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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 September 22, 2020, Ningbo Binrun entered into the Wanjia Mingcheng Letter of Acceptance with Hangzhou Binpu Real Estate and the Xixi Zhixing Letter of Acceptance with Hangzhou Pute Real Estate confirming that Ningbo Binrun was the successful bidder for the right to use the Storage Rooms and the Car Parking Spaces at a consideration of RMB14,029,800.00 through the bidding process held by Zhejiang Huatong Auction Limited Company in relation to the transfer of the right to use the Storage Rooms and the Car Parking Spaces. The Agreements in relation to the Acquisitions will be entered into in or around October 2020. The Storage Rooms and Car Parking Spaces are located in the Projects.

Pursuant to the Wanjia Mingcheng Letter of Acceptance, Ningbo Binrun has agreed to assume the interest in the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces from Hangzhou Binpu Real Estate at a consideration of RMB4,290,000.00. The Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces are located in the Wanjia Mingcheng Project.

Pursuant to the Xixi Zhixing Letter of Acceptance, Ningbo Binrun has agreed to assume the interest in the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces from Hangzhou Pute Real Estate at a consideration of RMB9,739,800.00. The Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces are located in the Xixi Zhixing Project.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Hangzhou Pute Real Estate and Hangzhou Binpu Real Estate are subsidiaries of Binjiang Holdings. Binjiang Holdings is controlled by Mr. Qi, one of the controlling Shareholders of the Company. Therefore, Hangzhou Pute Real Estate and Hangzhou Binpu Real Estate are connected persons of the Company. As such, the Acquisitions constitute connected transactions under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated November 18, 2019 and May 25, 2020 in relation to entry of the 2019 Agreements and the May 2020 Acquisition, pursuant to which Ningbo Binrun agreed to assume from Quzhou Real Estate and certain wholly-owned subsidiaries of Binjiang Real Estate certain storage rooms and car parking spaces located in residential development projects developed by them. Binjiang Real Estate is also controlled by Mr. Qi. As the Acquisitions, together with the 2019 Agreements and the May 2020 Acquisition, 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 for the Company in respect of the Acquisitions and the transactions contemplated under the 2019 Agreements and the May 2020 Acquisition is more than 0.1% but less than 5%, the Acquisitions are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On September 22, 2020, Ningbo Binrun entered into the Wanjia Mingcheng Letter of Acceptance with Hangzhou Binpu Real Estate and the Xixi Zhixing Letter of Acceptance with Hangzhou Pute Real Estate confirming that Ningbo Binrun was the successful bidder for the right to use the Storage Rooms and the Car Parking Spaces at a consideration of RMB14,029,800.00 through the bidding process held by Zhejiang Huatong Auction Limited Company in relation to the transfer of the right to use the Storage Rooms and the Car Parking Spaces. The Agreements in relation to the Acquisitions will be entered into in or around October 2020. The Storage Rooms and Car Parking Spaces are located in the Projects.

Pursuant to the Wanjia Mingcheng Letter of Acceptance, Ningbo Binrun has agreed to assume the interest in the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces from Hangzhou Binpu Real Estate at a consideration of RMB4,290,000.00. The Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces are located in the Wanjia Mingcheng Project.

Pursuant to the Xixi Zhixing Letter of Acceptance, Ningbo Binrun has agreed to assume the interest in the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces from Hangzhou Pute Real Estate at a consideration of RMB9,739,800.00. The Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces are located in the Xixi Zhixing Project.

DETAILS OF THE ACQUISITIONS

(1) THE WANJIA MINGCHENG LETTER OF ACCEPTANCE

Date

September 22, 2020

Parties

- (a) Hangzhou Binpu Real Estate as the assignor; and
- (b) Ningbo Binrun as the successful bidder.

Interests to be acquired by Ningbo Binrun

The right to use (which includes the right to occupy, assign, or rent out) the Wanjia Mingcheng Phase 1 Storage Rooms (being 2 storage rooms), the Wanjia Mingcheng Phase 2 Storage Room (being 1 storage room), the Wanjia Mingcheng Phase 1 Car Parking Spaces (being 98 car parking spaces), and the Wanjia Mingcheng Phase 2 Car Parking Spaces (being 5 car parking spaces). The rights do not include the legal entitlement of the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces and their terms of use are in line with the terms of land use rights of the subject properties, which are valid until May 18, 2083 for Wanjia Mingcheng Phase 1 and May 17, 2083 for Wanjia Mingcheng Phase 2.

Consideration

The total consideration of RMB4,290,000.00 for the transfer of the right to use the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces was arrived at after a bidding process for the transfer of the right to use the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces held by Zhejiang Huatong Auction Limited Company on September 22, 2020.

In determining the bid price for the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces, the Company has taken into account the minimum bid condition set by Zhejiang Huatong Auction Limited Company, the prevailing market prices of storage rooms and car parking spaces located near the Wanjia Mingcheng Project, and current market conditions.

The consideration under the Wanjia Mingcheng Agreement will be funded by the internal resources of the Company.

Payment and completion

Ningbo Binrun and Hangzhou Binpu Real Estate are to enter into the Wanjia Mingcheng Agreement in or around October 2020. Pursuant to the Wanjia Mingcheng Agreement, the consideration shall be settled in cash within ten days after the date of the Wanjia Mingcheng Agreement. The Wanjia Mingcheng Agreement shall be completed upon settlement of the consideration.

(2) THE XIXI ZHIXING LETTER OF ACCEPTANCE

Date

September 22, 2020

Parties

- (a) Hangzhou Pute Real Estate as the assignor; and
- (b) Ningbo Binrun as the successful bidder.

Interests to be acquired by Ningbo Binrun

The right to use (which includes the right to occupy, assign, or rent out) the Xixi Zhixing Storage Rooms (being 54 storage rooms) and the Xixi Zhixing Car Parking Spaces (being 108 car parking spaces). The rights shall expire on August 6, 2083.

Consideration

The total consideration of RMB9,739,800.00 for the transfer of the right to use the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces was arrived at after a bidding process for the transfer of the right to use the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces held by Zhejiang Huatong Auction Limited Company on September 22, 2020.

In determining the bid price for the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces, the Company has taken into account the minimum bid condition set by Zhejiang Huatong Auction Limited Company, the prevailing market prices of storage rooms and car parking spaces located near the Xixi Zhixing Project, and current market conditions.

The consideration under the Xixi Zhixing Agreement will be funded by the internal resources of the Company.

Payment and completion

Ningbo Binrun and Hangzhou Pute Real Estate are to enter into the Xixi Zhixing Agreement in or around October 2020. Pursuant to the Xixi Zhixing Agreement, the consideration shall be settled in cash within ten days after the date of the Xixi Zhixing Agreement. The Xixi Zhixing Agreement shall be completed upon settlement of the consideration.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

Development of the Projects was completed and the sales department of Binjiang Holdings has moved out of the location of the Projects upon their completion. It will be more convenient for the Group, as a provider of ongoing property management services for residential owners of the Projects, to take over the assignment and leasing of the right to use the relevant car parking spaces and storage rooms to residential owners. The Company considers that there will be steady demand for the Car Parking Spaces and Storage Rooms by the residents of the Projects as the ratios between the respective residential units to the Wanjia Mingcheng Phase 1 Car Parking Spaces, the Wanjia Mingcheng Phase 2 Car Parking Spaces, and the Xixi Zhixing Car Parking Spaces are 1:0.982, 1:0.942 and 1:1.016, respectively; and the ratios between the respective residential units to the Wanjia Mingcheng Phase 1 Storage Rooms, the Wanjia Mingcheng Phase 2 Storage Room, and the Xixi Zhixing Storage Rooms are 1:0.030, 1:0.047 and 1:0.075, 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 Car Parking Spaces as well as enable the Group to bring valuable return for its Shareholders.

The Board (including the independent non-executive Directors) considers that the terms of the Acquisitions are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE CAR PARKING SPACES AND STORAGE ROOMS

As at September 22, 2020, there were no development costs, book value, or relevant original acquisition cost allocated to the Storage Rooms and Car Parking Spaces as such assets were developed by Hangzhou Binpu Real Estate and Hangzhou Pute Real Estate.

INFORMATION ABOUT THE PARTIES

The Group is a reputable property management service provider in China with a focus on high-end property services.

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

Hangzhou Binpu Real Estate and Hangzhou Pute Real Estate are limited liability companies established in the PRC and are subsidiaries of Binjiang Holdings. Binjiang Holdings is controlled by Mr. Qi, one of the controlling shareholders of the Company. Therefore, Hangzhou Binpu Real Estate and Hangzhou Pute Real Estate are connected persons of the Company. Hangzhou Binpu Real Estate and Hangzhou Pute Real Estate are principally engaged in property development and management and are the developers of the Wanjia Mingcheng Project and the Xixi Zhixing Project, respectively.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Hangzhou Pute Real Estate and Hangzhou Binpu Real Estate are subsidiaries of Binjiang Holdings. Binjiang Holdings is controlled by Mr. Qi, one of the controlling Shareholders of the Company. Therefore, Hangzhou Pute Real Estate and Hangzhou Binpu Real Estate are connected persons of the Company. As such, the Acquisitions constitute connected transactions under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated November 18, 2019 and May 25, 2020 in relation to entry of the 2019 Agreements and the May 2020 Acquisition, pursuant to which Ningbo Binrun agreed to assume from Quzhou Real Estate and certain wholly-owned subsidiaries of Binjiang Real Estate certain storage rooms and car parking spaces located in residential development projects developed by them. Binjiang Real Estate is also controlled by Mr. Qi. As the Acquisitions, together with the 2019 Agreements and the May 2020 Acquisition, 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 for the Company in respect of the Acquisitions and the transactions contemplated under the 2019 Agreements and the May 2020 Acquisition is more than 0.1% but less than 5%, the Acquisitions 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, is a shareholder of Binjiang Holdings, and has therefore abstained from voting on the Board resolution approving the Acquisitions. Save as disclosed above, none of the other Directors has a material interest in the Acquisitions 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:

- “2019 Agreements” the agreements entered into between Ningbo Binrun as the assignee and each of Quzhou Real Estate and other wholly-owned subsidiaries of Binjiang Real Estate as the assignors in relation to the assumption of rights to use storage rooms and car parking spaces in their respective projects on November 18, 2019
- “Acquisitions” the acquisition of the right to use the Storage Rooms and Car Parking Spaces by Ningbo Binrun from Hangzhou Binpu Real Estate and Hangzhou Pute Real Estate through the bidding process held by Zhejiang Huatong Auction Limited Company
- “Agreements” the Wanjia Mingcheng Agreement and the Xixi Zhixing 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 of the Company, 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 established in the PRC on August 22, 1996, 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 controlling Shareholders of the Company, and is therefore a connected person of the Company
- “Board” the board of Directors
- “Car Parking Spaces” the Wanjia Mingcheng Car Parking Spaces and the Xixi Zhixing Car Parking Spaces

“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
“Hangzhou Binpu Real Estate”	Hangzhou Binpu Real Estate Development Limited* (杭州濱普房地產開發有限公司), a company established in the PRC with limited liability and a subsidiary of Binjiang Holdings. It is a connected person of the Company as Binjiang Holdings is controlled by Mr. Qi, one of the Company’s controlling shareholders
“Hangzhou Pute Real Estate”	Hangzhou Pute Real Estate Development Limited* (杭州普特房地產開發有限公司), a company established in the PRC with limited liability and a subsidiary of Binjiang Holdings. It is a connected person of the Company as Binjiang Holdings is controlled by Mr. Qi, one of the Company’s controlling shareholders
“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
“May 2020 Acquisition”	the acquisition of the rights to use storage rooms and the car parking spaces in the Quzhou Binjiang Yueliang Wan Residential Project* (衢州濱江月亮灣小區), a residential project in Quzhou, China developed by Quzhou Real Estate, by Ningbo Binrun on May 22, 2020 from Quzhou Real Estate through the bidding process held by Zhejiang Huatong Auction Limited Company
“Mr. Qi”	Mr. Qi Jinxing (戚金興), one of the controlling Shareholders of the Company

“Ningbo Binrun”	Ningbo Binrun Property Service Co., Ltd* (寧波濱潤物業服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Projects”	the Wanjia Mingcheng Project and the Xixi Zhixing Project
“Quzhou Real Estate”	Hangzhou Binjiang Real Estate Group Quzhou Real Estate Co., Ltd.* (杭州濱江房產集團衢州置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Binjiang Real Estate. It is a connected person of the Company as Binjiang Real Estate is controlled by Mr. Qi, one of the Company’s controlling shareholders
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholders”	holders of Shares
“Storage Rooms”	the Wanjia Mingcheng Storage Rooms and the Xixi Zhixing Storage Rooms
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wanjia Mingcheng Agreement”	the agreement to be entered into between Ningbo Binrun and Hangzhou Binpu Real Estate in or around October 2020 pursuant to which Hangzhou Binpu Real Estate assigns and Ningbo Binrun assumes the right to use the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces
“Wanjia Mingcheng Car Parking Spaces”	the Wanjia Mingcheng Phase 1 Car Parking Spaces and the Wanjia Mingcheng Phase 2 Car Parking Spaces

“Wanjia Mingcheng Letter of Acceptance”	the letter of acceptance dated September 22, 2020 in relation to Ningbo Binrun’s successful bid for the right to use the Wanjia Mingcheng Storage Rooms and the Wanjia Mingcheng Car Parking Spaces
“Wanjia Mingcheng Phase 1”	Phase 1 of the Wanjia Mingcheng Project
“Wanjia Mingcheng Phase 2”	Phase 2 of the Wanjia Mingcheng Project
“Wanjia Mingcheng Phase 1 Car Parking Spaces”	the 98 car parking spaces located at Wanjia Mingcheng Phase 1
“Wanjia Mingcheng Phase 2 Car Parking Spaces”	the 5 car parking spaces located at Wanjia Mingcheng Phase 2
“Wanjia Mingcheng Project”	the Wanjia Mingcheng Project* (萬家名城項目), a residential project in Hangzhou, China developed by Hangzhou Binpu Real Estate
“Wanjia Mingcheng Storage Rooms”	the Wanjia Mingcheng Phase 1 Storage Rooms and the Wanjia Mingcheng Phase 2 Storage Room
“Wanjia Mingcheng Phase 1 Storage Rooms”	the 2 storage rooms located at Wanjia Mingcheng Phase 1
“Wanjia Mingcheng Phase 2 Storage Room”	the 1 storage room located at Wanjia Mingcheng Phase 2
“Xixi Zhixing Agreement”	the agreement to be entered into between Ningbo Binrun and Hangzhou Pute Real Estate around October 2020 pursuant to which Hangzhou Pute Real Estate assigns and Ningbo Binrun assumes the right to use the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces
“Xixi Zhixing Car Parking Spaces”	the 108 car parking spaces located at the Xixi Zhixing Project
“Xixi Zhixing Letter of Acceptance”	the letter of acceptance dated September 22, 2020 in relation to Ningbo Binrun’s successful bid for the right to use the Xixi Zhixing Storage Rooms and the Xixi Zhixing Car Parking Spaces

“Xixi Zhixing Project”	the Xixi Zhixing Project* (西溪之星項目), a residential project in Hangzhou, China developed by Hangzhou Pute Real Estate
“Xixi Zhixing Storage Rooms”	the 54 storage rooms located at the Xixi Zhixing Project
“%”	per cent.

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

Hangzhou, the PRC
September 22, 2020

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*