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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)

On May 25, 2020, Ningbo Binrun entered into the Letter of Acceptance with Quzhou Real Estate confirming that Ningbo Binrun was the successful bidder for the right to use the Storage Rooms and the Car Parking Spaces for a consideration of RMB16,650,000 through the bidding process held by Zhejiang Huatong Auction Company on May 25, 2020 for the transfer of the right to use the Storage Rooms and the Car Parking Spaces. The Agreement in relation to the Acquisition will be entered into on or around June 2020. The Storage Rooms and the Car Parking Spaces are located at the Project.

As at the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Quzhou Real Estate is a wholly-owned subsidiary of Binjiang Real Estate. Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholders. Therefore, Quzhou Real Estate is a connected person of the Company. As such, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

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

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May 25, 2020

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

The right to use (which includes the right to occupy, assign, or rent out) the Storage Rooms, being 692 storage rooms, and the Car Parking Spaces, being 333 car parking spaces, both located at the Project, until the expiry of the land use rights of the Project on August 16, 2080.

The total consideration of the Acquisition of RMB16,650,000 was arrived at after a bidding process for the transfer of the right to use the Storage Rooms and the Car Parking Spaces held by Zhejiang Huatong Auction Company. Ningbo Binrun has paid RMB3,000,000 as security deposit which will be applied towards the final consideration payable. Ningbo Binrun is required to pay the balance of the consideration for the transfer, being RMB13,650,000, within the time limit specified under the Agreement which is to be around July 2020.

In determining the bid price for the Storage Rooms and the Car Parking Spaces, the Company has taken into account the minimum bid condition set by Zhejiang Huatong Auction Company, the prevailing market prices of storage rooms and car parking spaces located near the Project and current market conditions. The consideration for the Acquisition will be funded by the Group's internal resources.

As the development of the Project is almost complete and the sales department of Binjiang Real Estate will be moving out of 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 relevant storage rooms and car parking spaces to residential owners. The Company considers that there will be steady demand for storage rooms and car parking spaces by the residents of the Project as the storage rooms and the car parking spaces to residential unit ratios for the Project are approximately 1:0.7 and 1:0.95, respectively. As such, the rights assumed by the Group under the Acquisition would provide a good 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 to its shareholders.

The Board (including the independent non-executive Directors) considers that the terms of the Acquisition 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.

As at December 31, 2019, 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 Quzhou Real Estate.

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

Ningbo Binrun is a company established 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.

Quzhou Real Estate is a company established in the PRC on December 4, 2015 with limited liability and wholly-owned by Binjiang Real Estate. It is a connected persons of the Company as Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholders. Quzhou Real Estate is principally engaged in the business of property development and operation. Quzhou Real Estate is the developer of the Project.

As at the date of this announcement, Ningbo Binrun is an indirect wholly-owned subsidiary of the Company. Quzhou Real Estate is a wholly-owned subsidiary of Binjiang Real Estate. Binjiang Real Estate is controlled by Mr. Qi, one of the Company's controlling shareholders. Therefore, Quzhou Real Estate is a connected person of the Company. As such, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated November 18, 2019 in relation to entry of the 2019 Agreements pursuant to which Ningbo Binrun agreed to assume from Quzhou Real Estate and certain other wholly-owned subsidiaries of Binjiang Real Estate certain storage rooms and car parking spaces located in residential development projects developed by them. As the Acquisition, together with the transactions contemplated under the 2019 Agreements, are of a similar nature and entered into with subsidiaries of Binjiang Real Estate 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 Acquisition and the transactions contemplated under the 2019 Agreements is more than 0.1% but less than 5%, the Acquisition is 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 Real Estate, and has therefore abstained from voting on the Board resolution approving the Acquisition. Save as aforementioned, none of the other Directors have a material interest in the Acquisition and no other Director has abstained from voting.

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
“Acquisition”	the acquisition of the rights to use the Storage Rooms and the Car Parking Spaces by Ningbo Binrun from Quzhou Real Estate through the bidding process held by Zhejiang Huatong Auction Company
“Agreement”	the agreement to be entered into between Ningbo Binrun and Quzhou Real Estate on or around June 2020 pursuant to which Quzhou Real Estate assigns and Ningbo Binrun assumes the right to use the Storage Rooms and the Car Parking Spaces
“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, 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 shareholders, and is therefore a connected person of the Company
“Board”	the board of Directors
“Car Parking Spaces”	the 333 car parking spaces located at the Project
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Storage Rooms” the 692 storage rooms located at the Project

“%” per cent.

By order of the Board

Chairman and Executive Director

Hangzhou, the PRC
May 25, 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*