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**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
MASTER COMMERCIAL OPERATIONAL SERVICES AGREEMENT**

**THE MASTER COMMERCIAL OPERATIONAL SERVICES AGREEMENT**

On 14 June 2021, the Company (on behalf of each member of the Group) entered into the Master Commercial Operational Services Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the Company (on behalf of each member of the Group) has agreed to provide commercial operational services to the Sino-Ocean Connected Persons for their commercial properties (including shopping malls and office buildings).

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Company is owned as to approximately 67.57% by Sino-Ocean Group through its wholly-owned subsidiary Shine Wind. Therefore, Sino-Ocean Group is a controlling shareholder and thus a connected person of the Company. Accordingly, the entering into of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the 2021 Cap exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Master Commercial Operational Services Agreement during the Initial Term are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of each of the 2022 Cap and the 2023 Cap exceed(s) 5%, the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Shine Wind and its close associates, none of the other Shareholders has a material interest in the Master Commercial Operational Services Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolution in the EGM.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) the principal terms of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap); and (iv) a notice of the EGM, together with a form of proxy, is expected to be despatched to the Shareholders on or around 6 July 2021.

## **INTRODUCTION**

The Board announces that on 14 June 2021, the Company (on behalf of each member of the Group) entered into the Master Commercial Operational Services Agreement with Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person), pursuant to which the Company (on behalf of each member of the Group) has agreed to provide commercial operational services to the Sino-Ocean Connected Persons for their commercial properties (including shopping malls and office buildings).

## **THE MASTER COMMERCIAL OPERATIONAL SERVICES AGREEMENT**

Set out below are the major terms of the Master Commercial Operational Services Agreement:

### **Date**

14 June 2021

### **Parties**

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

### **Term**

The Master Commercial Operational Services Agreement shall have an initial fixed term commencing from the date of the Master Commercial Operational Services Agreement and ending on 31 December 2021 (the “**Initial Term**”). Subject to the approval of the Independent Shareholders at the EGM, the Initial Term shall be automatically extended for two years until 31 December 2023 (the “**Extended Term**”).

The Master Commercial Operational Services Agreement may be terminated during its term by a party by giving the other party a 30-day prior written notice.

### **Subject matter**

The commercial operational services to be provided by the Group to the Sino-Ocean Connected Persons include (i) pre-opening management services (such as positioning and design management services, tenant sourcing and management services); and (ii) operation management services (such as opening preparation services, business plan management services, tenant coaching services, consumer management services and marketing services).

The Master Commercial Operational Services Agreement is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions contemplated thereunder. The Group and the Sino-Ocean Connected Persons may from time to time enter into specific agreements, provided that the terms and conditions of such specific agreements shall not be inconsistent with the terms of the Master Commercial Operational Services Agreement. The provision of commercial operational services by the Group to the Sino-Ocean Connected Persons will be carried out in accordance with such specific agreements to be entered into between the Group and the Sino-Ocean Connected Persons from time to time.

## Pricing

The fees payable by the Sino-Ocean Connected Persons to the Group under the Master Commercial Operational Services Agreement and the specific agreements will be determined on arm's length basis with reference to (i) the nature, size, location and branding of the relevant properties; (ii) the scope of the commercial operational services; (iii) the expected operational costs (including, among others, labor costs, material costs and administrative costs) in relation to the provision of the commercial operational services; and (iv) the fee charged by other commercial operational service providers for similar services in respect of similar types of properties in the market.

The terms offered by the Group to the Sino-Ocean Connected Persons shall not be less favourable to the Group than terms offered by the Group to its independent customers for the same or similar type and scope of commercial operational services, where applicable.

## Annual caps and basis

The maximum aggregate transaction amounts under the Master Commercial Operational Services Agreement for the period commencing from the date of the Master Commercial Operational Services Agreement and ending on 31 December 2021 and the years ending 31 December 2022 and 2023 shall not exceed the following caps:

*RMB ('000)*

Cap for the period commencing from the date of the Master Commercial Operational Services Agreement and ending on 31 December 2021 (the "2021 Cap")	100,000
Cap for the year ending 31 December 2022 (the "2022 Cap")	220,000
Cap for the year ending 31 December 2023 (the "2023 Cap")	300,000

In determining the above caps, the Company has considered the following factors:

- (i) the number and size of property projects of the Sino-Ocean Connected Persons for which the Group will provide commercial operational services, including (a) 11 office buildings with total GFA of approximately 966,000 sq.m.; and (b) 11 commercial properties with total GFA of approximately 905,000 sq.m., and the timetable of completion of construction and commencement of operation thereof;
- (ii) the expected increase in the operational costs as incurred by the Group;
- (iii) the market charge rates in respect of similar types and scope of commercial operational services;

- (iv) the historical and expected financial performance of the property projects of the Sino-Ocean Connected Persons for which the Group will provide commercial operational services; and
- (v) the expected increase in demand for commercial operational services from the Sino-Ocean Connected Persons, based on the existing land reserve and business development plan of Sino-Ocean Group and its subsidiaries, joint ventures and associates.

## **INTERNAL CONTROL MEASURES**

In order to ensure that the terms (including the pricing principles and the annual caps) contained in the Master Commercial Operational Services Agreement are fair and reasonable and will be complied with, the Company has adopted the following internal control and corporate governance measures:

- (i) the Board (including the independent non-executive Directors) will be responsible for reviewing and evaluating the terms of the Master Commercial Operational Services Agreement, in particular the pricing principles and the annual caps, to ensure that such terms are fair and reasonable to the Group and compliant with relevant laws and regulations, internal policies of the Group and the Listing Rules;
- (ii) the terms offered by the Group to the Sino-Ocean Connected Persons under the specific agreements will not be less favourable to the Group than terms offered by the Group to its independent customers for the same or similar type and scope of commercial operational services, where applicable;
- (iii) the specific agreements, together with relevant information, will be submitted to the business department, finance department, legal department and the management of the Group for approval before signing and execution;
- (iv) pursuant to the Corporate Governance Code in Appendix 14 to the Listing Rules, the Directors (including the independent non-executive Directors) will be able to seek independent professional advice in respect of the transactions contemplated under the Master Commercial Operational Services Agreement from external parties in appropriate circumstances;
- (v) the actual transaction amounts under the Master Commercial Operational Services Agreement will be reported to appropriate management team regularly and the finance department of the Company will be responsible for reviewing and monitoring the actual transaction amounts to ensure that the annual caps will not be exceeded;
- (vi) various internal departments of the Company (including but not limited to the finance department, capital market department and company secretarial department) will regularly monitor the implementation of the transactions under

the Master Commercial Operational Services Agreement and keep track of the aggregate transaction amounts thereof to ensure that the pricing principles and the annual caps contained therein are complied with;

- (vii) the Company has adopted relevant reporting and record-keeping procedures to allow the independent non-executive Directors and the auditors of the Company to perform annual review of the transactions contemplated under the Master Commercial Operational Services Agreement and provide annual confirmations in accordance with the Listing Rules; and
- (viii) the Company will duly disclose in its annual report the continuing connected transactions conducted during the relevant financial year, together with the conclusion drawn by the independent non-executive Directors on whether the transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the relevant framework agreements on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER COMMERCIAL OPERATIONAL SERVICES AGREEMENT**

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. To further expand the business scale and diversify the service offerings of the Group, the Company has established a commercial asset management platform which will engage in the provision of commercial operational services, mainly for shopping malls, office buildings and other types of investment properties, starting from the second half of 2021.

Commercial operational services can be regarded as an extension of and complementary to traditional property management services. The provision of both traditional property management services and commercial operational services by the same service provider would enable more effective use of existing resources (including personnel and equipment), promote execution efficiency, improve service quality and create synergies between the management of different types of properties. In particular, synergies between traditional property management services and commercial operational services can be achieved by the sharing of customer resources among various types of properties including residential communities, office buildings and commercial properties. The large number of residents from residential communities would provide a stable customer base for shopping malls and office buildings, and at the same time a convenient and pleasant shopping and workplace experience for the residents would enhance their customer experience, satisfaction and loyalty. The experience in and professional knowledge of the provision of traditional property management services and commercial operational services can be considered as complementary and integrative to each other.

The Group possesses professional teams with years of experience in providing different types of services to different customers for different properties, and has the capabilities of providing commercial operational services. In the implementation of the Group's business strategy to expand into commercial operational services, the Group will provide high-quality commercial operational services for shopping malls, office buildings and other investment properties developed or held by the Sino-Ocean Connected Persons, independent third-party developers and other property management companies. The Group and the Sino-Ocean Connected Persons have established a long-standing business relationship and mutual understanding of the standards, requirements and specific needs of each other. The Company believes that the entering into of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder with the Sino-Ocean Connected Persons would strengthen the synergies between the Group and the Sino-Ocean Connected Persons and assist the Group in developing strong capabilities in commercial asset management and operations, and thereby accelerate the expansion of business scale and increase the market share of the Group.

The Directors (excluding (i) the independent non-executive Directors in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap) who will express their views thereon after considering the advice of the Independent Financial Adviser and (ii) the Abstained Directors) consider that the Master Commercial Operational Services Agreement was entered into in the ordinary and usual course of business of the Company, and the terms of the Master Commercial Operational Services Agreement, which were determined after arm's length negotiations between the parties thereto, are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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

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

Sino-Ocean Group is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It is a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. Sino-Ocean Group's core businesses include development of residential property, investment property development and operation, customer service and product construction, while its non-core businesses cover real estate financing, logistics property, internet data center, senior living service, etc..

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Company is owned as to approximately 67.57% by Sino-Ocean Group through its wholly-owned subsidiary Shine Wind. Therefore, Sino-Ocean Group is a controlling shareholder and thus a connected person of the Company. Accordingly, the entering into of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the 2021 Cap exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Master Commercial Operational Services Agreement during the Initial Term are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of each of the 2022 Cap and the 2023 Cap exceed(s) 5%, the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for Shine Wind and its close associates, none of the



other Shareholders has a material interest in the Master Commercial Operational Services Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolution in the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap).

VMS Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the Master Commercial Operational Services Agreement and the transactions contemplated thereunder. Nevertheless, the Abstained Directors (namely Mr. Cui Hongjie and Mr. Zhu Xiaoxing) have abstained from voting on the Board resolutions approving the Master Commercial Operational Services Agreement by virtue of their directorship and/or senior positions in Sino-Ocean Group.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) the principal terms of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap); and (iv) a notice of the EGM, together with a form of proxy, is expected to be despatched to the Shareholders on or around 6 July 2021.

## **DEFINITIONS**

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

"Abstained Directors"	Mr. Cui Hongjie and Mr. Zhu Xiaoxing
"Board"	the board of Directors

“Company”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 06677)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap)
“Extended Term”	has the meaning ascribed to it under the section headed “The Master Commercial Operational Services Agreement — Term” in this announcement
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Dr. Guo Jie, Dr. Xue Jun and Mr. Zhu Lin, established for the purpose of advising the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap)
“Independent Financial Adviser”	VMS Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Master Commercial Operational Services Agreement during the Extended Term (including the 2022 Cap and the 2023 Cap)

“Independent Shareholders”	the Shareholders other than Shine Wind and its close associates
“Initial Term”	has the meaning ascribed to it under the section headed “The Master Commercial Operational Services Agreement — Term” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Commercial Operational Services Agreement”	an agreement dated 14 June 2021 entered into between the Company and Sino-Ocean Group in relation to the provision of commercial operational services by the Group to the Sino-Ocean Connected Persons
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shine Wind”	Shine Wind Development Limited (耀勝發展有限公司), a company with limited liability incorporated under the laws of the British Virgin Islands, a direct wholly-owned subsidiary of Sino-Ocean Group and a controlling shareholder of the Company
“Sino-Ocean Connected Persons”	Sino-Ocean Group and its associates, excluding, for the avoidance of doubt, the Group
“Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company with limited liability incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3377), a controlling shareholder of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2021 Cap”	has the meaning ascribed to it under the section headed “The Master Commercial Operational Services Agreement — Annual caps and basis” in this announcement

“2022 Cap”	has the meaning ascribed to it under the section headed “The Master Commercial Operational Services Agreement — Annual caps and basis” in this announcement
“2023 Cap”	has the meaning ascribed to it under the section headed “The Master Commercial Operational Services Agreement — Annual caps and basis” in this announcement
“%”	per cent

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

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

Hong Kong, 14 June 2021

*As at the date of this announcement, the Board comprises Mr. Yang Deyong and Ms. Zhu Geyong as executive Directors, Mr. Cui Hongjie and Mr. Zhu Xiaoxing as non-executive Directors, and Dr. Guo Jie, Dr. Xue Jun and Mr. Zhu Lin as independent non-executive Directors.*