CP Framework Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Sino-Ocean Group is a controlling Shareholder and thus a connected person of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the revision of the 2022 Deposit Cap and the Additional Term as contemplated under the Supplemental CP Framework Agreement, pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules when the proposed annual caps for continuing connected transactions are revised and when there is a proposed material change to the terms of the agreement. As one or more of the applicable percentage ratios under the Listing Rules in respect of the revised 2022 Deposit Cap under the Supplemental CP Framework Agreement exceed(s) 5%, the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term) are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the renewal of the Continuing Connected Transactions for the three years ending 31 December 2025 as contemplated under the New CP Framework Agreement, as one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5%, the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits) are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios under the Listing Rules in respect of each of the revised 2022 Deposit Cap under the Supplemental CP Framework Agreement and the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5% but are all less than 25%, the payment of deposits pursuant to each of the Existing CP Framework Agreement (as amended and supplemented by the Supplemental CP Framework Agreement) and the New CP Framework Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **EGM**

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Shine Wind and its associates, none of the other Shareholders has a material interest in the transactions as contemplated under the Supplemental CP Framework Agreement and the New CP Framework Agreement and is required to abstain from voting on the relevant resolutions at the EGM.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to advise the Independent Shareholders on (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits), and to advise the Independent Shareholders on how to vote.

## **INDEPENDENT FINANCIAL ADVISER**

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise and make recommendations to the Independent Board Committee and the Independent Shareholders on (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits), and as to voting at the EGM so far as the Independent Shareholders are concerned.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); (ii) further details of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits); (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required under the Listing Rules, together with a notice of the EGM and the proxy form, is expected to be despatched to the Shareholders on or around 30 November 2022 (which is more than 15 business days after the publication of this announcement) as additional time is required to finalise the contents of the circular.

## **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF EXCLUSIVE PARKING SPACE SALES AGENCY SERVICES**

Reference is made to the Announcements in relation to, among other things, the Continuing Connected Transactions and the 2022 Deposit Cap thereunder.

## **REVISION OF 2022 DEPOSIT CAP AND ADDITIONAL TERM**

As mentioned in the Announcements, the Existing CP Framework Agreement provides, among other things, (i) that the Group shall provide sales agency services with respect to the Target Parking Spaces identified and agreed between the Group and the Sino-Ocean Connected Persons on an exclusive basis; (ii) that the Group shall pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the Exclusive Sales Rights in respect of the Target Parking Spaces, with the amount of deposits determined with reference to the Base Price thereof; and (iii) the 2022 Deposit Cap.

Taking into account the changes in the market conditions and the business development plans of the Group, as well as the historical transaction amounts for the sale of the Target Parking Spaces pursuant to the Existing CP Framework Agreement and the revenue and profits brought to the Group thereby, it is the intention of the Company to obtain the Exclusive Sales Rights for additional Target Parking Spaces. As such, the Board proposes to revise the original 2022 Deposit Cap under the Existing CP Framework Agreement in view of the additional amount of deposits to be paid by the Group to the Sino-Ocean Connected Persons for the obtaining of the Exclusive Sales Rights for additional Target Parking Spaces. Accordingly, on 14 October 2022 (after trading

hours of the Stock Exchange), the Company (on behalf of each member of the Group) entered into the Supplemental CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), details of which are set out below.

## **The Supplemental CP Framework Agreement**

### ***Date***

14 October 2022

### ***Parties***

- (i) the Company (on behalf of each member of the Group); and
- (ii) Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person).

### ***Subject matter***

Pursuant to the Supplemental CP Framework Agreement, subject to the obtaining of approval by the Independent Shareholders at the EGM, the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) have agreed:

- (i) to revise the 2022 Deposit Cap under the Existing CP Framework Agreement from RMB100 million to RMB450 million; and
- (ii) that with respect to the additional Target Parking Spaces to be identified and agreed between the Group and the Sino-Ocean Connected Persons after the entering into of the Supplemental CP Framework Agreement, the amount of deposits payable for the obtaining of the Exclusive Sales Rights for such additional Target Parking Spaces shall not exceed 50% of the Base Price thereof (the “**Additional Term**”).

The revised 2022 Deposit Cap under the Supplemental CP Framework Agreement is determined by taking into account, among other things, (i) the historical transaction amounts for the sale of the Target Parking Spaces pursuant to the Existing CP Framework Agreement and the revenue and profits brought to the Group thereby; (ii) the business development plans of the Group to further expand its parking space sales agency services and the resources that the Group may allocate to such business; (iii) the location, quantity, quality, and prices of comparable parking spaces of additional parking spaces developed or held by the Sino-Ocean Connected Persons in respect of which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group; (iv) the Additional Term; and (v) the financial and cash position of the Group.

The table below sets out the historical figures for the deposits paid/payable pursuant to the Existing CP Framework Agreement for the year ended 31 December 2021 and the nine months ended 30 September 2022 with the utilisation rates of the respective annual caps approved for the year ended 31 December 2021 and the year ending 31 December 2022, respectively.

	<b>Deposits paid/payable (RMB'000)</b>	<b>Utilisation rates compared to the respective annual caps</b>
<b>For the year ended 31 December 2021</b>	84,682 (audited)	84.7%
<b>For the nine months ended 30 September 2022</b>	90,482 (unaudited)	90.5%

The actual amount of deposits paid/payable pursuant to the Existing CP Framework Agreement for the year ended 31 December 2021 and the nine months ended 30 September 2022 had not exceeded the respective annual caps for the year ended 31 December 2021 and the year ending 31 December 2022.

The additional amount of deposits payable by the Group under the Existing CP Framework Agreement (as amended and supplemented by the Supplemental CP Framework Agreement) will be settled by the Group using cash from its internal resources.

Save for the revision of the 2022 Deposit Cap and the Additional Term as disclosed above, all the other terms of the Existing CP Framework Agreement shall remain unchanged and the Existing CP Framework Agreement shall remain valid and enforceable.

The provision of sales agency services under the Existing CP Framework Agreement shall continue to form part of the continuing connected transactions carried out pursuant to the 2020–2022 Master Consultancy and Other Value-added Services Agreement and shall be subject to the annual caps thereunder. The Board will review and consider from time to time the sufficiency of the annual caps for the continuing connected transactions as contemplated under the 2020–2022 Master Consultancy and Other Value-added Services Agreement with reference to actual business development and needs and will propose to revise the annual caps thereunder when necessary in compliance with the Listing Rules.

In order to ensure that the Continuing Connected Transactions will be conducted on normal commercial terms and in accordance with the Existing CP Framework Agreement (as amended and supplemented by the Supplemental CP Framework Agreement), including the revised 2022 Deposit Cap and the Additional Term, the Group will continue to adopt the internal control measures as set forth under the section headed "INTERNAL CONTROL MEASURES" in the announcement of the Company dated 30 December 2021.

## **RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025**

In addition, as the Existing CP Framework Agreement will expire on 31 December 2022, and it is expected that the Group will continue to carry out the transactions as contemplated thereunder after 31 December 2022, on 14 October 2022 (after trading hours of the Stock Exchange), the Company (on behalf of each member of the Group) entered into the New CP Framework Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the parties have agreed, subject to the obtaining of approval by the Independent Shareholders at the EGM, to renew the Continuing Connected Transactions for a term of three years commencing on 1 January 2023 and ending on 31 December 2025, on terms as set out in the New CP Framework Agreement. Set out below are the principal terms of the New CP Framework Agreement.

### **The New CP Framework Agreement**

#### ***Date***

14 October 2022

#### ***Parties***

- (i) the Company (on behalf of each member of the Group); and
- (ii) Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person).

#### ***Term***

Subject to the obtaining of approval by the Independent Shareholders at the EGM, the New CP Framework Agreement shall take effect for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

The cooperation within the term of the New CP Framework Agreement shall be divided into three cycles (each, a “**Cycle**”): the first Cycle is from 1 January 2023 to 31 December 2023, the second Cycle is from 1 January 2024 to 31 December 2024, and the third Cycle is from 1 January 2025 to 31 December 2025.

The New CP Framework Agreement may be renewed as the parties may mutually agree, subject to compliance with the requirements of the Listing Rules and all applicable laws and regulations.

## ***Subject matter***

Pursuant to the New CP Framework Agreement, Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) has agreed to grant the Exclusive Sales Rights with respect to the Target Parking Spaces to the Group, pursuant to which the Group shall provide sales agency services with respect to such Target Parking Spaces on an exclusive basis, and shall charge the difference between (i) the actual sales price to be paid by third party purchaser and (ii) the corresponding Base Price for such Target Parking Space as fees for the provision of the exclusive sales agency services. In return, the Group shall pay fully refundable deposits to the Sino-Ocean Connected Persons for obtaining the Exclusive Sales Rights in respect of the Target Parking Spaces.

The Exclusive Sales Right is an exclusive right enjoyed by the Group, and Sino-Ocean Group shall not and shall procure each relevant Sino-Ocean Connected Person not to, directly or entrust other third parties, sell, offer to sell, transfer, gift, pledge or otherwise dispose of any of the Target Parking Spaces to any third party, unless with the prior written consent of the Group.

The New CP Framework Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions as contemplated thereunder. The Group and the Sino-Ocean Connected Persons shall enter into specific agreements to specify, among other things, the Target Parking Spaces the Exclusive Sales Rights of which are to be granted to the Group and their corresponding Base Prices and deposits payable for obtaining the Exclusive Sales Rights, provided that the terms and conditions of such specific agreements shall not be inconsistent with the terms of the New CP Framework Agreement. The grant of the Exclusive Sales Rights by the Sino-Ocean Connected Persons as well as the payment of the corresponding deposits, and the provision of exclusive sales agency services with respect to the Target Parking Spaces by the Group will be carried out in accordance with such specific agreements to be entered into between the Group and the Sino-Ocean Connected Persons from time to time.

## ***Pricing policy***

### *(a) Deposits*

The deposits payment is associated with and forms an integral part of the exclusive sale of the Target Parking Spaces by the Group as exclusive sales agent. To obtain the Exclusive Sales Rights in respect of the Target Parking Spaces, the Group shall from time to time pay the Sino-Ocean Connected Persons fully refundable deposits according to the payment schedule to be determined and agreed between the Group and the relevant Sino-Ocean Connected Persons under specific agreements.

The amount of deposit payable for the obtaining of the Exclusive Sales Right in respect of a Target Parking Space shall not exceed 50% of the Base Price thereof. The Base Price in respect of a Target Parking Space (being the minimum price for the sale of such Target Parking Space to be agreed by the Group and the relevant Sino-Ocean Connected Person) shall be determined after arm's length negotiation by the parties taking into consideration factors including but not limited to the average price of comparable parking spaces in the surrounding markets of such Target Parking Space, and the location, occupancy rate, parking space ratio and sale progress of the relevant project, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets thereof.



The parties shall conduct a review on the Base Prices and the corresponding deposits paid/payable for the obtaining of the Exclusive Sales Rights in respect of any unsold Target Parking Spaces upon the expiration of each Cycle. The Group shall have the right to adjust the Base Prices and the corresponding deposits payable according to the then market conditions. The Group shall also have the right to terminate the Exclusive Sales Rights for any unsold Target Parking Spaces should the parties cannot agree on the revised Base Prices and the corresponding deposits, in which case, the corresponding deposits paid for such Target Parking Spaces shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Rights.

The deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using cash from its internal resources.

In the event that any Target Parking Space is sold, the corresponding deposit paid for obtaining the Exclusive Sales Right of such Target Parking Space shall be refunded (without interest) to the Group, which shall be settled by the relevant Sino-Ocean Connected Person together with corresponding sales agency services fees involved on a monthly basis and within 15 business days thereof.

Further, the parties shall review the composition of the Target Parking Spaces on a quarterly basis. In respect of any unsold Target Parking Space, the Group is entitled to either (i) terminate the Exclusive Sales Right for such unsold Target Parking Space, in which case, the corresponding deposit paid for such Target Parking Space shall be refunded (without interest) to the Group within 15 business days from the date of termination of the Exclusive Sales Right; or (ii) replace such unsold Target Parking Space with other new Target Parking Space of the same value to be agreed between the Company and Sino-Ocean Group.

Upon the termination or expiration of the New CP Framework Agreement, any balance of deposits paid pursuant to the New CP Framework Agreement shall be refunded (without interest) within 15 business days.

*(b) Sales agency services fees*

Pursuant to the New CP Framework Agreement, with respect to the sale of a Target Parking Space, the Group shall charge the difference between (i) the actual sales price to be paid by third party purchaser and (ii) the corresponding Base Price for such Target Parking Space as fees for providing exclusive sales agency services with respect to such Target Parking Space (the "**Exclusive Sales Agency Fees**"). The relevant Sino-Ocean Connected Person shall settle the Exclusive Sales Agency Fees and shall refund the corresponding deposit with respect to such Target Parking Space on a monthly basis and within 15 business days thereof.

The arrangement under the New CP Framework Agreement enables the Group to have higher autonomy in terms of pricing of the selling price of the Target Parking Spaces and higher potential return. By paying the fully refundable deposits for the Exclusive Sales Rights, the Group can obtain a preferential discounted rate (being the Base Price which is at least 20% discount to the market price) for sales of the Target Parking Spaces, pursuant to which the sales agency services fees receivable by the Group shall be the actual sales amount in excess thereof. Based on such arrangement and assuming that the Target Parking Spaces are sold at market price, it is expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees under the New CP

Framework Agreement. The Exclusive Sales Agency Fees are expected to outweigh (i) the potential interest income that may be generated from depositing the deposits at banks or other financial institutions; and (ii) the agency fees the Group is entitled to under the parking spaces sales arrangement with the Sino-Ocean Connected Persons on a non-exclusive basis.

Further, it is noted from public announcements that some other listed issuers made bulk purchases of parking spaces from property developers for the purpose of resale or renting out in the PRC, under which the considerations paid were not refundable. Comparing to such practice, the arrangement under the New CP Framework Agreement was more favourable as the risk of holding unsold and vacant parking spaces will not be passed onto the Group.

In terms of the liquidity of the Group, as at 30 June 2022, the Group had cash and cash equivalents of approximately RMB2,474 million and had no interest-bearing borrowings. Although the deposits in the amount of up to the respective annual caps under the New CP Framework Agreement might be paid to the Sino-Ocean Connected Persons until 31 December 2025, given the solid financial position of the Group as at 30 June 2022, it is expected that the deposit payments pursuant to the New CP Framework Agreement will not give rise to excessive and burdensome pressure on the Group's cash flow and liquidity.

In addition, the Group has maintained a long-term business relationship with Sino-Ocean Group, which is a leading large-scale PRC property developer listed on the Main Board of the Stock Exchange (Stock Code: 03377), with China Life Insurance Company Limited (中國人壽保險股份有限公司) being Sino-Ocean Group's single largest shareholder holding approximately 29.59% of its shares as of 30 June 2022, and Dajia Life Insurance Co., Ltd.\* (大家人壽保險股份有限公司) being Sino-Ocean Group's second largest shareholder holding approximately 29.58% of its shares as of the same date. According to the interim report of Sino-Ocean Group for the six months ended 30 June 2022, Sino-Ocean Group is financially sound and had a total cash resources (including cash and cash equivalents and restricted bank deposits) of approximately RMB19,642 million, and an unutilized credit facilities of approximately RMB218,284 million as at 30 June 2022. The maximum balance of the deposits in each Cycle is only approximately 2.3% of the aforesaid total cash resources of Sino-Ocean Group and approximately 0.2% of the sum of the aforesaid total cash resources and unutilized credit facilities of Sino-Ocean Group. Further, Sino-Ocean Group did not announce any material adverse credit events and/or defaults in the past 24 months. Considering the above factors, the Board considers that the risk of being not able to recover the fully refundable deposits from Sino-Ocean Group is low.

The New CP Framework Agreement also provides for, among other things, a quarterly review of the composition of the Target Parking Spaces and an annual review of the Base Prices and the corresponding deposits paid/payable for the obtaining of the Exclusive Sales Rights in respect of any unsold Target Parking Spaces, pursuant to which the Group shall have the right to adjust the Base Prices and the corresponding deposits or to terminate the Exclusive Sales Rights. Such mechanism provides the Group with flexibility to control and make adjustments to the deposit amount should it consider appropriate taking into account factors including the then market conditions, the marketability of the unsold Target Parking Spaces, the then financial position (in particular the cash flow and liquidity) as well as business and development plan of the Group, the then financial position (in particular the cash position and payment ability) of Sino-Ocean Group etc.

On a whole, the arrangement under the New CP Framework Agreement provides higher potential returns for the Group, and associated risks thereunder are limited and manageable. On the basis above, the Board considers that terms of the New CP Framework Agreement (including the payment of deposits for the Exclusive Sales Rights) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### ***The proposed annual caps and basis of determination***

#### *(a) Deposits*

The Target Parking Spaces shall be identified and agreed between the Group and the Sino-Ocean Connected Persons from time to time and be reviewed quarterly based on the parking spaces then held by the Sino-Ocean Connected Persons and the market conditions.

With reference to the following factors, it is expected that the balance of deposits to be paid under the New CP Framework Agreement at any time during the three years ending 31 December 2023, 2024 and 2025 shall not exceed RMB450 million, RMB450 million and RMB450 million respectively:

- (i) the location, quantity, quality, prices of comparable parking spaces etc. of parking spaces currently held by and expected to be delivered by the Sino-Ocean Connected Persons in 2023, 2024 and 2025, which the Sino-Ocean Connected Persons are willing to grant the Exclusive Sales Rights to the Group;
- (ii) the deposit rate of not exceeding 50% of the relevant Base Price for obtaining the Exclusive Sales Right in respect of a Target Parking Space;
- (iii) the resources that the Group may allocate to the provision of parking space sales agency services, and its ability to meet the service demand;
- (iv) the market deposit rates in respect of similar types and scope of exclusive parking space sales agency services;
- (v) the business development plan of the Group to further expand its parking space sales agency services; and
- (vi) the financial and cash position of the Group.

(b) *Exclusive Sales Agency Fees*

The provision of sales agency services under the New CP Framework Agreement shall form part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement, and the Exclusive Sales Agency Fees payable by the Sino-Ocean Connected Persons to the Group shall be subject to the relevant annual caps to be provided thereunder, details of which will be announced shortly.

**REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUPPLEMENTAL CP FRAMEWORK AGREEMENT**

The original 2022 Deposit Cap under the Existing CP Framework Agreement was set based on the then business development status and plans of the Group and that of the Sino-Ocean Connected Persons. Taking into account the changes in the market conditions and the business development plans of the Group, as well as the historical transaction amounts for the sale of the Target Parking Spaces pursuant to the Existing CP Framework Agreement and the revenue and profits brought to the Group thereby, it is the intention of the Company to obtain the Exclusive Sales Rights for additional Target Parking Spaces. As such, the Board proposes to revise the original 2022 Deposit Cap under the Existing CP Framework Agreement in view of the additional amount of deposits to be paid by the Group to the Sino-Ocean Connected Persons for the obtaining of the Exclusive Sales Rights for the additional Target Parking Spaces.

Further, despite the fact that the Group would be paying additional deposits for additional Target Parking Spaces for obtaining their respective Exclusive Sales Rights, pursuant to the Additional Term, the Group would be able to enjoy a better deposit rate for new Target Parking Spaces to be identified and agreed between the Group and the Sino-Ocean Connected Persons after the entering into of the Supplemental CP Framework Agreement with the amount of deposit being capped at 50% of the relevant Base Price for each newly added Target Parking Space.

The entering into of the Supplemental CP Framework Agreement provides higher potential returns for the Group and is in line with the Group's business strategies and will better cater for the business needs and development of the Group and that of the Sino-Ocean Connected Persons.

The Directors (excluding (i) the independent non-executive Directors whose views will be set forth in the circular after taking into account the recommendation of the Independent Financial Adviser; and (ii) the Abstained Directors) are of the view that the Supplemental CP Framework Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the Supplemental CP Framework Agreement, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW CP FRAMEWORK AGREEMENT**

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. The Group is committed to further expanding its business scale and diversifying the service offerings.

As it is expected that the majority of the parking spaces developed or held by the Sino-Ocean Connected Persons is part of the projects under the management of the Group, the Group is in a good position to obtain market information and resources (for instance, information on the needs of potential owners and tenants) associated with such parking spaces. Accordingly, the entering into of the New CP Framework Agreement would allow the Group to obtain the Exclusive Sales Rights through the payment of deposits, thereby enjoying a higher degree of freedom in setting the sales prices for the Target Parking Spaces, having more flexibility in adjusting the sales prices taking into account the market circumstances and further facilitating the sales of the Target Parking Spaces by utilising the cumulative market information and sales strategies of the projects under management.

Further, pursuant to the New CP Framework Agreement, the Group shall charge the difference between (i) the actual sales price to be paid by third party purchaser and (ii) the corresponding Base Price for a Target Parking Space as the Exclusive Sales Agency Fees, and the Base Price in respect of a Target Parking Space shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets thereof. On this basis, assuming that a Target Parking Space is sold at market price, it is expected that at least 20% of the respective selling price will be generated as the Exclusive Sales Agency Fees receivable by the Group. In that case, the Group would be able to earn higher agency fees than those earned through the provision of parking space sales agency services on a non-exclusive basis. Accordingly, the entering into of the New CP Framework Agreement would allow the Group to continue to benefit from the stable revenue generated thereunder and enhance the overall profitability, thereby bringing potential considerable return to the Shareholders.

In addition, the deposits payable by the Group under the New CP Framework Agreement will be settled by the Group using cash from its internal resources and the Group will have sufficient funding for its operations after payment of the deposits. In consideration of the expected stable revenue generated by the receipt of the Exclusive Sales Agency Fees, which outweigh the potential interest income of depositing the relevant deposits at the banks and financial institutions, the Company considers that the payment of fully refundable deposits for the obtaining of the Exclusive Sales Rights pursuant to the New CP Framework Agreement would allow the Group to better utilise its cash resources.

The entering into of the New CP Framework Agreement would also allow the Group to continue assisting in the sale of parking spaces developed or held by the Sino-Ocean Connected Persons on an exclusive basis for the three years ending 31 December 2025 and thus maintain the long-standing business relationship with each other. Through the provision of exclusive parking space sales agency services as contemplated under the New CP Framework Agreement, the Group would also be able to establish a more diverse community value-added business structure and expand the scale of asset management service business by leveraging on the professional service capabilities and leading information technology platform advantages of the Group.

The Directors (excluding (i) the independent non-executive Directors whose views will be set forth in the circular after taking into account the recommendation of the Independent Financial Adviser; and (ii) the Abstained Directors) consider that the New CP Framework Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the New CP Framework Agreement, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

In order to ensure that the terms contained in the New CP Framework Agreement are fair and reasonable and will be complied with, the Company has adopted the following internal control and corporate governance measures:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the New CP Framework Agreement, in particular the pricing policies and the deposit caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, internal policies of the Group and the Listing Rules;
- (ii) before agreeing on the Base Price for a Target Parking Space, the relevant personnel of the business department of the Group will conduct a thorough review to understand the prevailing price level of comparable parking spaces in the market and the relevant market conditions, and ensure that the Base Price shall not exceed 80% of the average price of comparable parking spaces in the surrounding markets of such Target Parking Space;
- (iii) during each Cycle, the relevant personnel of the business department of the Group will review the composition of the Target Parking Spaces quarterly and consider the needs to either terminate the Exclusive Sales Right of any unsold Target Parking Space or replace any unsold Target Parking Space with other new Target Parking Space of the same value to be agreed between the Company and Sino-Ocean Group;
- (iv) upon expiration of each Cycle, the relevant personnel of the business department of the Group will conduct a re-evaluation based on the average price of comparable parking spaces in the surrounding markets as well as the market conditions in the previous year, and will negotiate with the relevant Sino-Ocean Connected Person for adjusting the Base Prices and the corresponding deposits paid/payable for any unsold Target Parking Spaces should it consider appropriate, so as to ensure that the Base Price is fair and reasonable and on par with the comparable average prices in the surrounding markets of the Target Parking Spaces;
- (v) the specific agreements, together with the relevant information, will be submitted to the business department, finance department, legal department and the management of the Group for approval before signing and execution;
- (vi) pursuant to the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the Directors (including the independent non-executive Directors) will be able to seek independent professional advice in respect of the transactions under the New CP Framework Agreement from external parties in appropriate circumstances;

- (vii) the actual transaction amounts and the balance of deposits paid under the New CP Framework Agreement will be reported to appropriate management team regularly and the finance department of the Company will be responsible for reviewing and monitoring the actual transaction amounts and the deposit balance to ensure that the relevant annual caps under the 2023–2025 Master Consultancy and Other Value-added Services Agreement and the deposit caps under the New CP Framework Agreement will not be exceeded;
- (viii) various internal departments of the Company (including but not limited to the finance department, capital market department and company secretarial department) will regularly monitor the implementation of the transactions under the New CP Framework Agreement and keep track of the aggregate transaction amounts thereof to ensure that the pricing policies and the deposit caps and the annual caps respectively under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement are complied with;
- (ix) the Company has adopted relevant reporting and record-keeping procedures to allow the independent non-executive Directors and the auditors of the Company to perform annual review of the transactions under the New CP Framework Agreement and the 2023–2025 Master Consultancy and Other Value-added Services Agreement and provide annual confirmations in accordance with the Listing Rules; and
- (x) the Company will duly disclose in its annual report the continuing connected transactions conducted during the relevant financial year, together with the conclusion drawn by the independent non-executive Directors on whether the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant framework agreements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE GROUP**

The Company is an investment holding company and the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. The Group's property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). The Group also provides commercial operational services to shopping malls and office buildings, including pre-opening management services and operation management services. In addition to property management services and commercial operational services, the Group provides a variety of community value-added services to property owners and residents of the properties under its management, including community asset value-added services, community living services and property brokerage services, and value-added services to non-property owners, including pre-delivery services, consultancy services and property engineering services to property developers and other property management companies.

## **INFORMATION ON SINO-OCEAN GROUP**

Sino-Ocean Group is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It is an investment holding company and a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing region, the Bohai Rim region, the Eastern region, the Southern region, the Central region and the Western region. The core businesses of

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Sino-Ocean Group and its subsidiaries include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, along with synergic businesses in real estate financing, senior living service, logistics real estate and internet data center, etc.

## **IMPLICATIONS UNDER THE LISTING RULES**

Sino-Ocean Group is a controlling Shareholder and thus a connected person of the Company. Accordingly, the Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the revision of the 2022 Deposit Cap and the Additional Term as contemplated under the Supplemental CP Framework Agreement, pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules when the proposed annual caps for continuing connected transactions are revised and when there is a proposed material change to the terms of the agreement. As one or more of the applicable percentage ratios under the Listing Rules in respect of the revised 2022 Deposit Cap under the Supplemental CP Framework Agreement exceed(s) 5%, the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term) are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the renewal of the Continuing Connected Transactions for the three years ending 31 December 2025 as contemplated under the New CP Framework Agreement, as one or more of the applicable percentage ratios under the Listing Rules in respect of the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5%, the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits) are subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios under the Listing Rules in respect of each of the revised 2022 Deposit Cap under the Supplemental CP Framework Agreement and the largest annual cap for deposits payable pursuant to the New CP Framework Agreement exceed(s) 5% but are all less than 25%, the payment of deposits pursuant to each of the Existing CP Framework Agreement (as amended and supplemented by the Supplemental CP Framework Agreement) and the New CP Framework Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **EGM**

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Shine Wind and its associates, none of the other Shareholders has a material interest in the transactions as contemplated under the Supplemental CP Framework Agreement and the New CP Framework Agreement and is required to abstain from voting on the relevant resolutions at the EGM.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the transactions as contemplated under the Supplemental CP Framework Agreement and the New CP Framework Agreement. Nevertheless, Mr. Cui Hongjie and Mr. Zhu Xiaoxing have abstained from voting on the Board resolutions approving the Supplemental CP Framework Agreement and the New CP Framework Agreement by virtue of their directorship and/or senior positions in Sino-Ocean Group and/or its associates (other than the Group).

#### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee has been established to advise the Independent Shareholders on (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits), and to advise the Independent Shareholders on how to vote.

#### **INDEPENDENT FINANCIAL ADVISER**

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise and make recommendations to the Independent Board Committee and the Independent Shareholders on (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits), and as to voting at the EGM so far as the Independent Shareholders are concerned.

#### **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details of the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); (ii) further details of the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits); (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other information as required under the Listing Rules, together with a notice of the EGM and the proxy form, is expected to be despatched to the Shareholders on or around 30 November 2022 (which is more than 15 business days after the publication of this announcement) as additional time is required to finalise the contents of the circular.

## DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“2020–2022 Master Consultancy and Other Value-added Services Agreement”	an agreement dated 27 November 2020 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in relation to the provision of consultancy and other value-added services by the Group to the Sino-Ocean Connected Persons for a term from the Listing Date to 31 December 2022
“2022 Deposit Cap”	the maximum aggregate amount of deposits payable under the Existing CP Framework Agreement for the year ending 31 December 2022
“2023–2025 Master Consultancy and Other Value-added Services Agreement”	an agreement which is contemplated to be entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) shortly to renew the transactions as contemplated under the 2020–2022 Master Consultancy and Other Value-added Services Agreement
“Abstained Directors”	Mr. Cui Hongjie and Mr. Zhu Xiaoxing, each being a non-executive Director
“Additional Term”	has the meaning ascribed to it under the section headed “REVISION OF 2022 DEPOSIT CAP AND ADDITIONAL TERM — The Supplemental CP Framework Agreement — Subject matter” in this announcement
“Announcements”	collectively, the announcements of the Company dated 30 December 2021 and 20 January 2022 in relation to the Continuing Connected Transactions
“Base Price”	with respect to a Target Parking Space, the minimum price for the sale of such Target Parking Space agreed or to be agreed by the Group and the relevant Sino-Ocean Connected Person
“Board”	the board of Directors
“Company”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
“Continuing Connected Transactions”	the transactions as contemplated under the Existing CP Framework Agreement
“Cycle”	has the meaning ascribed to it under the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — Term” in this announcement

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“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)
“Exclusive Sales Agency Fees”	has the meaning ascribed to it under the section headed “RENEWAL OF AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2025 — The New CP Framework Agreement — Pricing policy — (b) Sales agency services fees” in this announcement
“Exclusive Sales Right(s)”	with respect to the parking space(s) developed or held by the Sino-Ocean Connected Person(s), exclusive right(s) granted or to be granted by the Sino-Ocean Connected Person(s) to the Group, pursuant to which the Group shall provide sales agency services with respect to such Target Parking Space(s) on an exclusive basis and the Group can request the Sino-Ocean Connected Person(s) to transfer the Target Parking Space(s) to any third party purchaser(s) designated by the Group at an agreed price not lower than the Base Price of such Target Parking Space(s)
“Existing CP Framework Agreement”	an agreement dated 30 December 2021 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in relation to the grant of the Exclusive Sales Rights and the provision of exclusive sales agency services with respect to the Target Parking Spaces
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung, established for the purpose of advising the Independent Shareholders in respect of (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)

“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance)) regulated activities as defined under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the Supplemental CP Framework Agreement and the transactions as contemplated thereunder (including the revised 2022 Deposit Cap and the Additional Term); and (ii) the New CP Framework Agreement and the transactions as contemplated thereunder (including the annual caps for deposits)
“Independent Shareholders”	Shareholders other than Shine Wind and its associates
“Listing Date”	17 December 2020, the first date on which the shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New CP Framework Agreement”	an agreement dated 14 October 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) to renew the Continuing Connected Transactions on terms as set out therein
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shine Wind”	Shine Wind Development Limited (耀勝發展有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Sino-Ocean Group and a controlling Shareholder
“Sino-Ocean Connected Persons”	Sino-Ocean Group and its associates, excluding, for the avoidance of doubt, the Group
“Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377) and a controlling Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental CP Framework Agreement”	an agreement dated 14 October 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) to amend and supplement the Existing CP Framework Agreement
“Target Parking Space(s)”	parking space(s) developed or held by the Sino-Ocean Connected Person(s) which is/are identified and agreed or to be identified and agreed between the Group and the Sino-Ocean Connected Person(s), with the Exclusive Sales Right(s) thereon granted or to be granted to the Group
“%”	per cent

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

By Order of the Board  
**Sino-Ocean Service Holding Limited**  
**YANG Deyong**  
*Joint Chairman*

Hong Kong, 14 October 2022

*As at the date of this announcement, the Board comprises Mr. Yang Deyong and Ms. Zhu Geying as executive Directors, Mr. Cui Hongjie and Mr. Zhu Xiaoxing as non-executive Directors, and Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung as independent non-executive Directors.*