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**濱江服務**

BINJIANG SERVICE

**Binjiang Service Group Co. Ltd.**

**濱江服務集團有限公司**

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

**(Stock Code: 3316)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **REVISION OF ANNUAL CAP OF 2022 SALES AGENCY SERVICES FRAMEWORK AGREEMENT**

**AND**

### **RENEWAL OF AGREEMENTS DUE TO EXPIRE IN 2022**

#### **REVISION OF ANNUAL CAP OF 2022 SALES AGENCY SERVICES FRAMEWORK AGREEMENT**

On November 3, 2022 (after trading hours), the Company entered into the Supplemental Sales Agency Services Framework Agreement to revise the existing annual cap for the transactions contemplated under the 2022 Sales Agency Services Framework Agreement for the year ending December 31, 2022.

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

On November 3, 2022 (after trading hours), the Company entered into the following agreements:

- (i) 2023 Sales Agency Services Framework Agreement;
- (ii) 2023 Master Leasing Agreement;
- (iii) 2023 Master Consultancy Agreement;
- (iv) 2023 Catering Services Framework Agreement;

(v) 2023 Master Property Management Services Agreement; and

(vi) 2023 Master Pre-delivery Management Services Agreement;

to renew the transactions contemplated under the corresponding existing agreements.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the Supplemental Sales Agency Services Framework Agreement, according to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the announcement requirement before the existing annual cap is exceeded.

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

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

## **EXTRAORDINARY GENERAL MEETING**

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

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the transactions under the Non-exempt CCT Agreements are fair and reasonable, on normal commercial terms or better, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser. Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further details of the Non-exempt CCT Agreements, (ii) recommendations of the Independent Board Committee to the Independent Shareholders, (iii) a letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, together with the proxy form, will be despatched to the Shareholders on or before November 30, 2022, which is beyond 15 business days after the publication of this announcement, as the Company requires additional time to prepare the information to be included in the circular.

## I. SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

On November 3, 2022 (after trading hours), the Company entered into the Supplemental Sales Agency Services Framework Agreement to revise the existing annual cap for the transactions contemplated under the 2022 Sales Agency Services Framework Agreement for the year ending December 31, 2022.

In addition, on November 3, 2022 (after trading hours), the Company entered into (i) the 2023 Sales Agency Services Framework Agreement; (ii) the 2023 Master Leasing Agreement; (iii) the 2023 Master Consultancy Agreement; (iv) the 2023 Catering Services Framework Agreement; (v) the 2023 Master Property Management Services Agreement; and (vi) the 2023 Master Pre-delivery Management Services Agreement, to renew the transactions contemplated under the corresponding existing agreements.

The 2023 Sales Agency Services Framework Agreement, the 2023 Master Leasing Agreement, the 2023 Master Consultancy Agreement, the 2023 Catering Services Framework Agreement, the 2023 Master Pre-delivery Management Services Agreement and the 2023 Master Property Management Services Agreement are collectively referred to as the “**2023 Agreements**”.

Nature of transactions	Proposed annual caps for the	
	year ending December 31,	
	2022	2023
	<i>(RMB'000)</i>	
<i>Partially-exempt continuing connected transactions subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement</i>		
Supplemental Sales Agency Services Framework Agreement	36,000	
2023 Sales Agency Services Framework Agreement		36,000
2023 Master Leasing Agreement		4,000
2023 Master Consultancy Agreement		20,000
2023 Catering Services Framework Agreement		4,000
<i>Non-exempt continuing connected transactions subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements</i>		
2023 Master Pre-delivery Management Services Agreement		380,000
2023 Master Property Management Services Agreement		74,000

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

**1. Supplemental Sales Agency Services Framework Agreement and 2023 Sales Agency Services Framework Agreement**

**(A) Background**

Reference is made to the announcement dated December 16, 2021 in relation to the continuing connected transactions under the 2022 Sales Agency Services Framework Agreement, and the annual cap thereunder.

**(B) Revision of annual cap for 2022 Sales Agency Services Framework Agreement**

Due to Binjiang Real Estate Group's rapid business expansion, the demand for sales agency services from the Group increased. Therefore, the Directors noted that the transaction amount under the 2022 Sales Agency Services Framework Agreement is approaching the existing annual cap for the year ending December 31, 2022.

On November 3, 2022, the Company entered into the Supplemental Sales Agency Services Framework Agreement with Binjiang Real Estate to revise the existing annual cap for the year ending December 31, 2022 from RMB23 million to RMB36 million. Save for such revision in the annual cap, all other terms of the 2022 Sales Agency Services Framework Agreement shall remain valid and in full force and effect.

The revised annual cap is determined with reference to the following factors: (i) the unaudited actual transaction amounts under the 2022 Sales Agency Services Framework Agreement for the nine months ended September 30, 2022, being approximately RMB13.3 million, representing approximately 57.8% of the existing annual cap for the year ending December 31, 2022; (ii) the development plans and estimated saleable amount of projects to which the Group will provide sales agency services as provided by Binjiang Real Estate Group (the fulfillment of conditions for sales of such projects is subject to the policies of regional government authorities, which is uncertain); (iii) since January 1, 2021, the date on which the Group began to provide such services, the Group has gradually refined the business processes, set up the management structure and arranged human resources for such new business, which lays a foundation for the continuous expansion of the capacity of such business; (iv) the estimated sale ratio based on the Group's experience in the real estate industry which, for example, property projects in major cities are generally expected to have higher sale ratio; and (v) the estimated commissions for the provision of sales agency services based on the pricing factors which, for example, commission is generally higher for property projects of less market demand.

The Board confirms that, as at the date of this announcement, the transaction amount for the 2022 Sales Agency Services Framework Agreement has not exceeded the existing annual cap for the year ending December 31, 2022. As Binjiang Real Estate's relevant sales of projects are subject to the approval of local real estate authorities, in the first quarter of 2022, Binjiang Real Estate did not obtain the sale license for new projects. Therefore, the revenue related to such sales agency service in 2022 will be delayed as a whole. Based on current business capacity of the Group and the estimated saleable amount of projects of Binjiang Real Estate Group, it is expected that the demand for sales agency services will increase significantly for the remaining months of the financial year ending December 31, 2022. As such, the transaction amounts for the financial year ending December 31, 2022 are expected to be higher than the estimated annual transaction amounts disclosed in the announcement dated December 16, 2021.

**(C) *Renewal of Existing Sales Agency Services Framework Agreement***

**a. *Background***

As the Existing Sales Agency Services Framework Agreement would expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Sales Agency Services Framework Agreement with Binjiang Real Estate on November 3, 2022.

**b. *Principal terms***

**Date:** November 3, 2022

**Parties:** The Company and Binjiang Real Estate

**Term:** One year from January 1, 2023 and ending on December 31, 2023.

**Subject matter:** The Group shall provide to Binjiang Real Estate Group sales agency services, including, but not limited to, sales and marketing services, for projects (including residential, non-residential, car parking spaces, storage rooms and others) designated by Binjiang Real Estate Group.

**Pricing and other terms:** The services fees to be charged by the Group under the 2023 Sales Agency Services Framework Agreement determined through arm's length negotiations between the parties shall be a commission rate of 0.1% to 2% of the total contract value for the projects designated by Binjiang Real Estate Group and procured by the Group that are in the mass sales stage during the agency period which varies depending on (i) the market positioning of the property project; (ii) the location of the property project; (iii) the scale of the project; (iv) the type of property project; (v) the anticipated operational costs (including labor costs and administrative costs) to be incurred by the Group for providing such services; (vi) the branding effect of Binjiang Real Estate Group; and (vii) the prevailing open market price for similar sales agency services for project developers and any adjustment according to usual market practice. The commission has been determined taking into account the factors being the stage of sales of the property project and the branding effect of Binjiang Real Estate Group as, in general, sales can be promoted relatively effectively for property projects located in areas where the Binjiang Real Estate Group is well-recognized and when the project is in the mass sales stage. For property projects that are no longer in the mass sales stage, the commission rates will be determined according to the market price in the open market and the general market practice.

**Payments:** The parties shall determine and pay the total service fees payable to the Group for each quarter of the year on the last day of that quarter.

The parties shall separately enter into agreements which set out the specific terms and conditions subject to the terms of the 2023 Sales Agency Services Framework Agreement.

*c. Historical amounts*

For the year ended December 31, 2021 and the nine months ended September 30, 2022, the sale agency service fees paid to the Group by Binjiang Real Estate Group under the Existing Sales Agency Services Framework Agreement amounted to approximately RMB12.3 million and RMB13.3 million, respectively.

*d. Annual cap and basis of determination*

It is proposed that the annual cap for the transactions contemplated under the 2023 Sales Agency Services Framework Agreement for the year ending December 31, 2023 will not exceed RMB36 million.

The above annual cap is determined with reference to the following factors: (i) the transaction amount generated from the projects of which sales agency services were provided by the Group to Binjiang Real Estate Group for 2022; (ii) the estimated sale ratio based on the Group's experience in the real estate industry which, for example, property projects in major cities are generally expected to have higher sale ratio; and (iii) the estimated commissions for the provision of sales agency services based on the pricing factors discussed above which, for example, commission is generally higher for property projects of less market demand and commission is generally lower for property projects that are in the mass sales stage and/or when the property projects are located in areas where Binjiang Real Estate Group is well-recognised.

**(D) *Reasons for and benefits of entering into the Supplemental Sales Agency Services Framework Agreement and the 2023 Sales Agency Services Framework Agreement***

Binjiang Real Estate is principally engaged in real estate development and has developed and/or access to various development projects in the PRC. The Group provides Binjiang Real Estate Group with pre-delivery property management services during sales of the property projects. Given the strong demand for Binjiang Real Estate Group's projects in the PRC, leveraging the Group's strengths in property management and quality of services, the Group is able to assist Binjiang Real Estate Group in sales of properties for better customer experience and satisfaction. Moreover, the experience in the business of property sales will facilitate the future business expansion of the Group.

As such, the Directors (including independent non-executive Directors) consider that the terms of the Supplemental Sales Agency Services Framework Agreement and the 2023 Sales Agency Services Framework Agreement and the annual caps thereunder are beneficial to the Group as they are on normal commercial terms or better and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## 2. 2023 Master Leasing Agreement

### (A) *Background*

Reference is made to the announcement of the Company dated December 16, 2021 in relation to, among others, the continuing connected transactions under the Existing Master Leasing Agreement and the annual cap thereunder. As the Existing Master Leasing Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Leasing Agreement with Binjiang Real Estate on November 3, 2022.

### (B) *Principal terms*

<b>Date:</b>	November 3, 2022
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2023 and ending on December 31, 2023.
<b>Subject matter:</b>	The Group may lease from Binjiang Real Estate Group certain properties as office space and parking lots.
<b>Pricing and other terms:</b>	The rent to be paid by the Group under the 2023 Master Leasing Agreement will be determined on arm's length basis, with reference to the historical transaction amounts with Binjiang Real Estate Group under the Existing Master Leasing Agreement, the prevailing market rent of similar property units and car parking spaces located in similar areas and on terms no less favourable to the Group than the terms available from any Independent Third Parties.

The parties will separately enter into tenancy agreements in respect of the property units and parking lots subject to the terms of the 2023 Master Leasing Agreement.



**(C) *Historical amounts***

For the two years ended December 31, 2021 and the nine months ended September 30, 2022, the rent paid by the Group to Binjiang Real Estate Group amounted to RMB2.4 million, RMB3.1 million and RMB1.9 million, respectively.

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

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Leasing Agreement for the year ending December 31, 2023 will not exceed RMB4.0 million.

According to IFRS 16 “Leases”, a lessee recognises a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“**short-term leases**”) and leases of low-value assets. Short-term leases will be recognized as expenses incurred by the Group. The annual cap which will be recognized as expenses are determined with the reference to the amount of short-term lease payment payable by the Group under the 2023 Master Leasing Agreement, having considered (i) the properties to be leased by the Group from Binjiang Real Estate Group, (ii) the lease term of the leases, (iii) the benchmark borrowing rate set by the People’s Bank of China, and (iv) the aggregate rent, taxes and duties payable by the Group for leasing those properties.

**(E) *Reasons for and benefits of entering into the 2023 Master Leasing Agreement***

As the Group has historically leased from Binjiang Real Estate Group certain properties as office space and parking lots and having considered the scale of expansion and business development and the operational cost, time and stability of the Company, it is in the interests of the Group to enter into the 2023 Master Leasing Agreement.

The Directors consider it beneficial to renew the Existing Master Leasing Agreement so long as the relevant rental fees and other terms are favourable to the Group, in order to avoid unnecessary disturbance to the Group’s operations and to generate additional income by leasing out certain properties for rental income. The Directors (including independent non-executive Directors) consider that the terms of the 2023 Master Leasing Agreement and the annual cap thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Group will consider, among other factors, location, quality and condition of the relevant premises, rent, duration of the relevant lease, and requirements of the Group before entering into separate tenancy agreements under the 2023 Master Leasing Agreement.

### 3. 2023 Master Consultancy Agreement

#### (A) *Background*

Reference is made to the announcement of the Company dated December 16, 2021 in relation to, among others, the continuing connected transactions under the Existing Master Consultancy Agreement and the annual cap thereunder. As the Existing Master Consultancy Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Consultancy Agreement with Binjiang Real Estate on November 3, 2022.

#### (B) *Principal terms*

<b>Date:</b>	November 3, 2022
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2023 and ending on December 31, 2023.
<b>Subject matter:</b>	The Group will provide consultancy services to Binjiang Real Estate Group for their residential property projects, including advising Binjiang Real Estate Group at the early stage (such as planning and design stage, marketing stage and construction stage) on project planning, design management and construction management and property management.
<b>Pricing and other terms:</b>	The service fees to be charged by the Group under the 2023 Master Consultancy Agreement will be determined on arm's length basis, with reference to the GFA, location and positioning of the properties to be sold. The service fees payable by Binjiang Real Estate Group to the Group and the relevant conditions shall be no less favourable than those charged by the Group to any Independent Third Party.

The parties will separately enter into consultancy services agreements in respect of each consultancy project subject to the terms of the 2023 Master Consultancy Agreement.

**(C) *Historical amounts***

For the two years ended December 31, 2021 and the nine months ended September 30, 2022, the service fees paid to the Group by Binjiang Real Estate Group amounted to RMB8.8 million, RMB11.8 million and RMB10.2 million, respectively.

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

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Consultancy Agreement for the year ending December 31, 2023 will not exceed RMB20.0 million.

The above annual cap is arrived at based on (i) the historical amounts paid to the Group by Binjiang Real Estate Group under the Existing Master Consultancy Agreement; (ii) existing consultancy projects that the Group has been engaged by Binjiang Real Estate Group as consultant; (iii) new consultancy projects that the Group expects to be engaged by Binjiang Real Estate Group for the year ending December 31, 2023; and (iv) the prevailing market rate charged by comparable consultancy firms.

In view of Binjiang Real Estate Group's business expansion plan and the number of existing and new projects that are available for sale and expected to be available for sale for the year ending December 31, 2023, the Directors expect that the demand for consultation services at various stages of development in the properties of Binjiang Real Estate Group will continue to increase in 2023 under the 2023 Master Consultancy Agreement. As such, the transaction amounts under the 2023 Master Consultancy Agreement for the year ending December 31, 2023 are expected to be higher than those under the Existing Master Consultancy Agreement.

**(E) *Reasons for and benefits of entering into the 2023 Master Consultancy Agreement***

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

As such, the Directors consider it is beneficial for the Group to renew the Existing Master Consultancy Agreement. In addition, the Directors (including independent non-executive directors) consider that the terms of the 2023 Master Consultancy Agreement and the annual cap thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### 4. 2023 Catering Services Framework Agreement

##### (A) *Background*

Reference is made to the announcement of the Company dated September 23, 2022 in relation to, among others, the continuing connected transactions under the Existing Catering Services Framework Agreement and the annual cap thereunder. As the Existing Catering Services Framework Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Catering Services Framework Agreement with Binjiang Real Estate on November 3, 2022.

##### (B) *Principal terms*

<b>Date:</b>	November 3, 2022
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2023 and ending on December 31, 2023.
<b>Subject matter:</b>	The Group shall purchase catering services from the catering companies with relevant qualifications under Binjiang Real Estate.
<b>Pricing and other terms:</b>	The relevant service purchase prices and service content shall be determined on arm's length basis and no less favourable to the Company than those offered by any Independent Third Party.

The parties will enter into separate catering services agreements in respect of each specific catering service subject to the terms of the 2023 Catering Services Framework Agreement.

##### (C) *Historical amounts*

For the year ended December 31, 2021 and the nine months ended September 30, 2022, the catering service fees paid to Binjiang Real Estate Group by the Group amounted to approximately RMB0.8 million and RMB0.3 million, respectively.

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

The annual cap for the transactions contemplated under the 2023 Catering Services Framework Agreement for the year ending December 31, 2023 will not exceed RMB4 million.

The above annual cap is determined with reference to the following factors: (i) the transaction amounts of approximately RMB0.8 million and RMB0.3 million for the purchase of catering services between the Group and Binjiang Real Estate for the year ended December 31, 2021 and the nine months ended September 30, 2022; (ii) the annual purchase budget consolidated by the financial department of the Group; and (iii) the increasing entertainment needs resulting from the business expansion of the Company and the temporary management service needs of certain property service projects.

***(E) Reasons for and benefits of entering into the 2023 Catering Services Framework Agreement***

The Directors (including independent non-executive Directors) consider that the entering into of the 2023 Catering Services Framework Agreement is in the Group's ordinary course of business, and the terms of the 2023 Catering Services Framework Agreement and the annual cap thereunder are on normal commercial terms or better with the purchase prices no higher than those offered by the Independent Third Parties and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

##### **1. 2023 Master Pre-delivery Management Services Agreement**

###### **(A) Background**

Reference is made to the announcement of the Company dated December 16, 2021, the circular of the Company dated January 28, 2022 and the poll results announcement of the extraordinary general meeting of the Company dated February 22, 2022 in relation to, among others, the continuing connected transactions under the Existing Master Pre-delivery Management Services Agreement, and the annual cap thereunder. As the Existing Master Pre-delivery Management Services Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Pre-delivery Management Services Agreement with Binjiang Real Estate on November 3, 2022.

###### **(B) Principal terms**

<b>Date:</b>	November 3, 2022
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2023 and ending on December 31, 2023.
<b>Subject matter:</b>	The Group will provide to Binjiang Real Estate Group pre-delivery management services, including cleaning, quality check assistance and/or security services for completed properties and display units, and property sales venue management services to property developers.

**Pricing and other terms:** The management fees to be charged by the Group under the 2023 Master Pre-delivery Management Services Agreement will be determined on arm's length basis, with reference to (i) the GFA, location and positioning of the properties to be sold; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and management costs) to be incurred by the Group for providing such services; and (iii) scope and quality of the services proposed. The fees payable by Binjiang Real Estate Group to the Group and the relevant conditions shall be no less favourable to the Group than those offered by any Independent Third Party.

The parties will separately enter into pre-delivery management services agreements in respect of each pre-delivery management project subject to the terms of the 2023 Master Pre-delivery Management Services Agreement. As there is no regulatory requirement to conduct public tenders for pre-delivery management services, there was no tender process prior to the entering into of the pre-delivery management services agreements with Binjiang Real Estate Group.

**(C) *Historical amounts***

For the two years ended December 31, 2021 and the nine months ended September 30, 2022, the management fees paid to the Group for the pre-delivery management services amounted to approximately RMB151.5 million, RMB242.0 million and RMB175.2 million, respectively.

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

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Pre-delivery Management Services Agreement for the year ending December 31, 2023 will not exceed RMB380 million.

The above annual cap is arrived at based on (i) the historical transaction amounts under the Existing Master Pre-delivery Management Services Agreement; (ii) existing pre-delivery projects that the Group has been engaged by Binjiang Real Estate Group as service provider; and (iii) new projects that the Group expects to be engaged by Binjiang Real Estate Group for the year ending December 31, 2023, based on the land acquisitions of Binjiang Real Estate Group from publicly available sources (such as public announcements made by Binjiang Real Estate), enquiries with Binjiang Real Estate Group as to the development plans of these land acquisitions, site visits conducted to assess the location and positioning of the prospective projects and the estimation of the budgeted costs and the applicable rate of fees for providing pre-delivery management services.

Taking into account of the pre-delivery management services provided to the existing projects of Binjiang Real Estate Group, the land acquisitions of Binjiang Real Estate Group, the development plans of these land acquisitions, the location and positioning of the prospective projects and the estimation of the budgeted costs and the applicable rate of fees for providing pre-delivery management services, the Company expects that the transaction amounts under the 2023 Master Pre-delivery Management Services Agreement for the year ending December 31, 2023 will be higher than those under the Existing Master Pre-delivery Management Services Agreement.

**(E) *Reasons for and benefits of entering into the 2023 Master Pre-delivery Management Services Agreement***

The Group has been providing pre-delivery management services to Binjiang Real Estate Group for a number of years. Under the Existing Master Pre-delivery Management Services Agreement, the Group has been providing pre-delivery management services for properties developed by Binjiang Real Estate Group. In addition, based on the development plans of Binjiang Real Estate Group and the land acquisitions of the Binjiang Real Estate Group, the Company expects that there will be significant growth in the demand for pre-delivery management services to be provided by the Group to Binjiang Real Estate Group in 2023.

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

**2. 2023 Master Property Management Services Agreement**

**(A) *Background***

Reference is made to the announcement of the Company dated December 16, 2021, the circular of the Company dated January 28, 2022 and the poll results announcement of the extraordinary general meeting of the Company dated February 22, 2022, in relation to, among others, the continuing connected transactions under the Existing Master Property Management Services Agreement, and the annual cap thereunder. As the Existing Master Property Management Services Agreement will expire on December 31, 2022, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2023 Master Property Management Services Agreement with Binjiang Real Estate on November 3, 2022.



**(B) Principal terms**

<b>Date:</b>	November 3, 2022
<b>Parties:</b>	The Company and Binjiang Real Estate
<b>Term:</b>	One year from January 1, 2023 and ending on December 31, 2023.
<b>Subject matter:</b>	The Group will provide Binjiang Real Estate Group with property management services for their unsold residential and non-residential property units.
<b>Pricing and other terms:</b>	The service fees to be charged by the Group under the 2023 Master Property Management Services Agreement will be determined on arm's length basis, with reference to (i) the GFA, location and positioning of the properties involved; (ii) budgeted operational costs (including but not limited to labor costs, materials costs and management costs) to be incurred by the Group for providing such services; (iii) scope and quality of the services proposed; (iv) local government's pricing guidance/regulations on property management fees (where applicable); and (v) evaluation of competitors' pricing. The fees payable by Binjiang Real Estate Group to the Group and the relevant conditions shall be no less favourable to the Group than those offered by any Independent Third Party.

The parties will separately enter into property management services agreements in respect of each residential and non-residential property unit subject to the terms of the 2023 Master Property Management Services Agreement. Developers of residential buildings and non-residential buildings in the same property management area shall engage qualified property management enterprises by way of tender (the "**Tender Process**") under PRC law, which the Tender Process shall be organized by the developer or its agent and monitored by the real estate administrative department of the local governments (the "**Real Estate Department**"). The successful tenderer will enter into a property management service agreement with Binjiang Real Estate Group. In the event that there are less than three tenderers or the property scale is relatively small, the developer may, with the prior approval of the Real Estate Department, engage qualified property management enterprise through direct agreement.

**(C) *Historical amounts***

For the two years ended December 31, 2021 and the nine months ended September 30, 2022, the service fees paid to the Group for property management services amounted to approximately RMB21.5 million, RMB38.8 million and RMB27.9 million, respectively.

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

It is proposed that the annual cap for the transactions contemplated under the 2023 Master Property Management Services Agreement for the year ending December 31, 2023 is not expected to exceed RMB74.0 million.

The above annual cap is arrived at based on (i) the historical management fees under the Existing Master Property Management Services Agreement; (ii) the current residential and non-residential property projects that the Group has been engaged by Binjiang Real Estate Group as property management service provider; and (iii) the new residential and non-residential property projects that the Group has been engaged by Binjiang Real Estate Group for property management services for the year ending December 31, 2023.

Based on the estimated pre-sale performance of Binjiang Real Estate Group and the development plans of Binjiang Real Estate Group, the Company expects that the demand for property management services will increase significantly in 2023 under the 2023 Master Property Management Services Agreement due to the increase in the expected GFA of the relevant residential and non-residential property units. As such, the transaction amounts under the 2023 Master Property Management Services Agreement for the year ending December 31, 2023 are expected to be higher than those under the Existing Master Property Management Services Agreement.

**(E) *Reasons for and benefits of entering into the 2023 Master Property Management Services Agreement***

The Group has been providing property management services to Binjiang Real Estate Group for a number of years. Under the Existing Master Property Management Services Agreement, the Group has been able to secure initial property management service engagements for properties developed by Binjiang Real Estate Group. In addition, based on the estimated pre-sale performance of Binjiang Real Estate Group and the development plans of Binjiang Real Estate Group, the Group expects that the demand for property management services will increase rapidly in 2023 due to the increase in the expected GFA of the relevant residential and non-residential property units.

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

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

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

- (i) by reference to transacted prices of recent transactions with same or substantially similar services or products with comparable service scope, service type and transaction volume conducted by the Group with other customers or suppliers who are Independent Third Parties;
- (ii) if there are not sufficient comparable transactions in (i) above, by reference to prevailing market price of recent transactions in the market with same or substantially similar services with comparable service scope, service type and transaction volume;
- (iii) if there are not sufficient comparable transactions in (ii) above, on normal commercial terms or better to the Group with reference to the transactions entered into between the Independent Third Parties and Binjiang Real Estate Group in respect of the same or substantially similar services with comparable service scope, service type and transaction volume; and
- (iv) if none of (i), (ii) and (iii) above are applicable, by reference to the average price of previous transactions between the Group and Independent Third Parties in relation to similar services, and on normal commercial terms or better to the Group.

In order to ascertain the prevailing market price, the sales department of the Group and its designated personnel will, from time to time, make reference to the price quoted by at least two Independent Third Parties for the provision of the same or similar services or products with comparable scope or quantities and quality under normal commercial terms in the ordinary course of business of such Independent Third Parties; or if applicable, the price list of services or products procured or provided by Binjiang Real Estate Group from Independent Third Parties for the same or similar services or products with comparable scope or quantities and quality as provided or procured by the Group to Binjiang Real Estate Group. The sales department of the Group will then compare the market price with the fees under individual transactions pursuant to the respective agreements of continuing connected transactions, and make evaluation and assessment to ensure that the price payable by or to be charged by Binjiang Real Estate

Group will be on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties.

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

To ensure that the continuing connected transactions of the Group are on normal commercial terms or better and on terms no less favourable to the Group than those available from Independent Third Parties, the Group has adopted the following measures to review and assess whether the individual transactions will be conducted within the framework of the respective 2023 Agreements and in accordance with the aforesaid pricing policy:

- (1) the relevant personnel of the business department and finance department will monitor the transactions monthly to ensure that the transaction amount does not exceed the annual caps of the respective 2023 Agreements;
- (2) the implementation of individual contracts shall be subject to the appropriate approval of the relevant personnel of the business department, finance department, legal department and management of the Group to ensure that the contracts are in line with the pricing policy and principal terms of the respective 2023 Agreements, particularly that the service fees and payment terms are no less favorable than those available to the Group from Independent Third Parties or offered by the Group to Independent Third Parties;
- (3) the relevant personnel of the business department of the Group will conduct annual reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the Group's pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transactions amount is within the annual caps and that the transactions are conducted on the principal terms of the respective 2023 Agreements; and
- (5) the independent non-executive Directors shall review the management's review reports on the transactions contemplated under the respective 2023 Agreements to ensure that such transactions are conducted on normal commercial terms or better and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **VII. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For the Supplemental Sales Agency Services Framework Agreement, according to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the announcement requirement before the existing annual cap is exceeded.

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

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

## **VIII. EXTRAORDINARY GENERAL MEETING**

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

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the transactions under the Non-exempt CCT Agreements are fair and reasonable, on normal commercial terms or better, and are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the independent financial adviser. Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further details of the Non-exempt CCT Agreements, (ii) recommendations of the Independent Board Committee to the Independent Shareholders, (iii) a letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders, and (iv) a notice of the EGM, together with the proxy form, will be despatched to the Shareholders on or before November 30, 2022, which is beyond 15 business days after the publication of this announcement, as the Company requires additional time to prepare the information to be included in the circular.

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the date of this announcement, Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling shareholders of the Company. As such, Mr. Qi Jinxing and his associates will abstain from voting on the resolution(s) to be passed at the EGM. As at the date of this announcement, Mr. Mo Jianhua and Mr. Zhu Huiming are shareholders of Binjiang Real Estate, and substantial shareholders of the Company. As such, Mr. Mo Jianhua, Mr. Zhu Huiming and their respective associates will abstain from voting on the resolution(s) to be passed at the EGM.

## **IX. GENERAL INFORMATION**

The Board (for the purpose of the Non-exempt CCT Agreements, excluding the independent non-executive Directors whose views will be given after taking into account the advice of Optima Capital) considers that the entry of the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements are in the Group's ordinary course of business, and the terms of the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements and the annual caps thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Mo Jianhua and Mr. Qi Jiaqi (戚加奇), non-executive Directors, are shareholders of Binjiang Real Estate, and have therefore abstained from voting on the Board resolution approving the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements. Save as aforementioned, none of the other Directors have any material interest in the transactions contemplated under the Supplemental Sales Agency Services Framework Agreement and the 2023 Agreements and no other Director has abstained from voting.

## **X. INFORMATION ON THE PARTIES**

### **The Group**

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

### **Binjiang Real Estate**

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

## XI. DEFINITIONS

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

“2022 Sales Agency Services Framework Agreement”	the sales agency services framework agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“2023 Agreements”	collectively, the 2023 Sales Agency Services Framework Agreement, 2023 Master Leasing Agreement, 2023 Master Consultancy Agreement, 2023 Catering Services Framework Agreement, 2023 Master Pre-delivery Management Services Agreement, and 2023 Master Property Management Services Agreement
“2023 Catering Services Framework Agreement”	the catering services framework agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Master Consultancy Agreement”	the master consultancy agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Master Leasing Agreement”	the master leasing agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Master Property Management Services Agreement”	the property management services agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“2023 Sales Agency Services Framework Agreement”	the sales agency services framework agreement entered into between the Company and Binjiang Real Estate dated November 3, 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules



“Binjiang Holdings”	Hangzhou Binjiang Investment Holdings Co., Ltd.* (杭州濱江投資控股有限公司), a limited liability company established in the PRC on October 8, 2006. It is owned as to 64% by Mr. Qi Jinxing, 18% by Mr. Mo Jianhua and 18% by Mr. Zhu Huiming. Given Binjiang Holdings is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, Binjiang Holdings is therefore a connected person of the Company
“Binjiang Real Estate”	Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司), a limited liability company established in the PRC on August 22, 1996, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002244). As at the date of this announcement, Binjiang Real Estate is owned as to approximately (i) 45.41% by Binjiang Holdings; (ii) 11.94% by Mr. Qi Jinxing; (iii) 3.22% by Mr. Mo Jianhua; (iv) 3.22% by Mr. Zhu Huiming; and (v) 1.00% by Mr. Qi Jiaqi (戚加奇), the son of Mr. Qi Jinxing. Given Binjiang Real Estate is controlled by Mr. Qi Jinxing, one of the controlling Shareholders, it is therefore a connected person of the Company
“Binjiang Real Estate Group”	Binjiang Real Estate and its subsidiaries
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Company”	Binjiang Service Group Co. Ltd. (濱江服務集團有限公司), a company incorporated in the Cayman Islands with limited liability on July 6, 2017, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3316)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the forthcoming extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Non-exempt CCT Agreements and the transactions respectively contemplated thereunder
“Existing Catering Services Framework Agreement”	the catering services framework agreement entered into between the Company and Binjiang Real Estate dated September 23, 2022
“Existing Master Consultancy Agreement”	the master consultancy agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“Existing Master Leasing Agreement”	the master leasing agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“Existing Master Pre-delivery Management Services Agreement”	the master pre-delivery management services agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“Existing Master Property Management Services Agreement”	the property management services agreement entered into between the Company and Binjiang Real Estate dated December 16, 2021
“Existing Sales Agency Services Framework Agreement”	the 2022 Sales Agency Services Framework Agreement, as amended by the supplemental agreement dated November 3, 2022
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements

“Independent Shareholders”	Shareholders who do not have a material interest in the Non-exempt CCT Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Mo Jianhua”	Mr. Mo Jianhua (莫建華), a non-executive Director and one of the substantial Shareholders
“Mr. Qi Jinxing”	Mr. Qi Jinxing (戚金興), one of the controlling Shareholders
“Mr. Zhu Huiming”	Mr. Zhu Huiming (朱慧明), one of the substantial Shareholders
“Non-exempt CCT Agreements”	being the (i) 2023 Master Pre-delivery Management Services Agreement; and (ii) 2023 Master Property Management Services Agreement
“Optima Capital”	Optima Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Non-exempt CCT Agreements

“Partially-exempt CCT Agreements”	being the (i) 2023 Master Leasing Agreements; (ii) 2023 Master Consultancy Agreement; (iii) 2023 Sales Agency Services Framework Agreement; (iv) 2023 Catering Services Framework Agreement; and (v) Supplemental Sales Agency Services Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of issued Shares
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Sales Agency Services Framework Agreement”	the supplemental agreement entered into between the Company and Binjiang Real Estate on November 3, 2022 to amend the existing annual cap for the transactions contemplated under the 2022 Sales Agency Services Framework Agreement for the year ending December 31, 2022
“%”	per cent.

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

Hangzhou, the PRC  
November 3, 2022

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

\* *For identification purpose only*