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**Sino Harbour Holdings Group Limited**  
**漢港控股集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1663)**

**MAJOR TRANSACTION**

**COMMERCIAL SPACE CO-OPERATION AGREEMENT**

**COMMERCIAL SPACE CO-OPERATION AGREEMENT**

The Board is pleased to announce that on 21 December 2022, Hangzhou Gangyu (as the lessee), Hangzhou Ganglian (as the guarantor), both being indirect wholly-owned subsidiaries of the Company, and the Lessor (as the lessor) entered into the Commercial Space Co-operation Agreement in respect of leasing the Property for a lease term of 10 years commencing from the Handover Date.

**LISTING RULES IMPLICATION**

Pursuant to HKFRS 16, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Property under the Commercial Space Co-operation Agreement. Therefore, the entering into of the Commercial Space Co-operation Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules. The unaudited value of right-of-use assets to be recognised by the Company under the Commercial Space Co-operation Agreement amounted to approximately RMB193.9 million.

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Commercial Space Co-operation Agreement are more than 25% but less than 100%, the Commercial Space Co-operation Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and shareholders' approval requirements under the Listing Rules.

### **SHAREHOLDERS' WRITTEN APPROVAL**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Commercial Space Co-operation Agreement and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Commercial Space Co-operation Agreement. As at the date of this announcement, Extra Good Enterprises Ltd. owns 1,011,885,120 Shares representing 41.06% of the entire issued share capital of the Company. In addition, Mr. Wong Lam Ping, the Chairman, Chief Executive Officer and General Manager of the Company, and his spouse, Ms. Chan Heung Ling, together beneficially hold 243,296,033 Shares representing 9.88% of the entire issued share capital of the Company. Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling have formed a closely allied group of Shareholders and together beneficially hold 1,255,181,153 Shares representing 50.94% of the entire issued share capital of the Company. Written approval of the Commercial Space Co-operation Agreement has been obtained from Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Commercial Space Co-operation Agreement.

### **DESPATCH OF CIRCULAR**

A circular containing, among other things, details of the Commercial Space Co-operation Agreement and other information as required under the Listing Rules, is expected to be despatched to the Shareholders within 15 business days after the date of this announcement.

**Completion of the Commercial Space Co-operation Agreement is conditional upon the satisfaction of the conditions precedent. Accordingly, the Commercial Space Co-operation Agreement may or may not proceed. Shareholders and/or potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 21 December 2022, Hangzhou Gangyu (as the lessee), Hangzhou Ganglian (as the guarantor), both being indirect wholly-owned subsidiaries of the Company, and the Lessor (as the lessor) entered into the Commercial Space Co-operation Agreement in respect of leasing the Property for a lease term of 10 years commencing from the Handover Date.

## COMMERCIAL SPACE CO-OPERATION AGREEMENT

The principal terms of the Commercial Space Co-operation Agreement are set out as follows:

Date: 21 December 2022 (after trading hours)

Parties:

- (1) the Lessor, as the lessor
- (2) Hangzhou Gangyu, as the lessee
- (3) Hangzhou Ganglian, as the guarantor

Property: the commercial space of Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II comprising of overground and underground shops, public area, coherent facilities and equipment, which is located at the west of Lvting Road Planned River Course, the east of Longzhou Road, the north of Yuhangtang River, south of Yongle Village Land, including 3 block areas of Yu Zheng Gong Chu2019No. 28 (Area C), Yu Zheng Gong Chu2019No. 29 (Area B) and Yu Zheng Gong Chu2019No. 16 (Area D).

Planned area and actual area: Planned area is the planned gross floor area of the Property, which is 39,153 sq.m. Actual area is the area being stated in the survey report issued by the relevant department responsible for surveying the Property upon completion and inspection. If the Property's actual area is different from the planned area, then the rent payable will be adjusted according to the actual area.

Use of the Property: The Property is for commercial use.

Lease Term: 10 years commencing from the Handover Date ("**Lease Term**"), which is expected to be on or before 30 June 2024, subject to the expiry date of the lease period under the Operation Contract for the leasing of the commercial space by the Property Owner to the Lessor. For the avoidance of doubt, the expiry date of the lease period under the Operation Contract is 10 years from the handover date as set out in the notice of handover of property assets signed by the Lessor and the Property Owner.

The first 10 months of the Lease Term is a rent-free period ("**Rent-free Period**").

Rent:

Rent includes the rent payable to lease the Property, which does not include property management fees, water usage fees, electricity usage fees, telecommunication fees, air-conditioner fees and other actual fees incurred when using the Property. Hangzhou Gangyu should bear the property management fees, water usage fees, electricity usage fees, telecommunication fees, air-conditioner fees and other actual fees incurred when operating the Property.

Based on the planned area, the total rent payable is RMB350,362,575 (tax included). In addition, the Lessor agreed to grant a renovation subsidy of RMB10,000,000 (tax included) to Hangzhou Gangyu in order to support its operation of the Property, which is reflected through deduction of rent payable for the first 5 rental periods. Therefore the total net rent payable for the whole lease term is RMB340,362,575 (tax included).

The rent of the Property shall accrue from the Handover Date.

Rent payable (tax included) for each rental period is as follows:

Rental period	Unit rent <i>(RMB/sq.m./day)</i>	Annual rent payable <i>(RMB)</i>	Renovation subsidy <i>(RMB)</i>	Annual net rent payable <i>(RMB)</i>
1st year (first 10 month as Rent-free Period)	1.8	4,298,999	(4,000,000)	298,999
2nd year	1.8	25,723,521	(3,000,000)	22,723,521
3rd year	1.8	25,723,521	(1,000,000)	24,723,521
4th year	2.3	32,868,943	(1,000,000)	31,868,943
5th year	2.4	34,391,995	(1,000,000)	33,391,995
6th year	2.5	35,727,112	–	35,727,112
7th year	2.9	41,443,450	–	41,443,450
8th year	3.3	47,159,788	–	47,159,788
9th year	3.35	48,005,493	–	48,005,493
10th year	3.95	<u>55,019,753</u>	<u>–</u>	<u>55,019,753</u>
<b>Total</b>		<b><u>350,362,575</u></b>	<b><u>(10,000,000)</u></b>	<b><u>340,362,575</u></b>

Payment terms:	During the Lease Term, under the principle of “pay before use”, rent shall be payable in advance every six months (each payment term of six months). Hangzhou Gangyu shall pay the rent in the form of RMB bank transfer as agreed in the Commercial Space Co-operation Agreement. If there is any overdue payment of rent, Hangzhou Gangyu will be subject to a daily penalty fee of 0.05% of the overdue amount.
Rental deposit:	Hangzhou Gangyu shall pay rental deposit of RMB6,430,880 to the Lessor. The first rental deposit of RMB2,000,000 is payable within 15 days upon execution of the Commercial Space Co-operation Agreement and second rental deposit of RMB4,430,880 is payable by 31 December 2023 or within 5 working days from the date of receipt of inspection notice from the Lesser, whichever is earlier.  Rental deposit serves as a guarantee against Hangzhou Gangyu for fulfillment of its obligations under the Commercial Space Co-operation Agreement, rather than prepayment of rent and other fees. If Hangzhou Gangyu fails to fulfill its obligations under the Commercial Space Co-operation Agreement, the Lessor possesses the right to compensate its costs incurred and losses suffered thereof by deducting the rental deposit.
Pre-emptive rental rights:	If the Lessor develops new commercial space (other than business office space) in the ZJU Economic Park, it shall provide written notice to Hangzhou Gangyu in advance and Hangzhou Gangyu possesses the pre-emptive rights to lease the new commercial space on the same commercial terms. Hangzhou Gangyu is required to provide written response to the Lessor by 15 Business Days or it will be deemed as renouncing the rights.
Property management services:	Hangzhou Gangyu will engage the Lessor (as the service provider) in relation to provision of standardised property management services with respect to the Property. Both parties will enter into a separate “Property Service Agreement” to agree the relevant terms.

Renewal or termination of the Commercial Space Co-operation Agreement: Hangzhou Gangyu shall provide written request to the Lessor on renewal of the Commercial Space Co-operation Agreement nine months prior to the expiration of the lease term, then both parties shall consider negotiating the renewal of the Commercial Space Co-operation Agreement.

The Commercial Space Co-operation Agreement may be terminated in specific circumstances set out in the Commercial Space Co-operation Agreement. In particular, Hangzhou Gangyu is entitled to terminate the Commercial Space Co-operation Agreement under certain circumstances without breach of contract or liquidated damages payment.

Otherwise, if Hangzhou Gangyu terminates the Commercial Space Co-operation Agreement for other reasons not specified therein, it shall pay liquidated damages to the Lessor according to the terms of the Commercial Space Co-operation Agreement.

Other material terms: Hangzhou Ganglian shall guarantee, jointly and severally, the performance and assumption of all the rights, obligations and liabilities of Hangzhou Gangyu under the Commercial Space Co-operation Agreement.

## **THE RIGHT-OF-USE ASSETS**

The unaudited value of the right-of-use assets to be recognised by the Company amounted to approximately RMB193.9 million which is calculated with reference to the present value of the lease payment under the Commercial Space Co-operation Agreement. The discount rates of approximately 8.29% is applied to compute the present value of the lease payments under the Commercial Space Co-operation Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION UNDER THE COMMERCIAL SPACE CO-OPERATION AGREEMENT**

The Group is principally engaged in property development and other businesses in the second and third tier cities in the PRC. The property development business includes development of residential properties, detached housing, apartments, retails as well as commercial properties. The Group's other businesses include pharmaceutical inspection business and medical service business.

SHCM, a wholly-owned subsidiary of the Company, has been providing property operation services to the Group's self-owned commercial properties. Hangzhou Gangyu is the wholly owned subsidiary of SHCM. SHCM has built a team with strong business acumen in the field of retail and commercial spaces as well as extensive experience in tenant-sourcing and operation since its establishment in late 2020.

Execution of the Commercial Space Co-operation Agreement between Hangzhou Gangyu and the Lessor serves as an important step taken by SHCM to enter the business of serving external property owners or lessors.

The Property is superiorly located in the Hangzhou Future Sci-tech City zone (*Note*) of Yuhang District of Hangzhou City, which is 2 kilometers from Hangzhou West Railway Station and 300 meters from the Longzhou North Road Station of Hangzhou Subway Line 3. The Property is owned by the Property Owner. The Lessor and the Property Owner entered into the Operation Contract, pursuant to which the lessor shall lease the industrial space, commercial space and operate the ZJU Economic Park of the Property Owner. The Property is positioned as the coherent commercial property of the ZJU Economic Park and targeted to serve the customer group of employees of enterprises and organisations resided in the ZJU Economic Park and surrounding residents.

When considering leasing of the Property, Hangzhou Gangyu had carried out detailed project assessment, including the hardware quality of the Property, future development planning of surrounding area, demand of consumer group nearby, current rental prices of surrounding shops and potential growth rate of rental prices. Based on strategic positioning of developing high-quality "boutique" commercial property projects, SHCM had prepared a thorough tenant sourcing and operation plan about the Property in order to generate stable rental return in the long term and establish its brand recognition in the Zhejiang Province.

Based on the aforesaid, the Directors (including the independent non-executive Directors) considers that the terms of the Commercial Space Co-operation Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

*Note:*

#### *INFORMATION ON HANGZHOU FUTURE SCI-TECH CITY*

*As one of the four major future sci-tech cities in the PRC, Hangzhou Future Sci-Tech City is among the third batch of national innovation and start-up base for overseas high-caliber talents. It is also the innovation hub of Hangzhou Chengxi Sci-Tech Innovation Zone, which is a key development project in Zhejiang Province.*

## **INFORMATION ON THE PARTIES**

### **The Lessor**

The Lessor is a company established in the PRC with limited liability which is principally engaged in property management. The Lessor is an indirect wholly owned subsidiary of Greentown Service Group Co. Ltd., which is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2869).

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Lessor and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

### **The Lessee**

Hangzhou Gangyu is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Hangzhou Gangyu is a commercial property operation service provider and its principal businesses include lease of non-residential properties and provision of marketing and sales planning services.

### **The Guarantor**

Hangzhou Ganglian is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Hangzhou Ganglian is a company engaging in property development and its principal businesses include development and operation of commercial and business use properties on the Hang Zheng Chu Chu (2013) No. 22 land parcel, property management and business advisory (other than commodity agency).

### **The Group**

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the property development in the second and third tier cities in the PRC and other business. The property development includes residential properties, detached housing, apartments, retails as well as commercial properties. The other business includes investment and operation in chemistry, manufacturing and control process and medical service sector.



## Property Owner

The Property Owner is Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd.\* (浙江大學創新創業研究院有限公司). Having made such enquiry with respect to the Property Owner as is reasonable in the circumstances, the Group confirms that Zhejiang University Education Foundation\* (浙江大學教育基金會)(“**Zhejiang University Education Foundation**”) is the de facto controller of the Property Owner. Zhejiang University Education Foundation is affiliated to the Ministry of Education of the People’s Republic of China (“**Ministry of Education**”). The Property Owner, Zhejiang University Education Foundation and the Ministry of Education are all Independent Third Parties.

## LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the Company will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Property under the Commercial Space Co-operation Agreement. Therefore, the entering into of the Commercial Space Co-operation Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules. The unaudited value of right-of-use assets to be recognised by the Company under the Commercial Space Co-operation Agreement amounted to approximately RMB193.9 million.

As one or more of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Commercial Space Co-operation Agreement are more than 25% but less than 100%, the Commercial Space Co-operation Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, circular and shareholders’ approval requirements under the Listing Rules.

## SHAREHOLDERS’ WRITTEN APPROVAL

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Commercial Space Co-operation Agreement and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Commercial Space Co-operation Agreement. As at the date of this announcement, Extra Good Enterprises Ltd. Owns 1,011,885,120 Shares representing 41.06% of the entire issued share capital of the Company. In addition, Mr. Wong Lam Ping, the Chairman, Chief Executive Officer and General Manager of the Company, and his spouse, Ms. Chan Heung Ling, together beneficially hold 243,296,033 Shares representing 9.88% of the entire issued share capital of the Company. Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling have formed a closely allied group of Shareholders and together beneficially hold 1,255,181,153 Shares representing 50.94% of the entire issued share capital of the Company. Written approval of the Commercial Space Co-operation Agreement has been obtained from Extra Good Enterprises Ltd., Mr. Wong Lam Ping and Ms. Chan Heung Ling, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Commercial Space Co-operation Agreement.

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**Completion of the Commercial Space Co-operation Agreement is conditional upon the satisfaction of the conditions precedent. Accordingly, the Commercial Space Co-operation Agreement may or may not proceed. Shareholders and/or potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which banks of Hong Kong are generally open for ordinary banking business (excluding Saturdays, Sundays and public holidays in Hong Kong)
“Commercial Space Co-operation Agreement”	the commercial space co-operation agreement dated 21 December 2022 entered into between the Lessor, Hangzhou Gangyu and Hangzhou Ganglian in relation to lease arrangement of the Property
“Company”	Sino Harbour Holdings Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Handover Date”	on or before 30 June 2024, subject to completion of construction work and fulfilment of handover conditions as agreed by the parties in the Commercial Space Co-operation Agreement

“Hangzhou Ganglian”	Hangzhou Ganglian Real Estate Company Limited* (杭州港聯置業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hangzhou Gangyu”	Hangzhou Gangyu Enterprises Management Company Limited* (杭州港譽企業管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Lessor”	Greentown Property Management Service Group Company Limited* (綠城物業服務集團有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation Contract”	Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II Space Operation Overall Lease Operation Contract* (《浙江大學校友企業總部經濟園二期空間運營整體租賃運營合同》) entered by and between the Property Owner and the Lessor
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Property”	the commercial space of ZJU Economic Park comprising of overground and underground shops, public area, coherent facilities and equipment, which is located at the west of Lvting Road Planned River Course, the east of Longzhou Road, the north of Yuhangtang River, south of Yongle Village Land, including 3 block areas of Yu Zheng Gong Chu2019No. 28 (Area C), Yu Zheng Gong Chu2019No. 29 (Area B) and Yu Zheng Gong Chu2019No. 16 (Area D)
“Property Owner”	Zhejiang University Innovation and Entrepreneurship Research Institute Co., Ltd.* (浙江大學創新創業研究院有限公司)
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holders of the ordinary shares of the Company
“SHCM”	Hangzhou Sino Harbour Commercial Management Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZJU Economic Park”	Zhejiang University Alumni Enterprise Headquarters Economic Park Phase II
“%”	percentage

By Order of the Board  
**Sino Harbour Holdings Group Limited**  
**Wong Lam Ping**  
*Chairman, Chief Executive Officer,*  
*Executive Director and General Manager*

Hong Kong, 21 December 2022

*As at the date of this announcement, the Board comprises eight Directors, including four executive Directors, namely Mr. WONG Lam Ping (Chairman, Chief Executive Officer and General Manager), Mr. SHI Feng (Deputy Chairman), Mr. WONG Lui and Ms. GAO Lan; one non-executive Director, namely Mr. CHAN Kin Sang; and three independent non-executive Directors, namely Mr. XIE Gang, Mr. HE Dingding and Mr. WONG Ping Kuen.*

\* For identification purpose only