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**JINKE 金科服务**

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**Jinke Smart Services Group Co., Ltd.**

**金科智慧服務集團股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 9666)**

**CONTINUING CONNECTED TRANSACTIONS  
REVISION OF ANNUAL CAPS  
AND  
VARIATION OF TERMS TO THE EXISTING CCT AGREEMENTS**

**INTRODUCTION**

Reference is made to the announcements dated 25 November 2021, 10 December 2021 and 29 July 2022 and the circulars dated 11 December 2021 and 1 August 2022 of the Company in relation to, among others, the Existing CCT Agreements.

On 15 December 2023, the Company and Jinke Property entered into the Supplemental CCT Agreements to (i) revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Property Management Services Agreement for the two years ending 31 December 2025; (ii) revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Supply and Installation Agreement for the two years ending 31 December 2025; and (iii) vary the payment terms under each of the Existing CCT Agreements.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jinke Property is the substantial shareholder of the Company, holding approximately 30.97% of the issued share capital of the Company. As such, Jinke Property Group is a connected person of the Company under the Listing Rules. The transactions contemplated under the Supplemental CCT Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the issuer must, announce this fact as soon as practicable and re-comply with other applicable provisions under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual caps under the 2022 Master Supply and Installation Agreement and the Supplemental Agreement to the 2022 Master Supply and Installation Agreement are more than 0.1% but all of which are less than 5%, the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual caps under each of (i) the 2021 Framework Marketing Service Agreement and the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and (ii) the 2022 Master Property Management Services Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement exceed 5%, the transactions contemplated under each of (i) the 2021 Framework Marketing Service Agreement and the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and (ii) the 2022 Master Property Management Services Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcements dated 25 November 2021, 10 December 2021 and 29 July 2022 (the “**Announcements**”) and the circulars dated 11 December 2021 and 1 August 2022 (the “**Circulars**”) of the Company in relation to, among others, the Existing CCT Agreements.

On 15 December 2023, the Company and Jinke Property entered into the Supplemental CCT Agreements to (i) revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Property Management Services Agreement for the two years ending 31 December 2025; (ii) revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Supply and Installation Agreement for the two years ending 31 December 2025; and (iii) vary the payment terms under each of the Existing CCT Agreements.

## **SUMMARY OF THE EXISTING CCT AGREEMENTS**

Details of each of the Existing CCT Agreements and the respective historical amounts relevant to the transactions contemplated therein are as follows. For full details of the Existing CCT Agreements, please refer to the Announcements and the Circulars.

### **The 2021 Framework Marketing Service Agreement**

**Date:** 25 November 2021 (as supplemented on 10 December 2021)

**Parties:** (1) the Company; and  
(2) Jinke Property.

**Scope of service:** Marketing services in respect of the sales of residential properties and car parking spaces by the Jinke Property Group in their development projects to be provided by the Group to the Jinke Property Group, including (i) marketing referral activities through the utilization of the community resources and other sales channel of the Group including customers' referrals; and (ii) other marketing related advertising services, including brand image promotion, event promotion, customers' information collection and related installation and maintenance services.

**Term:** Commencing from 28 December 2021 and ending on 31 December 2023 (both days inclusive).

**Pricing and other terms:** The parties to the 2021 Framework Marketing Service Agreement have agreed as follows:

- (i) the parties shall enter into Specific Agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2021 Framework Marketing Service Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) the Specific Agreements shall conform with the principles and provisions set out in the 2021 Framework Marketing Service Agreement.

**Annual caps:** Pursuant to the 2021 Framework Marketing Service Agreement, the annual caps for the transactions contemplated thereunder for the month ended 31 December 2021 and the two years ending 31 December 2023 for the provision of marketing services are expected not to exceed the following:

	<b>For the month ended 31 December 2021 RMB (in millions)</b>	<b>For the year ended 31 December 2022 RMB (in millions)</b>	<b>For the year ending 31 December 2023 RMB (in millions)</b>
Annual caps	150	900	1,200

The proposed annual caps for the transactions contemplated under the 2021 Framework Marketing Service Agreement were determined after considering the following factors:

- (i) no historical amounts are available as the Group has not entered into any transactions in respect of the provision of marketing services for the sales of residential properties and car parking spaces to the Jinke Property Group prior to entering into the 2021 Framework Marketing Service Agreement;
- (ii) the number of potential customers readily to be referred by the Group to the Jinke Property Group to acquire the saleable properties units developed by the Jinke Property Group prior to 31 December 2021 and the expected number of saleable property units developed by the Jinke Property Group which require the Group's referral services and which is estimated to be 4,200 units for the month ended 31 December 2021;

- (iii) the expected number of projects under the management of the Group to be engaged to provide marketing related advertising services for the Jinke Property Group, which is estimated to be over 800 projects for the month ended 31 December 2021, over 900 projects for the year ended 31 December 2022 and over 1,000 projects for the year ending 31 December 2023, estimated with reference to the existing 788 projects under management by the Group as at 30 June 2021;
- (iv) the expected number of saleable property units developed by the Jinke Property Group according to its future business plan and the historical growth trend of Jinke Property Group which require the Group's referral services and which is estimated to be 24,000 units for the year ended 31 December 2022 and 30,000 units for the year ending 31 December 2023;
- (v) the service fee to be charged for each project or saleable property unit by the Group for the provision of such services, which is determined with reference to the prevailing market condition (taking into consideration the location of the property) and the price charged by the Group when providing similar services to the Independent Third Parties; and
- (vi) the level of difficulty of sales and advertisement of the residential properties and car parking spaces by the Group with reference to the locations of the development projects of the Jinke Property Group involved, and the occupancy rate of the development projects.

**Historical transaction amounts:**

For the month ended 31 December 2021, the year ended 31 December 2022 and the six months ended 30 June 2023, the actual transaction amounts under the 2021 Framework Marketing Service Agreement were approximately RMB149.0 million, RMB552.7 million, and RMB15.8 million, respectively.

**The 2022 Master Property Management Services Agreement**

**Date:** 29 July 2022

**Parties:**

- (1) the Company; and
- (2) Jinke Property.

**Scope of service:** The Group has agreed to provide to the Jinke Property Group certain property management services, including (i) property pre-delivery and after-sales services, including but not limited to (a) preliminary planning and design consultancy services; (b) management services for the display units and onsite sales office; (c) house inspection; (d) pre-delivery clean services; (e) pre-delivery preparation; and (f) after-sales repair and maintenance services; (ii) property management services for the properties owned or used by the Jinke Property Group, including the unsold residential property units, car parking lots, office buildings and commercial properties; and (iii) other related services.

**Term:** Commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

**Pricing and other terms:** The fees to be charged for the property management services under the 2022 Master Property Management Services Agreement shall be determined on arm's length basis with reference to the pricing policy set out in the paragraph headed "Pricing Policy" below.

The parties to the 2022 Master Property Management Services Agreement have also agreed as follows:

- (1) the parties shall enter into Specific Agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2022 Master Property Management Services Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (2) the Specific Agreements shall conform with the principles and provisions set out in the 2022 Master Property Management Services Agreement.

**Annual caps:** The annual caps for the transactions contemplated under the 2022 Master Property Management Services Agreement for the three years ending 31 December 2025 are expected not to exceed the following:

	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in millions)</i>	<i>(in millions)</i>	<i>(in millions)</i>
Annual caps	800	800	800

In arriving at the above annual caps, the Directors have considered the following reasonable factors:

- (i) the historical transaction amounts under the master property management services agreement entered into between the Company and Jinke Property on 29 October 2020;
- (ii) the estimated project number for display units and sales offices to be managed by the Group for the year ending 31 December 2023 of approximately 110 based on the estimated gross floor area of the properties to be pre-sold by the Jinke Property Group for the year ending 31 December 2023 of approximately 10 million square metres;
- (iii) the estimated gross floor area sold and to be delivered by the Jinke Property Group for the year ending 31 December 2023 of approximately 12 million square metres, for which the Group will be engaged to provide pre-delivery and aftersales services;

- (iv) the estimated gross floor area of properties owned and occupied by the Jinke Property Group for the year ending 31 December 2023 of approximately 7 million square metres, for which the Group will be engaged to provide property management services;
- (v) the estimated number of car parking lots owned and occupied by the Jinke Property Group for the year ending 31 December 2023 of approximately 100,000, for which the Group will be engaged to provide property management services;
- (vi) the estimated transaction amount for the year ending 31 December 2023 calculated based on the above factors and the pricing policy as more particularised in the section headed “Pricing Policy” below; and
- (vii) an assumption that the gross floor area of the properties to be delivered or pre-sold by the Jinke Property Group and its associates will remain stable for the two years ending 31 December 2025.

**Historical transaction amounts:** For the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the actual transaction amounts under the 2022 Master Property Management Services Agreement were approximately RMB914.6 million, RMB426.4 million and RMB60.8 million, respectively.

**The 2022 Master Supply and Installation Agreement**

**Date:** 29 July 2022

**Parties:** (1) the Company; and  
(2) Jinke Property.

**Scope of service:** The Group has agreed to (i) supply software systems and equipment such as (a) intelligent systems, including but not limited to access control and surveillance systems, parking lot intelligent management systems, smart home systems and intercom systems; (b) community unmanned retail system; and (c) multimedia display system; and (ii) provide related installation and maintenance services.

**Term:** Commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

**Pricing and other terms:** The fees to be charged for the provision of software systems and equipment and related installation and maintenance services will be determined on arm’s length basis with reference to the prevailing market price (taking into account the location and the conditions of the properties, the costs for research and development, and the anticipated operational costs including labor costs and material costs) and the fees charged by the Group for similar services provided to Independent Third Parties.

The parties to the 2022 Master Supply and Installation Agreement have also agreed as follows:

- (1) the parties shall enter into Specific Agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2022 Master Supply and Installation Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (2) the Specific Agreements shall conform with the principles and provisions set out in the 2022 Master Supply and Installation Agreement.

**Annual caps:**

The annual caps for the transactions contemplated under the 2022 Master Supply and Installation Agreement for the three years ending 31 December 2025 are expected not to exceed the following:

	<b>2023</b> <i>RMB</i> <i>(in millions)</i>	<b>2024</b> <i>RMB</i> <i>(in millions)</i>	<b>2025</b> <i>RMB</i> <i>(in millions)</i>
Annual caps	122	122	122

In arriving at the above annual caps, the Directors have considered the following reasonable factors:

- (i) the historical transaction amounts under the master supply and installation agreement entered into between the Company and Jinke Property on 29 October 2020;
- (ii) the estimated revenue to be recognized based on the existing signed contracts;
- (iii) the estimated increase of price of the relevant software systems and equipment taking into account the historical increase of such price and the Group's investments in upgrading such software systems and equipment;



- (iv) the estimated increase in the relevant supply and installation services taking into account (a) the Group's continuing investments in upgrading the relevant software systems and equipment for digitization and smart management which will further enhance quality of the systems and improve end-users' satisfaction which the Group believes will increase the demand for the services under the 2022 Master Supply and Installation Agreement; (b) the expected demand for the relevant supply and installation services by the properties to be managed by the Group for the year ending 31 December 2023 as, based on the Directors' information and understanding, more smart communities are expected to be developed by the Jinke Property Group; and (c) the estimated demand from the sales offices for the year ending 31 December 2023 based on the land bank of the Jinke Property Group as at 31 December 2021, which was approximately 65.9 million sq. m.; and
- (v) an assumption that the demand for the relevant supply and installation services under the 2022 Master Supply and Installation Agreement will remain stable for the two years ending 31 December 2025.

**Historical transaction amounts:**

For the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the actual transaction amounts under the 2022 Master Supply and Installation Agreement were approximately RMB54.6 million, RMB39.5 million and RMB11.6 million, respectively.

**THE SUPPLEMENTAL CCT AGREEMENTS**

**(1) Revised Annual Caps for Property Management Services**

Pursuant to the Supplemental Agreement to the 2022 Master Property Management Services Agreement, the Company and Jinke Property agreed to revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Property Management Services Agreement for the two years ending 31 December 2025 as follows:

	<b>For the year ending 31 December 2024 RMB (in millions)</b>	<b>For the year ending 31 December 2025 RMB (in millions)</b>
Existing annual caps	800	800
Revised Annual Caps for Property Management Services	200	200



### ***Basis of determination of the Revised Annual Caps for Property Management Services***

The above Revised Annual Caps for Property Management Services are determined mainly by considering the following factors:

- (i) the historical transaction amounts under the 2022 Master Property Management Services Agreement for the six months ended 30 June 2023;
- (ii) the macroeconomic development and the macro-control policies for the real estate sector in the PRC, specifically the policy to guarantee delivery of buildings and the deteriorated liquidity crisis of PRC's real estate sector;
- (iii) the Group's adjustment of its operational strategies to prioritize maintaining healthy cash flow and attaching great importance to recovering receivables due from Jinke Property Group, while proactively minimizing services offered to Jinke Property Group which may not guarantee repayment;
- (iv) the impacts of downward development in the real estate sector in causing periodic pressure on the capital liquidity of Jinke Property Group. Since Jinke Property disclosed its public debt default on 28 December 2022, the primary operational priority of Jinke Property Group is to guarantee the delivery of buildings, which would render a longer period for the Group to recover receivables due from Jinke Property Group, and the Group expects the situation will not improve in the short term;
- (v) in light of the continuous slowdown of the sales in the PRC's real estate market, the transaction amount of new home sales by the Jinke Property Group for the six months ended 30 June 2023 was approximately RMB17.5 billion, representing a decrease of approximately 58.0% from the same period of last year. The decrease in new home sales caused a corresponding decrease in the demand of sales assistance services. As at 30 June 2023, the Group provided services to 42 projects for display units and sales offices of the Jinke Property Group, which was a substantial decrease of approximately 80.3% when compared to the 214 projects for display units and sales offices managed by the Group as at 30 June 2022. The Group expects the demand of sales assistance services will continue to decrease;
- (vi) constrained by Jinke Property Group's cash flow issue, the gross floor area of the new property construction projects by Jinke Property Group for the six months ended 30 June 2023 was approximately 0.2 million sq. m., which was a substantial decrease from the same period of last year. The demand for pre-delivery and after-sales services therefore decreased substantially;
- (vii) as at 30 June 2023, the total gross floor area of properties owned by the Jinke Property Group for sale was approximately 52.7 million sq. m.. If the cash flow of the Jinke Property Group would be improved in the future, the demand for property management services and value-added services to non-property owners are expected to increase gradually;

- (viii) in respect of the property management services such as property management and parking space management, the entire community and parking lots are the service targets as a whole as there is no differentiation between the Jinke Property Group and other third parties. The relevant service fees will therefore continue to incur;
- (ix) the estimated transaction amount for the year ending 31 December 2025 calculated based on the above factors and the pricing policy as more particularised in the section headed “Pricing Policy” below; and
- (x) an assumption that the gross floor area of the properties to be delivered or pre-sold by the Jinke Property Group and its associates will remain stable for the two years ending 31 December 2025.

**(2) Revised Annual Caps for Supply and Installation Services**

Pursuant to the Supplemental Agreement to the 2022 Master Supply and Installation Agreement, the Company and Jinke Property agreed to revise the existing annual caps for the continuing connected transactions in connection with the 2022 Master Supply and Installation Agreement for the two years ending 31 December 2025 as follows:

	<b>For the year ending 31 December 2024 RMB (in millions)</b>	<b>For the year ending 31 December 2025 RMB (in millions)</b>
Existing annual caps	122	122
Revised Annual Caps for Supply and Installation Services	30	30

***Basis of determination of the Revised Annual Caps for Supply and Installation Services***

Save as stated in sub-paragraphs (ii) and (iii) of the factors for determining the Revised Annual Caps for Property Management Services, the above Revised Annual Caps for Supply and Installation Services are also determined mainly by considering the following factors:

- (i) the historical transaction amounts under the 2022 Master Supply and Installation Agreement for the six months ended 30 June 2023;
- (ii) the expected decrease in the demand for the system supply and installation services, including smart on-site services and construction of intelligent communities, by the Jinke Property Group taking into account the latest financial and operating conditions of the Jinke Property Group as stated in sub-paragraphs (iv), (v) and (vi) of the factors for determining the Revised Annual Caps for Property Management Services; and
- (iii) an assumption that the demand for the relevant supply and installation services under the 2022 Master Supply and Installation Agreement and the Supplemental Agreement to the 2022 Master Supply and Installation Agreement will remain stable for the two years ending 31 December 2025.

### **(3) Variation to payment terms under the Supplemental CCT Agreements**

Pursuant to each of the Supplemental CCT Agreements, the Company and Jinke Property agreed to the following mechanism as an additional means to settle the fees due and payable by the Jinke Property Group to the Group under each of the Existing CCT Agreements:

- (i) in the event the Jinke Property Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from the Jinke Property Group's unsold property assets (including but not limited to office buildings, shops, commercial housing and car parking lots) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Jinke Property;
- (ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and the Jinke Property Group shall enter into the property offset agreement (抵房協議), under which the Group will obtain the property right or the use right of the Offset Assets to offset against the Outstanding Payables;
- (iii) the Group and the Jinke Property Group shall enter into the property transfer agreement(搭房協議), under which the Jinke Property Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within one year commencing from the effective date of the property transfer agreement; and
- (iv) the Jinke Property Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset in the property transfer agreement for one or more other property asset(s) held by the Jinke Property Group of equal value, including but not limited to office buildings, shops, commercial housing and car parking lots.

Save for the above revision in the Supplemental CCT Agreements, all other terms of the Existing CCT Agreements shall remain valid and in full force and effect.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL CCT AGREEMENTS**

The Company continues to monitor the historical transaction amounts in connection with Existing CCT Agreements and the risk of not being able to recover receivables due with reference to the latest operating conditions of the Jinke Property Group.

The Revised Annual Caps for Property Management Services and the Revised Annual Caps for Supply and Installation Services which reflect the downward trend in the cooperation with the Jinke Property Group, could control business risks of the inability to recover receivables due in light of the macroeconomic development and the macro-control policies for the real estate sector in the PRC.

The proposed variation of payment terms set out in the Supplemental CCT Agreements allows the Group to have greater flexibility in recovering receivables from the Jinke Property Group. The Group will transfer the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

In considering the entering into of the Supplemental CCT Agreements, the Board considered that (i) the Company's provision for impairment of trade and bill receivables increased from RMB78.2 million as at 31 December 2021 to RMB1,046.5 million as at 31 December 2022 due to a substantial decline in collectable receivables as a result of continued downturn in the real estate market and downward pressure on the economy and the COVID-19 pandemic during the year of 2022; (ii) the Company's net cash inflow from operating activities recorded a decrease of approximately 11.7% as compared to that of the same period in 2021 which was mainly attributable to a slower collection of proceeds due to tight cash flow from property developers; (iii) the realization, pledge or leasing of the Offset Assets by the Company could improve the cashflow of the Company; and (iv) the Company is empowered to select the preferred Offset Assets with value determined by an independent and qualified valuer using market approach to settle the Outstanding Payables on a dollar-to-dollar basis.

The Group possesses industry-leading capabilities in real estate management and operation. The Group will continue to identify, among the owners and tenants of the properties managed by the Group or in open market, suitable third parties for the sales or leases of the Offset Assets. The Group believes that such transactions are not only conducive to enhancing our ability in community value-added services, but would also improve the Group's revenue, both of which are in line with the Group's interests in the long term.

The Board (excluding the independent non-executive Directors whose views in respect of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement will be expressed after obtaining the advice from the Independent Financial Adviser) considers that the entering into of the Supplemental CCT Agreements is in the Group's ordinary course of business, and the terms of the Supplemental CCT Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **PRICING POLICY**

The value of the relevant Offset Assets shall be determined jointly by the Company and Jinke Property at the time of the signing of the property transfer agreement after arm's length negotiation and with reference to (i) the valuation report of the Offset Assets to be prepared by an independent valuer who shall adopt the market approach; and (ii) the prices of the Offset Assets which will be determined in accordance with the judicial enforcement procedures in the event that there is any dispute between the Company and Jinke Property regarding the settlement of Outstanding Payables and the two parties decide to resolve such dispute through litigation. Such valuation principles are also applicable to the Company's request to exchange Offset Assets for one or more other property asset(s) held by the Jinke Property Group of equal value.

As a general principle, the prices and/or fees to be charged by the Group under the Existing CCT Agreements will be determined in accordance with the following pricing principles:

***in respect of the 2021 Framework Marketing Service Agreement***

- (i) where there are prices prescribed by the PRC government in relation to the marketing services, such government prescribed prices shall apply to the services provided by the Group. Where there are available or applicable government guiding price standards, the prices charged by the Group shall be within the scope of the government guided prices;
- (ii) where no government-prescribed prices or guiding prices are available or applicable, the price shall be based on the market price of comparable services and the price offered by the Group to the Independent Third Parties for comparable services; and
- (iii) prevailing market price for the similar services for the similar type of properties with similar area and quality in the vicinity generally offered by other independent service providers.

As at the date of this announcement, and to the best knowledge, understanding and belief of the Directors, none of the services provided under the 2021 Framework Marketing Service Agreement is subject to any applicable government-prescribed prices or government-guided prices.

In determining the service prices chargeable and terms under the Specific Agreement, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and to be compared against the prices obtained through the monthly regular price research conducted by the Group from the historical transaction with the Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are not less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into Specific Agreement to provide the relevant services to the Jinke Property Group. The Group will keep negotiating with Jinke Property Group to ensure the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into Specific Agreement.

***in respect of the 2022 Master Property Management Services Agreement***

- (i) for property pre-delivery and after-sales services other than management services for the display units and on-site sales office, the Group would charge the Jinke Property Group at a price determined with reference to:
  - (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the size and condition of projects, and level of difficulty of planning and design, etc.) carried out with Independent Third Parties; and
  - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties (if available);
- (ii) for management services for the display units and on-site sales office, the Group would charge the Jinke Property Group at a price determined with reference to:
  - (a) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials) to be incurred by the Group to provide such management services plus a reasonable profit margin rate of around 10% in accordance with the standard pricing terms maintained by the Group; and
  - (b) the Group's other contemporaneous transactions of similar management services carried out with Independent Third Parties;

- (iii) for property management services for the properties owned or used by the Jinke Property Group, the Group would charge the Jinke Property Group at a fixed unit price per square meter or fixed amount per number determined with reference to:
  - (a) the Group's other contemporaneous transactions of similar services (in terms of the scope and requirement of services, the location and condition of properties, and level of difficulty of management, etc.) carried out with Independent Third Parties;
  - (b) prices charged by other property management companies in the PRC of comparable transactions with independent third parties; and
  - (c) government-prescribed prices or guiding prices (if any) promulgated by the PRC government.

As at the date of this announcement, and to the best knowledge, understanding and belief of the Directors, property management services for the properties owned or used by the Jinke Property Group in certain cities may be subject to government-prescribed prices or guiding prices promulgated by the PRC government, and the scope and applicability of such government prescribed prices or guiding price standards may vary in different cities. If the Group considers that the government-prescribed prices or guiding price standards are not aligned with the market prices as mentioned in paragraph (iii)(a) and (iii)(b) above, the Group may charge such market prices subject to the registration with relevant local government authorities.

In determining the service prices chargeable and terms under the Specific Agreements, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and will be compared against the prices obtained through the monthly regular price research conducted by the Group based on historical transactions with Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into such Specific Agreement to provide the relevant services to the Jinke Property Group.

***in respect of the 2022 Master Supply and Installation Agreement***

- (i) where there are prices prescribed by the PRC government in relation to the provision of software systems and equipment and related installation and maintenance services, such government-prescribed prices shall apply to the services provided by the Group. Where there are available or applicable government guiding price standards, the prices charged by the Group shall be within the scope of the government guided prices;
- (ii) the fees shall be based on the market price of comparable products and services and the fee offered by the Group to the Independent Third Parties for comparable products and services; and
- (iii) prevailing market price for the similar products and services for the similar type of properties with similar area and quality in the vicinity generally offered by other independent service providers.



In determining the service prices chargeable and terms under the Specific Agreement, the prices and terms offered by the Jinke Property Group will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Group and to be compared against the prices obtained through the monthly regular price research conducted by the Group from the historical transaction with the Independent Third Party(ies). Where the prices and terms of an offer from the Jinke Property Group are not less favorable to the Group than those offered by other Independent Third Party(ies), the Group may enter into Specific Agreement to provide the relevant services to the Jinke Property Group. The Group will keep negotiating with Jinke Property Group to ensure the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into Specific Agreement.

To this end, the business department of the Group will obtain at least three transactions for reference, and the heads of relevant operating departments, the chief financial officer of the Group, the executive Directors and chairman of the Board will review and approve the offer from the Jinke Property Group to ensure that the terms of the offer reflect the prevailing market conditions.

The Group will keep negotiating with the Jinke Property Group to ensure that the prices and terms of an offer from the Jinke Property Group are no less favorable to the Group than those available from Independent Third Party(ies) before entering into each Specific Agreement.

The Directors consider that the above relevant procedures conducted by the Group in determining the service prices chargeable and terms under the Specific Agreement can ensure the transactions contemplated under the Existing CCT Agreements will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

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

To enable the Group to review and assess whether the individual transactions will be conducted within the framework of the Existing CCT Agreements and the Supplemental CCT Agreements, the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering into the Specific Agreements to ensure they are consistent with the principles and provisions set out respectively in the Existing CCT Agreements and the Supplemental CCT Agreements.

The finance department of the Company will closely monitor the aggregate transaction amounts and notify the management if the aggregate transaction amounts come close to 80% of the annual caps. Regular checks will be conducted on an annual basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of the respective agreements and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the management's annual review reports on the transactions contemplated under the relevant continuing connected transactions and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap thereof.



Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under each of the Existing CCT Agreements and the Supplemental CCT Agreements have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON JINKE PROPERTY AND THE GROUP**

### **Jinke Property**

Jinke Property is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000656.SZ). Jinke Property is one of the leading real estate developers in the PRC and is principally engaged in the development of large scale mixed-use real estate projects, with extensive presence in the businesses of property management, investment and operation of technology industry, construction, real estate construction management and commercial operation and management.

### **The Group**

The Group is principally engaged in the provision of space property management services, community value-added services, local catering services and smart living technology solutions in the PRC.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jinke Property is the substantial shareholder of the Company, holding approximately 30.97% of the issued share capital of the Company. As such, Jinke Property Group is a connected person of the Company under the Listing Rules. The transactions contemplated under the Supplemental CCT Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the note to Rule 14A.35 of the Listing Rules, if there is any material variation of the terms or material delay in the completion of a connected transaction, the issuer must, announce this fact as soon as practicable and re-comply with other applicable provisions under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual caps under the 2022 Master Supply and Installation Agreement and the Supplemental Agreement to the 2022 Master Supply and Installation Agreement are more than 0.1% but all of which are less than 5%, the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements but are exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest amount of the annual caps under each of (i) the 2021 Framework Marketing Service Agreement and the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and (ii) the 2022 Master Property Management Services Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement exceed 5%, the transactions contemplated under each of (i) the 2021 Framework Marketing Service Agreement and the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and (ii) the 2022 Master Property Management Services Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BOARD APPROVAL**

At the Board meeting held to approve the Supplemental CCT Agreements, Mr. Xu Guofu who holds management positions in Chongqing Jinke Investment Holding (Group) Co., Ltd. (重慶市金科投資控股(集團)有限責任公司) and Mr. Shi Cheng who holds management positions in Jinke Property Group, have abstained from voting on the relevant Board resolutions. Apart from Mr. Xu Guofu and Mr. Shi Cheng, none of the Directors has or is deemed to have a material interest in the Supplemental CCT Agreements and is required to abstain from voting on the relevant Board resolutions approving the Supplemental CCT Agreements.

## **GENERAL**

The Company will convene and hold the EGM for the purpose of, among other things, considering and if thought fit, approving each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder.

Voting at the EGM will be conducted by way of poll. Jinke Property, holding 198,074,875 Shares, representing approximately 30.97% of the issued share capital of the Company shall abstain from voting on the proposed resolution approving each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement; (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding its advice on the terms of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement; (iii) the recommendations from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM to be convened and held to approve, inter alia, each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement will be despatched to Shareholders in accordance with the Listing Rules.

## DEFINITIONS

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

“2021 Framework Marketing Service Agreement”	the framework marketing service agreement entered into between the Company and Jinke Property on 25 November 2021, and as amended by the first supplemental agreement to the framework marketing service agreement on 10 December 2021
“2022 Master Property Management Services Agreement”	the master property management services agreement entered into between the Company and Jinke Property on 29 July 2022
“2022 Master Supply and Installation Agreement”	the master supply and installation agreement entered into between the Company and Jinke Property on 29 July 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Jinke Smart Services Group Co., Ltd. (金科智慧服務集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9666)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the forthcoming 2023 third extraordinary general meeting of the Company to be held and convened for the purpose of, among other things, considering and, if thought fit, approving each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions respectively contemplated thereunder, or any adjournment thereof
“Existing CCT Agreement(s)”	collectively (i) 2021 Framework Marketing Service Agreement; (ii) 2022 Master Property Management Services Agreement; and (iii) 2022 Master Supply and Installation Agreement, and each the “Existing CCT Agreement”
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 the independent non-executive Directors, namely Ms. Yuan Lin, Ms. Xiao Huilin and Mr. Tung Woon Cheung Eric, to advise the Independent Shareholders in respect of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), and appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in each of the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement and the Supplemental Agreement to the 2022 Master Property Management Services Agreement

“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Jinke Property”	Jinke Property Group Co., Ltd.* (金科地產集團股份有限公司), a joint stock company established in the PRC with limited liability, listed on the Shenzhen Stock Exchange (stock code: 000656.SZ) and the substantial shareholder of the Company, holding approximately 30.97% of the issued share capital of the Company as at the date of this announcement
“Jinke Property Group”	Jinke Property and its subsidiaries and associates (but excluding the Group)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	has the meaning ascribed to it under the Listing Rules
“Naming Period”	a one-time free right granted by the Jinke Property Group to the Group to request any party designated by the Company to be named as the registered owner of the Offset Assets within one year commencing from the effective date of the property transfer agreement
“Offset Asset(s)”	selected Jinke Property Group’s unsold high-quality assets (including but not limited to office buildings, shops, commercial housing, car parking lots, etc.) to settle the service fees payable by the Jinke Property Group to the Group under each of the Existing CCT Agreements, pursuant to the Supplemental CCT Agreements
“Outstanding Payables”	fees under the relevant Existing CCT Agreements which have become due and payable
“Revised Annual Caps for Property Management Services”	the revised annual caps under the Supplemental Agreement to the 2022 Master Property Management Services Agreement for the two years ending 31 December 2025
“Revised Annual Caps for Supply and Installation Services”	the revised annual caps under the Supplemental Agreement to the 2022 Master Supply and Installation Agreement for the two years ending 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement”	the second supplemental agreement dated 15 December 2023 and entered into between the Company and Jinke Property, which amended and supplemented the 2021 Framework Marketing Service Agreement

“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Shares only
“Shareholder(s)”	holder(s) of Share(s)
“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between members of the Group and members of the Jinke Property Group in accordance with the principles and terms of each of the Existing CCT Agreements and the Supplemental CCT Agreements
“sq. m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement to the 2022 Master Property Management Services Agreement”	the supplemental agreement dated 15 December 2023 and entered into between the Company and Jinke Property, which amended and supplemented the 2022 Master Property Management Services Agreement
“Supplemental Agreement to the 2022 Master Supply and Installation Agreement”	the supplemental agreement dated 15 December 2023 and entered into between the Company and Jinke Property, which amended and supplemented the 2022 Master Supply and Installation Agreement
“Supplemental CCT Agreements”	collectively, (i) the Second Supplemental Agreement to the 2021 Framework Marketing Service Agreement, (ii) the Supplemental Agreement to the 2022 Master Property Management Services Agreement; and (iii) the Supplemental Agreement to the 2022 Master Supply and Installation Agreement
“%”	percent.

\* *for identification purposes only*

By order of the Board  
**Jinke Smart Services Group Co., Ltd.**  
**Xia Shaofei**  
*Chairman*

Chongqing, 15 December 2023

*As at the date of this announcement, the Board comprises Mr. Xia Shaofei as executive Director, Mr. Wu Xiaoli, Ms. Lin Ke, Mr. Xu Guofu, Mr. Shi Cheng and Mr. Qi Shihao as non-executive Directors, and Ms. Xiao Huilin and Ms. Yuan Lin and Mr. Tung Woon Cheung Eric as independent non-executive Directors.*