

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**兆邦基地產**

**Zhaobangji Properties**

**Zhaobangji Properties Holdings Limited**

**兆邦基地產控股有限公司**

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

**(Stock code: 1660)**

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO THE RENEWAL OF  
THE BANK DEPOSIT AGREEMENT; AND  
(2) CONTINUING CONNECTED TRANSACTIONS IN  
RELATION TO THE RENEWAL OF  
THE PROPERTY MANAGEMENT FRAMEWORK AGREEMENT**

**THE RENEWED BANK DEPOSIT AGREEMENT**

References are made to (i) the announcements of the Company dated 1 June 2018 and 17 July 2018; and (ii) the circular of the Company dated 19 July 2018 in relation to, amongst other things, the Existing Bank Deposit Agreement.

As the Existing Bank Deposit Agreement will expire on 31 March 2021, and the Directors expect that the Group will continue to, in its ordinary and usual course of business, place and maintain Bank Deposits with WLB on normal commercial terms from time to time, the Board is pleased to announce that the Company entered into the Renewed Bank Deposit Agreement with WLB on 14 January 2021 to renew the Existing Bank Deposit Agreement.

**THE RENEWED PROPERTY MANAGEMENT FRAMEWORK AGREEMENT**

References are made to (i) the announcement of the Company dated 30 November 2018; and (ii) the circular of the Company dated 5 December 2018 in relation to, amongst other things, the Existing Property Management Framework Agreement, in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties controlled or being developed by Shenzhen Zhaobangji Group.

As the Existing Property Management Framework Agreement will expire on 31 March 2021, and Shenzhen Zhaobangji Property Services is expected to carry on the transactions contemplated thereunder upon its expiry, the Board is pleased to announce that Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group entered into the Renewed Property Management Framework Agreement on 14 January 2021.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) WLB is controlled as to approximately 57.88% by Mr. Xu (the chairman of the Board, an executive Director and an indirect controlling Shareholder); and (ii) Shenzhen Zhaobangji is held as to 81% by Mr. Xu and as to 19% by a number of other family members of Mr. Xu. As such, each of WLB and Shenzhen Zhaobangji is an associate of Mr. Xu, and a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps for each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement exceed 5% and the respective annual caps exceed HK\$10 million, the respective transactions contemplated thereunder are therefore subject to reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the placing of the Bank Deposits with WLB exceed 25% but all applicable percentage ratios are below 100%, such placing of the Bank Deposits with WLB also constitute a major transaction of the Company and is therefore subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Renewed Bank Deposit Agreement and the continuing connected transactions contemplated thereunder (including the BD Annual Caps); and (ii) the Renewed Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the PMF Annual Caps). The Company has established the Independent Board Committee comprising all four independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the continuing connected transactions contemplated under each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement are fair and reasonable, and whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the IFA. Akron Corporate Finance Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular including, amongst other information, (i) further details of the transactions contemplated under the Renewed Bank Deposit Agreement (including the BD Annual Caps); (ii) further details of the transactions contemplated under the Renewed Property Management Framework Agreement (including the PMF Annual Caps); (iii) the letter from the Independent Board Committee containing its advice to the Independent Shareholders; (iv) the letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders; and (v) the notice convening the EGM and the relevant proxy form, will be despatched to the Shareholders on or before 4 February 2021.

**Since the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement are subject to the fulfilment of the conditions precedent set out therein and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## A. THE RENEWED BANK DEPOSIT AGREEMENT

### (i) Background

References are made to (i) the announcements of the Company dated 1 June 2018 and 17 July 2018; and (ii) the circular of the Company dated 19 July 2018 in relation to, amongst other things, the Existing Bank Deposit Agreement.

As the Existing Bank Deposit Agreement will expire on 31 March 2021, and the Directors expect that the Group will continue to, in its ordinary and usual course of business, place and maintain Bank Deposits with WLB on normal commercial terms from time to time, the Board is pleased to announce that the Company entered into the Renewed Bank Deposit Agreement with WLB on 14 January 2021 to renew the Existing Bank Deposit Agreement.

**(ii) Details of the Renewed Bank Deposit Agreement**

The principal terms of the Renewed Bank Deposit Agreement are as follows:

**Date**

14 January 2021

**Parties**

(1) the Company; and

(2) WLB

**Principal terms**

Pursuant to the Renewed Bank Deposit Agreement, the Group may, in its ordinary and usual course of business, place and maintain Bank Deposits with the WLB on normal commercial terms from time to time during the term of the Renewed Bank Deposit Agreement, and the placing and maintenance of any Bank Deposits shall be subject to the terms and conditions of WLB applicable to customers similar to the Group from time to time. Under the Renewed Bank Deposit Agreement, the Group shall not be restricted from placing and maintaining deposits with any Independent Third Party bank.

Subject to approval by the Independent Shareholders, the Renewed Bank Deposit Agreement shall be effective for a term commencing on the Effective Date and ending on 31 March 2024. Subject to compliance with the Listing Rules, the Renewed Bank Deposit Agreement may be renewed by the Company and WLB by agreement in writing.

The Renewed Bank Deposit Agreement is conditional upon the approval by the Independent Shareholders of the Renewed Bank Deposit Agreement and the transactions contemplated thereunder (including the BD Annual Caps) at the EGM.

**(iii) Pricing policy**

The Renewed Bank Deposit Agreement provides that the interest rates and other terms applicable to any Bank Deposits shall from time to time be determined based on the standard base rate in Macau announced by the AMCM and the interest rates and other terms offered to or obtained by the Group from Independent Third Parties banks in Macau from time to time. The Group will also take into account other factors, including amongst others, quality of services, financial conditions and reputation of the banks and previous transactions when negotiating with WLB to determine the interest rates and other terms applicable to the Bank Deposits to be placed with it.

**(iv) Internal control measures**

In order to ensure that the pricing mechanism in the Renewed Bank Deposit Agreement will be adhered to and the continuing connected transactions contemplated thereunder will be conducted on normal commercial terms and no less favourable to the Group, the Group has adopted the following internal control procedures and external supervision measures:

- (1) the Bank Deposits will be placed with WLB by the Group on a voluntary and non-exclusive basis. Each time before placing any Bank Deposits, the Group will ascertain the standard base rate in Macau most recently announced by the AMCM and obtain quotations (setting out, amongst others, the applicable interest rates) from at least two other Independent Third Parties banks. The Group will then compare the interests rates and other terms offered by WLB with the prevailing standard base rate and quotations offered by the Independent Third Parties banks and conduct assessment taking into account a number of other factors, such as the financial conditions and reputation of WLB and the respective Independent Third Parties banks and experience in any previous transactions with them, before making its decision as to the bank with which the deposits are to be placed;
- (2) the Group will monitor the maximum outstanding balance of the Bank Deposits on a daily basis to ensure that such balance does not exceed the BD Annual Caps;

- (3) the Group will prepare a continuing connected transaction report (“**CCT Report**”) once every six months on the Bank Deposits placed with WLB, which will be submitted to the Group’s audit committee for consideration. The content of the CCT Report will include, amongst others: (i) the aggregate balance and maximum daily outstanding balance of the Bank Deposits; (ii) a summary and comparison of the interest rates and other terms offered by WLB against the prevailing standard base rate in Macau announced by the AMCM from time to time and the interest rates and other terms offered by the Independent Third Parties banks from which the Group has obtained quotations or with which the Group has placed deposit(s) during the relevant reporting period; and (iii) the status of compliance with and utilisation of the BD Annual Caps; and
- (4) the Group’s audit committee will convene meetings at least twice a year to discuss and assess the implementation of the continuing connected transactions conducted under the Renewed Bank Deposit Agreement and other connected transactions(s) of the Group (if any).

In addition to the measures set out above, the Group has also adopted the following measures:

- (1) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Renewed Bank Deposit Agreement; and
- (2) the independent non-executive Directors will review the continuing connected transactions conducted pursuant to the Renewed Bank Deposit Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2022, 2023 and 2024 whether such continuing connected transactions have been entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group and in accordance with the Renewed Bank Deposit Agreement on terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Company is satisfied that it has an adequate system of controls to safeguard the transactions contemplated under the Renewed Bank Deposit Agreement, and to conduct the transactions contemplated thereunder on normal commercial terms in a manner that is not prejudicial to the interests of the Company and its Shareholders.

(v) **Historical transaction amounts, existing annual caps and proposed annual caps**

Under the Existing Bank Deposit Agreement, the aggregate maximum balance of the Bank Deposits shall not exceed HK\$150,000,000 on any given day for each of the three years ended/ending 31 March 2019, 2020 and 2021.

The highest daily outstanding balance of the Bank Deposits actually placed by the Group with WLB on any given day during each of the years ended 31 March 2019 and 2020 and for the nine months ended 31 December 2020 were as follows:

	<b>For the year ended 31 March 2019 (HK\$'000)</b>	<b>For the year ended 31 March 2020 (HK\$'000)</b>	<b>For the nine months ended 31 December 2020 (HK\$'000)</b>
Highest daily outstanding balance of the Bank Deposits on any given day during the year/period	91,090	91,163	27,757

Pursuant to the Renewed Bank Deposit Agreement, such aggregate maximum balance of the Bank Deposits on any given day during the term of the Renewed Bank Deposit Agreement shall remain to be not exceeding HK\$150,000,000 on any given day for each of the three years ending 31 March 2022, 2023 and 2024 (the “**BD Annual Caps**”). Under the Renewed Bank Deposit Agreement, the Group shall not be restricted from placing and maintaining deposits with any Independent Third Party bank.

The proposed BD Annual Caps are determined after taking into account of (i) the historical daily balance of deposits of the Group with WLB; (ii) historical working capital cycle of the Group; and (iii) the anticipated daily balance of deposits of the Group.

Cash flow from operating activities of the Group for the two years ended 31 March 2019 and 2020 and for the six months ended 30 September 2020 was approximately HK\$98.4 million, HK\$77.1 million and HK\$138.7 million respectively. The Board considers that the operating cash flows may temporarily be deposited with financial institutions until they are deployed for the designated uses and this should be factored into the potential cash balance of the Group in determining the proposed BD Annual Caps.

**(vi) Reasons for and benefits of entering into the Renewed Bank Deposit Agreement**

The Group has to maintain deposits and other bank balances from time to time as part of its treasury activities in order to satisfy its business needs in the ordinary and usual course of business. WLB has a long operating history of over 20 years and is able to provide banking and related support that can cater to the Group's needs in its current business operations and contemplated business expansion and treasury activities in the long run. Further, through years of cooperation, WLB has developed an in-depth understanding of the Group's general business needs. Therefore, WLB is able to provide higher quality services to meet the Group's demands.

There is no restriction under the Renewed Bank Deposit Agreement on the Group's ability to source the relevant services from Independent Third Parties banks and the Group is at its sole discretion to decide which bank to place its deposits with according to the relevant interest rates and other terms offered by the banks and other relevant factors such as the quality of services, financial conditions and reputation of the banks. Hence, the entering into of the Renewed Bank Deposit Agreement will only enhance, and will by no means detract from, the ability of the Group to maximize its interest income.

Except for Mr. Xu (the chairman of the Board, an executive Director and an indirect controlling Shareholder who indirectly holds approximately 57.88% of the issued shares of WLB), Mr. Wu Hanyu (an executive Director and indirectly holds 1% of the issued shares of WLB) and Ms. Zhan Meiqing (a non-executive Director who is a sister-in-law of Mr. Xu and indirectly holds 6% of the issued shares of WLB), none of the Directors has or is deemed to have a material interest in the Renewed Bank Deposit Agreement and the continuing connected transactions contemplated thereunder (including the BD Annual Caps). Mr. Xu, Mr. Wu Hanyu and Ms. Zhan Meiqing has abstained from voting on the relevant resolutions at the Board meeting.

The terms and conditions of the Renewed Bank Deposit Agreement were negotiated between the parties thereto on an arm's length basis. The Directors (other than the independent non-executive Directors whose views will be given after taking the advice of the IFA) are of the view that the terms and conditions of the Renewed Bank Deposit Agreement (including the pricing mechanism and procedures and the proposed BD Annual Caps) are fair and reasonable, and the continuing connected transactions contemplated under the Renewed Bank Deposit Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **B. THE RENEWED PROPERTY MANAGEMENT FRAMEWORK AGREEMENT**

### **(i) Background**

References are made to (i) the announcement of the Company dated 30 November 2018; and (ii) the circular of the Company dated 5 December 2018 in relation to, amongst other things, the Existing Property Management Framework Agreement, in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties controlled or being developed by Shenzhen Zhaobangji Group.

As the Existing Property Management Framework Agreement will expire on 31 March 2021, and Shenzhen Zhaobangji Property Services is expected to carry on the transactions contemplated thereunder upon its expiry, the Board is pleased to announce that Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group entered into the Renewed Property Management Framework Agreement on 14 January 2021.

### **(ii) Details of the Renewed Property Management Framework Agreement**

<b>Date</b>	14 January 2021
<b>Parties</b>	(1) Shenzhen Zhaobangji Property Services  (2) Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time)
<b>Period</b>	Subject to the approval by the Independent Shareholders, from the Effective Date to 31 March 2024

**Individual property management agreement** Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group shall enter into Individual Property Management Agreement(s) in respect of each property to be managed by Shenzhen Zhaobangji Property Services during the term of the Renewed Property Management Framework Agreement, which shall set out the detailed terms of the transactions to be conducted under the Renewed Property Management Framework Agreement. The terms of the Individual Property Management Agreement(s) shall in principle be consistent with the Renewed Property Management Framework Agreement. In case of inconsistency, the terms of the Renewed Property Management Framework Agreement shall prevail.

**Service Scope** The service scope (the “**Service Scope**”) under the Renewed Property Management Framework Agreement includes:

- (1) daily management, cleaning and repair of public areas of the properties;
- (2) security services and guest reception in the properties;
- (3) maintenance of fire prevention, and reporting accidents to relevant authorities and taking corresponding measures to support rescue work in the properties;
- (4) management of parking of vehicles and car parks (if applicable);
- (5) management of renovation undertaken by occupants of the properties; and
- (6) management of the public utilities expenses paid by the occupants.

**Fees**

The fees chargeable for the Service Scope (the “**Fees**”) and the payment terms and methods shall be set out in the Individual Property Management Agreement(s) and determined principally on the basis of arm’s length commercial negotiations according to the principles of fairness and reasonableness by both parties by taking into account factors including the location, the state, the applicable property management Service Scope and the costs involved in managing each of the properties to be managed by Shenzhen Zhaobangji Property Services. The Fees shall be determined with reference to the prevailing property management fees of similar properties in the market from time to time.

The Fees shall also be determined in accordance with the fees charged by Shenzhen Zhaobangji Property Services in providing similar property management services to Independent Third Parties in its ordinary course of business (if applicable). The Fees shall not be less favourable to Shenzhen Zhaobangji Property Services than those charged to the Independent Third Parties.

The Fees shall be adjusted in the Individual Property Management Agreements for each subsequent financial year ending 31 March in accordance with the prevailing circumstances to ensure that the fees will be in conformity with the principles mentioned above.

**(iii) Internal controls and pricing policies**

In order to ensure that the Fees set out in the Individual Property Management Agreement(s) will be on normal commercial terms, the following procedures will be carried out before Shenzhen Zhaobangji Property Services executes the Individual Property Management Agreement(s):

- (1) the finance department of Shenzhen Zhaobangji Property Services will prepare a research report and summary of fees charged by Shenzhen Zhaobangji Property Services to Independent Third Parties customers for the past six months (if applicable) to calculate a minimum fee proposal for the Individual Property Management Agreement. The prevailing comparable market level of fees in the research report will be obtained by collecting management fee data of comparable properties and the finance department will obtain quotations from not less than three market comparables. The

minimum fee proposal will then be determined based on a price that is not less favourable than the comparables and the fees charged by Shenzhen Zhaobangji Property Services to Independent Third Parties customers for the past six months (if applicable). The finance department is currently led by Ms. Qiu Sujuan, who has over ten years' experience in accounting and financial management;

- (2) the finance department will then submit the minimum fee proposal and its supporting documents to the management of Shenzhen Zhaobangji Property Services for review. The management is currently led by Ms. Hu Jiefang, who has around fifteen years of management experience working with property management companies;
- (3) if the management of Shenzhen Zhaobangji Property Services approves the minimum fee proposal, the proposal together with its supporting documents will be submitted to the Board members (other than Mr. Xu, who holds 81% of the registered capital of Shenzhen Zhaobangji, Mr. Wu Hanyu, an executive Director, who is a director of Shenzhen Zhaobangji, and Ms. Zhan Meiqing, a non-executive Director, who is a sister-in-law of Mr. Xu) for review and approval. Such Board members have extensive experience in property management. In particular, Mr. Ye Longfei ("**Mr. Ye**"), the independent non-executive Director, has served in managerial positions in various property management companies. Mr. Ye acted as an adviser for Kerry Holdings Limited and was an executive director of Shangri-La Asia Limited, a company listed on the main board of the Stock Exchange (stock code: 0069); and
- (4) after the minimum fee proposal has been approved by the Directors, it will be adopted as the basis for determining the fees chargeable by Shenzhen Zhaobangji Property Services in its negotiations with Shenzhen Zhaobangji Group to fix the terms of each Individual Property Management Agreement. The Individual Property Management Agreement(s) will only be executed by Shenzhen Zhaobangji Property Services after approval from the Board.

The above will help to ensure that the transactions contemplated under the Individual Property Management Agreement(s) will be on normal commercial terms, and that the fees stipulated therein will not fall below the prevailing market rate and the fees charged to the Independent Third Parties customers of Shenzhen Zhaobangji Property Services in recent transactions.

In addition to the measures set out above, the Group has also adopted the following measures:

- (1) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the Renewed Property Management Framework Agreement to ensure that

the PMF Annual Caps will not be exceeded, in particular, as the PMF Annual Caps shall not in any event be higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, (a) the Group will cease to enter into any new Individual Property Management Agreement if such will cause the total contractual income to exceed the PMF Annual Cap for that financial year; and (b) to ensure that the PMF Annual Cap for the coming financial year will not be exceeded, the Group will terminate certain existing Individual Property Management Agreement(s) if the projected income of all Individual Property Management Agreements will be higher than the PMF Annual Cap for the coming financial year;

- (2) internal review will be conducted by the Group to assess, on a periodic basis, whether the provision of property management services has been made in accordance with the terms of the Renewed Property Management Framework Agreement;
- (3) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Renewed Property Management Framework Agreement;
- (4) the independent non-executive Directors will review the continuing connected transactions conducted pursuant to the Renewed Property Management Framework Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2022, 2023 and 2024 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Renewed Property Management Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (5) the finance department and management of Shenzhen Zhaobangji Property Services and the Board will review the fees stipulated in each Individual Property Management Agreement on an annual basis and the Individual Property Management Agreements will be renewed annually only if: (a) the projected income does not exceed the PMF Annual Caps, and (b) the fees stipulated did not fall below the prevailing market rate and the fees charged to the Independent Third Parties customers of Shenzhen Zhaobangji Property Services in recent transactions.

The Directors consider that the personnel authorized to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the Renewed Property Management Framework Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

(iv) **Historical transaction amounts, existing annual caps and proposed annual caps**

Under the Existing Property Management Framework Agreement, the annual caps are expected not to exceed RMB7.0 million, RMB31.0 million and RMB32.6 million, and in any event not higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, during the three years ended/ending 31 March 2019, 2020 and 2021 respectively.

The following table sets out the amounts of previous continuing connected transactions between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group under the Existing Property Management Framework Agreement:

	<b>For the year ended 31 March 2019 (RMB'000)</b>	<b>For the year ended 31 March 2020 (RMB'000)</b>	<b>For the nine months ended 31 December 2020 (RMB'000)</b>
Historical amounts	6,120 ( <i>Note</i> )	24,480	18,360

*Note:* Actual fees charged by Shenzhen Zhaobangji Property Services for the period from 1 January 2019 to 31 March 2019

The proposed annual caps (the “**PMF Annual Cap(s)**”) for the transactions contemplated under the Renewed Property Management Framework Agreement for the three years ending 31 March 2022, 2023 and 2024 are as follows:

	<b>For the year ending 31 March 2022 (RMB'000)</b>	<b>For the year ending 31 March 2023 (RMB'000)</b>	<b>For the year ending 31 March 2024 (RMB'000)</b>
Annual cap	27,000	27,800	28,600

The proposed PMF Annual Caps are determined with reference to:

- (1) the historical amounts of fees charged by Shenzhen Zhaobangji Property Services for the property management services provided to Shenzhen Zhaobangji Group under the Existing Property Management Framework Agreement;

- (2) the estimated revenue to be recognized based on the existing signed contracts between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group;
- (3) the gross floor area of the portfolio of properties currently controlled or being developed by the Shenzhen Zhaobangji Group, in respect of which Shenzhen Zhaobangji Property Services will be engaged to provide property management services in the relevant financial year(s);
- (4) the current management service fees per square metre charged by Shenzhen Zhaobangji Property Services;
- (5) an anticipated annual inflation rate which is estimated with reference to recent consumer price indices in the PRC; and
- (6) a buffer of 10% to be applied on the aforesaid gross transaction amounts to cater for additional properties that may be included in the Renewed Property Management Framework Agreement and any unexpected increase in monthly management service fee per square metre.

As a part of the PMF Annual Caps, the aggregate amount of fees that may be charged by Shenzhen Zhaobangji Property Services during each of the years ending 31 March 2022, 2023 and 2024 pursuant to the Renewed Property Management Framework Agreement shall not exceed 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements. The revenue of the immediately preceding financial year instead of the current financial year was adopted as the reference given that the Individual Property Management Agreement(s) (the “**Agreement(s)**”) are renewed on an annual basis in advance. The management fee and the length of the Agreements would be fixed and agreed at the beginning of the year, and it will not be commercially viable for the Agreements to be terminated or re-activated based on fluctuating revenue during a certain year due to the nature of the property management business. Given that the exact amount of total revenue of the Group would only be finalised and audited after the end of the year, if the PMF Annual Caps are to be set based on the expected revenue of the current financial year, the Company would only be at the position to know whether it has actually exceeded the PMF Annual Cap by the time the audited figure is issued in the following year, which would be very undesirable from corporate governance perspective. As such, the Board considers that it is the most viable and sensible option to set the PMF Annual Caps based on the revenue of the immediately preceding financial year.

The expected monthly management service fees per square meter in calculating the PMF Annual Caps were determined without including the air-conditioning fees charged to tenants, which is mainly a reflection of the electricity cost but not the cost of services involved in property management. The air-conditioning fees can be paid by the tenants separately directly to the landlords. The Board considers this arrangement to be fair and reasonable.

**(v) Reasons for and benefits of entering into the Renewed Property Management Framework Agreement**

Property management business has become an operating segment of the Group and recorded substantial revenue growth of over 130% for year ended 31 March 2020 which amounted to approximately HK\$56.6 million as compared to approximately HK\$23.7 million for the year ended 31 March 2019. It has been the Group's intention to continue to expand its portfolio of properties under management in the PRC. The Group has been providing property management services to Shenzhen Zhaobangji Group for the past two years and the provision of which is in the ordinary course of business of the Group. As the Existing Property Management Framework Agreement will be expired on 31 March 2021, the Renewed Property Management Framework Agreement is being entered into so as to enable the Group to continue to provide property management services to Shenzhen Zhaobangji Group for generating stable income stream to the Group, which could further promote the business growth of the Group.

Except for Mr. Xu (the chairman of the Board, an executive Director and an indirect controlling Shareholder who holds 81% of the registered capital of Shenzhen Zhaobangji), Mr. Wu Hanyu (an executive Director who is a director of Shenzhen Zhaobangji), and Ms. Zhan Meiqing (a non-executive Director who is a sister-in-law of Mr. Xu), none of the Directors has or is deemed to have a material interest in the Renewed Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the PMF Annual Caps). Mr. Xu, Mr. Wu Hanyu and Ms. Zhan Meiqing have abstained from voting on the relevant resolutions at the Board meeting.

The terms and conditions of the Renewed Property Management Framework Agreement were negotiated between the parties thereto on an arm's length basis. The Directors (other than the independent non-executive Directors whose views will be given after taking the advice of the IFA) are of the view that the terms and conditions of the Renewed Property Management Framework Agreement (including the PMF Annual Caps) are fair and reasonable, and the continuing connected transactions contemplated under the Renewed Property Management Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **C. INFORMATION OF THE GROUP, WLB, SHENZHEN ZHAOBANGJI PROPERTY SERVICES AND SHENZHEN ZHAOBANGJI**

### **(i) Information of the Group**

As at the date of this announcement, the Group is principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, the provision of transportation services in Hong Kong, and the provision of property management services, leasing of machinery and property leasing and subletting in the PRC.

### **(ii) Information of WLB**

WLB is a bank in Macau operating with full banking licenses and principally engaged in provision of savings, loan and remittance services. WLB is controlled as to approximately 57.88% by Mr. Xu as at the date of this announcement.

### **(iii) Information of Shenzhen Zhaobangji Property Services**

Shenzhen Zhaobangji Property Services is a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company, and is principally engaged in provision of property management and related services.

### **(iv) Information of Shenzhen Zhaobangji**

Shenzhen Zhaobangji is held as to 81% by Mr. Xu and as to 19% by a number of other family members of Mr. Xu. Shenzhen Zhaobangji is principally engaged in property development and business investment in the PRC.

## **D. LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) WLB is controlled as to approximately 57.88% by Mr. Xu (the chairman of the Board, an executive Director and an indirect controlling Shareholder); and (ii) Shenzhen Zhaobangji is held as to 81% by Mr. Xu and as to 19% by a number of other family members of Mr. Xu. As such, each of WLB and Shenzhen Zhaobangji is an associate of Mr. Xu, and a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps for each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement exceed 5% and the respective annual caps exceed HK\$10 million, the respective transactions contemplated thereunder are therefore subject to reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the placing of the Bank Deposits with WLB exceed 25% but all applicable percentage ratios are below 100%, such placing of the Bank Deposits with WLB also constitute a major transaction of the Company and is therefore subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **E. GENERAL**

An EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Renewed Bank Deposit Agreement and the continuing connected transactions contemplated thereunder (including the BD Annual Caps); and (ii) the Renewed Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the PMF Annual Caps). The Company has established the Independent Board Committee comprising all four independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the continuing connected transactions contemplated under each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement are fair and reasonable, and whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the IFA. Akron Corporate Finance Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular including, amongst other information, (i) further details of the transactions contemplated under the Renewed Bank Deposit Agreement (including the BD Annual Caps); (ii) further details of the transactions contemplated under the Renewed Property Management Framework Agreement (including the PMF Annual Caps); (iii) the letter from the Independent Board Committee containing its advice to the Independent Shareholders; (iv) the letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders; and (v) the notice convening the EGM and the relevant proxy form, will be despatched to the Shareholders on or before 4 February 2021.

**Since the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement are subject to the fulfilment of the conditions precedent set out therein and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITION**

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“AMCM”	Autoridade Monetária de Macau, the monetary authority of Macau
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Bank Deposit(s)”	deposit(s) of whatever duration (including both saving and time deposits) maintained by the Company (or any member of the Group) with WLB from time to time in ordinary and usual course of business
“BD Annual Cap(s)”	has the meaning ascribed to it under the section headed “THE RENEWED BANK DEPOSIT AGREEMENT – Historical transaction amounts, existing annual caps and proposed annual caps” in this announcement
“Board”	the board of Directors
“Boardwin”	Boardwin Resources Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, and a 50.67% shareholder of the Company as at the date of this announcement. Boardwin is owned as to approximately 75.88% by Mr. Xu as at the date of this announcement
“CCT Report”	has the meaning ascribed to it under the section headed “THE RENEWED BANK DEPOSIT AGREEMENT – Internal control measures” in this announcement
“Company”	Zhaobangji Properties Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1660)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	1 April 2021 or the date of passing of the resolution by the Independent Shareholders at the EGM (whichever is later)
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve (i) the Renewed Bank Deposit Agreement and the continuing connected transactions contemplated thereunder (including the BD Annual Caps); and (ii) the Renewed Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the PMF Annual Caps)
“Existing Bank Deposit Agreement”	the master agreement dated 1 June 2018 entered into between the Company and WLB in relation to the placing of the Bank Deposits with a term commencing on 6 August 2018 and ending on 31 March 2021
“Existing Property Management Framework Agreement”	the property management framework agreement entered into between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time) on 30 November 2018 in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties controlled or being developed by Shenzhen Zhaobangji Group with a term commencing on 21 December 2018 and ending on 31 March 2021
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“IFA”	Akron Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under each of the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement
“Independent Board Committee”	an independent committee of the Board, comprising all four independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Renewed Bank Deposit Agreement and the Renewed Property Management Framework Agreement
“Independent Shareholders”	Shareholders other than Mr. Xu, Ms. Zhang Meijuan (the beneficial owner of 4.89% of the total number of issued Shares and the spouse of Mr. Xu) and Boardwin, and all the Shareholders who are materially interested in the Renewed Bank Deposit Agreement or the Renewed Property Management Framework Agreement (as the case maybe), and their respective associates
“Independent Third Party(ies)”	person(s) or company/(ies) who or which is/(are) not connected person(s) of the Company
“Individual Property Management Agreement(s)”	agreement(s) to be entered into by Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji Group pursuant to the Renewed Property Management Framework Agreement in respect of each property to be managed by Shenzhen Zhaobangji Property Services during the term of the Renewed Property Management Framework Agreement, which shall set out the detailed terms of the transactions to be conducted thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China

“Mr. Xu”	Mr. Xu Chujia, the chairman of the Board, an executive Director and a controlling Shareholder indirectly holding approximately 50.67% of the total number of issued Shares through Boardwin
“PMF Annual Cap(s)”	has the meaning ascribed to it under the section headed “THE RENEWED PROPERTY MANAGEMENT FRAMEWORK AGREEMENT – Historical transaction amounts, existing annual caps and proposed annual caps” in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Renewed Bank Deposit Agreement”	the master agreement dated 14 January 2021 entered into between the Company and WLB in relation to placing of the Bank Deposits which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on the Effective Date and ending on 31 March 2024
“Renewed Property Management Framework Agreement”	the property management framework agreement entered into between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time) on 14 January 2021 in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties currently controlled or being developed by Shenzhen Zhaobangji Group which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on the Effective Date and ending on 31 March 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Zhaobangji”	深圳兆邦基集團有限公司 (Shenzhen Zhaobangji Group Company Limited*), a limited liability company established under the laws of the PRC

“Shenzhen Zhaobangji Group”	collectively, Shenzhen Zhaobangji and its subsidiaries
“Shenzhen Zhaobangji Property Services”	深圳市兆邦基物業服務有限公司 (Shenzhen Zhaobangji Property Services Company Limited*), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WLB”	Banco Well Link S.A., a company incorporated in Macau with limited liability
“%”	per cent.

By order of the Board  
**Zhaobangji Properties Holdings Limited**  
**Xu Chujia**  
*Chairman and executive Director*

Hong Kong, 14 January 2021

*As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Xu Chujia, Mr. Cai Chun Fai, Mr. Li Yan Sang, Mr. Sze-to Kin Keung, Mr. Wu Hanyu and Mr. Zhao Yiyong; two non-executive Directors, namely, Ms. Zhan Meiqing and Professor Lee Chack Fan, G.B.S., S.B.S., J.P.; and four independent non-executive Directors, namely, Mr. Hui Chin Tong Godfrey, Mr. Ma Fung Kwok, S.B.S., J.P., Mr. Wong Chun Man and Mr. Ye Longfei.*

\* For identification purposes only