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**濱江服務**

BINJIANG SERVICE

**Binjiang Service Group Co. Ltd.**

**濱江服務集團有限公司**

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

**(Stock Code: 3316)**

## **CONNECTED TRANSACTIONS**

### **INTRODUCTION**

On May 26, 2021, Ningbo Binrun and Binjiang Shangbo entered into the Agreements. Pursuant to the Storage Rooms Use Right Agreement, Ningbo Binrun assumes the right to use the Storage Rooms from Binjiang Shangbo for a consideration of RMB503,928. Pursuant to the Car Parking Spaces Use Right Agreement, Ningbo Binrun assumes the right to use the Car Parking Spaces from Binjiang Shangbo for a consideration of RMB37,800,000. The Storage Rooms and the Car Parking Spaces are both located in the Project.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Binjiang Shangbo is owned as to 51% by Binjiang Real Estate. Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholder. Therefore, Binjiang Shangbo is a connected person of the Company. As such, the Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement on connected transactions of the Company dated September 22, 2020 in relation to September 2020 Acquisitions, pursuant to which Ningbo Binrun agreed to assume from certain subsidiaries of Binjiang Real Estate and Binjiang Holdings certain storage rooms and car parking spaces located in residential development projects developed by them. Binjiang Holdings is also controlled by Mr. Qi. As the Agreements, together with the September 2020 Acquisitions, are entered into with companies controlled by Mr. Qi and are of similar nature at the time of their entry, they shall be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Agreements and the transactions contemplated under the September 2020 Acquisitions is more than 0.1% but less than 5%, the transactions contemplated under the Agreements are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On May 26, 2021, Ningbo Binrun and Binjiang Shangbo entered into the Agreements. Pursuant to the Storage Rooms Use Right Agreement, Ningbo Binrun assumes the right to use the Storage Rooms from Binjiang Shangbo for a consideration of RMB503,928. Pursuant to the Car Parking Spaces Use Right Agreement, Ningbo Binrun assumes the right to use the Car Parking Spaces from Binjiang Shangbo for a consideration of RMB37,800,000. The Storage Rooms and the Car Parking Spaces are both located in the Project.

## **THE STORAGE ROOMS USE RIGHT AGREEMENT**

### **Date**

May 26, 2021

### **Parties**

- (a) Ningbo Binrun as the assignee; and
- (b) Binjiang Shangbo as the assignor.

### **Right to be assumed by Ningbo Binrun**

The right to use (which includes the right to occupy, assign or rent out) the 5 Storage Rooms with a total gross floor area of 46.66 square meters located in the Project, until the expiry of the land use rights of the Project on September 10, 2084.

## **Consideration**

The consideration under the Storage Rooms Use Right Agreement of RMB503,928 was determined after arm's length negotiations between Ningbo Binrun and Binjiang Shangbo, having taken into account, among other things, the prevailing market prices of storage spaces located near the Project.

## **Payment and Completion**

The consideration under the Storage Rooms Use Right Agreement will be funded by internal resources of the Company and shall be payable in cash within 15 days of the date of the Storage Rooms Use Right Agreement and completion of the Storage Rooms Use Right Agreement shall take place on the same day upon payment of consideration.

## **THE CAR PARKING SPACES USE RIGHT AGREEMENT**

### **Date**

May 26, 2021

### **Parties**

- (a) Ningbo Binrun as the assignee; and
- (b) Binjiang Shangbo as the assignor.

### **Right to be assumed by Ningbo Binrun**

The right to use (which includes the right to occupy, assign or rent out) the 210 Car Parking Spaces located in the Project, until the expiry of the land use rights of the Project on September 10, 2084.

## **Consideration**

The consideration under the Car Parking Spaces Use Right Agreement of RMB37,800,000 was determined after arm's length negotiations between Ningbo Binrun and Binjiang Shangbo, having taken into account, among other things, the prevailing market prices of car parking spaces located near the Project.

## **Payment and Completion**

The consideration under the Car Parking Spaces Use Right Agreement will be funded by internal resources of the Company and shall be payable in cash within 15 days of the date of the Car Parking Spaces Use Right Agreement and completion of the Car Parking Spaces Use Right Agreement shall take place on the same day upon payment of consideration.

## **REASONS FOR AND BENEFITS OF THE AGREEMENTS**

As the development of the Project is almost complete and the sales department of Binjiang Real Estate will be moving out from the location of the Project upon its completion, it is more convenient for the Group, being the provider of ongoing property management services to the residential owners of the Project, to take over the assignment and leasing of the right to use the Storage Rooms and Car Parking Spaces to residential owners. The Company considers that there will be steady demands for storage rooms and car parking spaces by the owners of the residential units in the Project as the storage rooms and the car parking spaces to residential unit ratios for the Project is approximately 1:0.1 and 1:1.9 respectively. As such, the rights assumed by the Group under the Agreements would provide an opportunity for the Group to monetize the right to use the Storage Rooms and the Car Parking Spaces as well as to enable the Group to bring corresponding return to the Shareholders.

The Directors (including the independent non-executive Directors) considers that the terms of the Agreements (including the consideration thereunder) and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE CAR PARKING SPACES AND THE STORAGE ROOMS**

As at May 26, 2021, there were no development costs allocated to the relevant Car Parking Spaces and Storage Rooms, book value or relevant original acquisition cost, as the Car Parking Spaces and Storage Rooms were developed by Binjiang Shangbo.

## **INFORMATION ON THE PARTIES**

The Group is a reputable property management service provider in China focusing on providing services to high-end properties.

Ningbo Binrun is a company incorporated in the PRC on May 14, 2019 with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property management and sales of car parking spaces.

Binjiang Shangbo is a company incorporated in the PRC with limited liability and is owned as to 51% by Binjiang Real Estate and 49% by Zhejiang China Commodity City Group Co., Ltd. (浙江中國小商品城集團股份有限公司). Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholder. Therefore, Binjiang Shangbo is a connected person of the Company. Binjiang Shangbo is principally engaged in the business of property development and is the developer of the Project.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhejiang China Commodity City Group Co., Ltd. (浙江中國小商品城集團股份有限公司) and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Binjiang Shangbo is owned as to 51% by Binjiang Real Estate. Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholder. Therefore, Binjiang Shangbo is a connected person of the Company. As such, the Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement on connected transactions of the Company dated September 22, 2020 in relation to the September 2020 Acquisitions, pursuant to which Ningbo Binrun agreed to assume from certain subsidiaries of Binjiang Real Estate and Binjiang Holdings the right to use certain storage rooms and car parking spaces located in residential development projects developed by them. Binjiang Holdings is also controlled by Mr. Qi. As the Acquisitions, together with the September 2020 Acquisitions, are entered into with companies controlled by Mr. Qi and are of similar nature at the time of their entry, they shall be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Agreements and the transactions contemplated under the September 2020 Acquisitions is more than 0.1% but less than 5%, the transactions contemplated under the Agreements are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Mo Jianhua, a non-executive Director of the Company, is a shareholder of Binjiang Real Estate, and has therefore abstained from voting on the Board resolution approving the transactions contemplated under the agreements. Save as disclosed above, none of the other Directors has a material interest in the Agreements and no other Director has abstained from voting.

## DEFINITIONS

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

“Agreements”	the Car Parking Spaces Use Right Agreement and the Storage Rooms Use Right Agreement
“Binjiang Holdings”	Hangzhou Binjiang Investment Holdings Co., Ltd.* (杭州濱江投資控股有限公司), a limited liability company established in the PRC on October 8, 2006. It is controlled by Mr. Qi, one of the controlling Shareholders, and is therefore a connected person of the Company
“Binjiang Real Estate”	Hangzhou Binjiang Real Estate Group Co., Ltd.* (杭州濱江房產集團股份有限公司), a limited liability company incorporated in the PRC, the shares of which are listed on the Shenzhen Small & Medium Enterprise Board of Stock Exchange (stock code: 002244). It is controlled by Mr. Qi, one of the Company’s controlling shareholder, and therefore a connected person of the Company
“Binjiang Shangbo”	Hangzhou Binjiang Shangbo Real Estate Development Co., Ltd.* (杭州濱江商博房地產開發有限公司), a company incorporated in the PRC with limited liability and owned as to 51% by Binjiang Real Estate and 49% by Zhejiang China Commodity City Group Co., Ltd.. It is a connected person of the Company as Binjiang Real Estate is controlled by Mr. Qi, the Company’s controlling shareholder
“Board”	the board of Directors
“Car Parking Spaces”	the 210 car parking spaces located in the Project
“Car Parking Spaces Use Right Agreement”	the agreement dated May 26, 2021 entered into between Ningbo Binrun and Binjiang Shangbo pursuant to which Ningbo Binrun assumes the right to use the 210 car parking spaces in the Project
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Qi”	Mr. Qi Jinxing (戚金興), one of the Company’s controlling shareholder
“Ningbo Binrun”	Ningbo Binrun Property Service Co., Ltd* (寧波濱潤物業服務有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Project”	Huajiachi Project* (華家池項目), a residential project in Hangzhou, China developed by Binjiang Shangbo and to be managed by the Group
“RMB”	Renminbi, the lawful currency of the PRC
“September 2020 Acquisitions”	the acquisition of the rights to use storage rooms and the car parking spaces from Hangzhou Pute Real Estate Development Limited* (杭州普特房地產開發有限公司) in the Xixi Zhixing Project* (西溪之星項目), a residential project in Hangzhou, China developed by Hangzhou Pute Real Estate Development Limited* (杭州普特房地產開發有限公司), and the acquisition of the rights to use storage rooms and the car parking spaces from Hangzhou Binpu Real Estate Development Limited* (杭州濱普房地產開發有限公司) in the Wanjia Mingcheng Project* (萬家名城項目), a residential project in Hangzhou, China developed by Hangzhou Binpu Real Estate Development Limited* (杭州濱普房地產開發有限公司), by Ningbo Binrun on September 22, 2020 through the bidding process held by Zhejiang Huatong Auction Limited Company

“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storage Rooms”	the 5 storage rooms with a total gross floor area of 46.66 square meters located in the Project
“Storage Rooms Use Right Agreement”	the agreement dated May 26, 2021 entered into between Ningbo Binrun and Binjiang Shangbo pursuant to which Ningbo Binrun assumes the right to use the 5 storage rooms with a total gross floor area of 46.66 square meters located in the Project
“%”	per cent.

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

Hangzhou, the PRC  
May 26, 2021

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

\* *For identification purpose only*