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Jiayuan Services Holdings Limited
佳源服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1153)

MAJOR AND CONTINUING CONNECTED TRANSACTION

**Independent Financial Advisor to the
Independent Board Committee and the Independent Shareholders**



CAR PARKING SPACE EXCLUSIVE SALES AGENCY AGREEMENT

The Board is pleased to announce that on 29 November 2022 (after trading hours), the Company (for itself and on behalf of its subsidiaries) and Jiayuan International (for itself and on behalf of its subsidiaries, excluding the Group) entered into the Car Parking Space Exclusive Sales Agency Agreement pursuant to which, Jiayuan International Group agreed to engage the Group as the exclusive sales agent of the Designated Car Parking Spaces for the Term. Pursuant to the Car Parking Space Exclusive Sales Agency Agreement, the Group shall pay Jiayuan International Group certain deposit for the performance by the Group of its obligations under the Car Parking Space Exclusive Sales Agency Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiayuan International is indirectly interested in 73.56% of the issued Shares in the Company, and is the controlling Shareholder of the Company. Therefore, Jiayuan International and its associates are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the deposit portion under the Car Parking Space Exclusive Sales Agency Agreement is more than 25%, the deposit portion under the Car Parking Space Exclusive Sales Agency Agreement also constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the commission portion under the Car Parking Space Exclusive Sales Agency Agreement is more than 5% but less than 25%, the commission portion under the Car Parking Space Exclusive Sales Agency Agreement also constitutes a discloseable transaction of the Company and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

GENERAL

The Company has established an Independent Board Committee (which comprises all the independent non-executive Directors) to advise the Independent Shareholders in respect of the Car Parking Space Exclusive Sales Agency Agreement and the transactions (including the relevant annual caps) contemplated thereunder. Akron has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, the Car Parking Space Exclusive Sales Agency Agreement and the transactions (including the relevant annual caps) contemplated thereunder. Jiayuan International and its associates will abstain from voting on the resolutions in respect of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the EGM.

As Mr. Huang Fuqing is also a director of Jiayuan International, he has abstained from voting on the resolutions in respect of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors has any material interest in the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the relevant Board meeting.

A circular containing, amongst other things, (a) further details of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder; (b) a letter from the Independent Board Committee containing its recommendations in respect thereof; (c) a letter from the Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders; (d) a notice of the EGM; and (e) other information about the Company as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 December 2022.

Shareholders and potential investors should be aware that the Car Parking Space Exclusive Sales Agency Agreement is conditional upon the fulfilment of the conditions precedent as set out therein. As such, the transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement may or may not proceed. As the transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

CAR PARKING SPACE EXCLUSIVE SALES AGENCY AGREEMENT

The Board is pleased to announce that on 29 November 2022 (after trading hours), the Company (for its own and on behalf of its subsidiaries) and Jiayuan International (for its own and on behalf of its subsidiaries, excluding the Group) entered into the Car Parking Space Exclusive Sales Agency Agreement. The principal terms of the Car Parking Space Exclusive Sales Agency Agreement are as follows:

Date

29 November 2022 (after trading hours)

Parties

- (a) Jiayuan International (for its own and on behalf of its subsidiaries, excluding the Group); and
- (b) the Company (for its own and on behalf of its subsidiaries).

Term

The Term commences from the date on which Shareholders' approval for the entering into of the Car Parking Space Exclusive Sales Agency Agreement at the EGM is obtained and shall continue up to 31 December 2024.

The cooperation within the Term is divided into three cycles: (a) the first cycle is from the business day agreed between the parties upon the fulfillment or waiver (if applicable) of all the conditions set out in the Car Parking Space Exclusive Sales Agency Agreement to 31 December 2022; (b) the second cycle is from 1 January 2023 to 31 December 2023; and (c) the third cycle is from 1 January 2024 to 31 December 2024.

Subject matter

Jiayuan International Group agreed to engage the Group as the exclusive sales agent to provide car parking space sales agency service for the Designated Car Parking Spaces during the Term. Jiayuan International Group shall not entrust the Designated Car Parking Spaces to other third parties for sales and shall not sell, transfer or dispose of in any other manner any of the Designated Car Parking Spaces to third parties unless agreed by both parties through negotiation.

The Group and Jiayuan International Group will enter into individual specific contracts (the "Specific Contracts") to specify the specific projects and the number of the Designated Car Parking Spaces during each cooperation cycle.

Deposit

Under the Car Parking Space Exclusive Sales Agency Agreement, Jiayuan International Group and the Group will enter into specific negotiations on the pre-determined minimum prices for the Designated Car Parking Spaces for the sale by the Group as the exclusive sales agent and the Group shall not sell the Designated Car Parking Spaces at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the Designated Car Parking Spaces were determined based on, among other things, (a) the average price of comparable car parking spaces in the surrounding areas of the Designated Car Parking Spaces; (b) the business atmosphere of the surrounding areas of the Designated Car Parking Spaces; (c) the supply and demand of car parking spaces in the vicinity of the Designated Car Parking Spaces; (d) the past transaction prices of car parking spaces in the vicinity of the surrounding areas of the Designated Car Parking Spaces; and/or (e) the marketing costs to be incurred for the sales of the Designated Car Parking Spaces.

The Company shall, within fifteen (15) business days of the execution of a Specific Contract, pay Jiayuan International a refundable deposit equivalent to the aggregate pre-determined minimum prices for the Designated Car Parking Spaces under the Specific Contracts. The deposit will be settled by the Group using cash from its internal resources.

Commission

Pursuant to the Car Parking Space Exclusive Sales Agency Agreement, the Group shall charge Jiayuan International Group a commission for the Designated Car Parking Spaces sold, which represent, the difference between the actual sales price of the Designated Car Parking Spaces sold by the Group and the aggregate pre-determined minimum prices of the Designated Car Parking Spaces, which shall be at least 20% of the estimated sales prices of the Designated Car Parking Spaces.

The commission for the Designated Car Parking Spaces sold and the deposit to be returned will be calculated and confirmed within five (5) business days before the end of each year. Jiayuan International Group shall pay the Group 80% of the proceeds received by Jiayuan International Group from the Designated Car Parking Spaces sold during each year. Such fee paid by Jiayuan International Group includes the commission payable and the portion of the deposit to be returned in relation to the relevant Designated Car Parking Spaces sold. After the sale of all Designated Car Parking Spaces or the expiry of the Term, whichever is earlier, the Group and Jiayuan International Group shall calculate the balance of the commission and deposit outstanding. Jiayuan International Group shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the deposit.

Conditions Precedent

The transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement are subject to the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to be convened and held by the Company to approve the Car Parking Space Exclusive Sales Agency Agreement and the arrangements and transactions contemplated thereunder.

If the above condition is not fulfilled on or before 22 December 2022 (or such later date as may be agreed between the parties), the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder shall cease and terminate.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

Proposed Annual Caps for the Deposits

The proposed annual caps for the deposit portion under the Car Parking Space Exclusive Sales Agency Agreement for the three years ending 31 December 2022, 2023 and 2024 are set out in the table below:

	For the period ending 31 December 2022 <i>(RMB: million)</i>	For the year ending 31 December 2023 <i>(RMB: million)</i>	For the year ending 31 December 2024 <i>(RMB: million)</i>
Deposit portion under the Car Parking Space Exclusive Sales Agency Agreement	205.01	205.04	205.02

The above proposed annual caps were determined based on (a) the expected number of the Designated Car Parking Spaces which will be sold by the Group under the Car Parking Space Exclusive Sales Agency Agreement; (b) the recent transaction prices of comparable car parking spaces within the locality of the Designated Car Parking Spaces; and (c) the base price standards for sales determined by the Group and Jiayuan International Group.

Proposed Annual Caps for the Commission

The proposed annual caps for the commission receivable by the Group under the Car Parking Space Exclusive Sales Agency Agreement for the three years ending 31 December 2022, 2023 and 2024 are set out in the table below:

	For the period ending 31 December 2022 <i>(RMB: million)</i>	For the year ending 31 December 2023 <i>(RMB: million)</i>	For the year ending 31 December 2024 <i>(RMB: million)</i>
Commission receivable by the Group under the Car Parking Space Exclusive Sales Agency Agreement	52.04	52.04	52.04

The above proposed annual caps were determined based on (a) the estimated sales prices of the Designated Car Parking Spaces, taking into account factors such as the occupancy rate, availability, sales stage, and quality of the Designated Car Parking Spaces; (b) the expected number of the Designated Car Parking Spaces which will be sold by the Group under the Car Parking Space Exclusive Sales Agency Agreement; and (c) the base price standards for sales determined by the Group and Jiayuan International Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAR PARKING SPACE EXCLUSIVE SALES AGENCY AGREEMENT

The Group is committed to fully utilise various internal and external high-quality resources to provide the community owners with high-quality diversified living services and to provide the customers of the Group with a more valuable portfolio of professional services. Under the Car Parking Space Exclusive Sales Agency Agreement, the Group is engaged as the exclusive sales agent and shall pay Jiayuan International a refundable deposit and receive commission for the Designated Car Parking Spaces sold. The Board believes that the Group can leverage on the market information (including but not limited to the demands of property owners and occupants towards the Designated Car Parking Spaces) obtained in the course of the Group's management on the residential properties developed by Jiayuan International Group and currently under management of the Group in several cities in the PRC and community resources to sell the Designated Car Parking Spaces. As such, the transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement would provide an opportunity for the Group to expand and diversify its business and thereby broadening the Group's revenue base, enhancing profitability and delivering valuable returns to the Shareholders.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser and Mr. Huang Fuqing who has abstained from voting on the resolutions of the Board) consider that the terms of the Car Parking Space Exclusive Sales Agency Agreement are determined between the parties after arm's length negotiations. Taking into account the above, the terms and conditions of the Car Parking Space Exclusive Sales Agency Agreement are fair and reasonable, the transactions (including the relevant annual caps) contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure the transactions under the Car Parking Space Exclusive Sales Agency Agreement are on normal commercial terms, the Company has established a series of internal control procedures, including:

- (a) On an annual basis or more regularly as necessary, the responsible business department of the Group will compare the terms of the relevant transactions under the Specific Contracts with those offered to the Independent Third Parties from time to time, so as to ensure that the terms offered to Jiayuan International Group are no more favourable than those offered to the Independent Third Parties;
- (b) The reasonableness of the commission to be received by the Group will be verified by the Group's independent departments (e.g. internal audit, finance department); and
- (c) On a yearly basis, the auditors will submit a letter to the Board confirming that the transactions under the Specific Contracts:

- (i) have received the approval of the Board;
- (ii) are in accordance with the pricing policies of the Company;
- (iii) have been entered into in accordance with the Car Parking Space Exclusive Sales Agency Agreement; and
- (iv) have not exceeded the caps disclosed in the announcement(s).

The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and confirm on the transactional amounts and terms of the transactions in the annual report of the Company.

By implementing the above procedures, the Directors consider that the Group has established sufficient internal control reviewing and monitoring measures to ensure the terms of each of the Specific Contracts will be on market terms and on normal commercial terms and will be fair and reasonable to the Group and the Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

Information of Jiayuan International Group

Jiayuan International Group is an established property developer of large-scale residential complex projects and integrated commercial complex projects in the PRC. The principal activities of Jiayuan International Group include (a) the development and sale of residential and commercial properties; (b) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (c) the leasing of commercial properties owned or developed by Jiayuan International Group.

Information of the Group

The Group is a leading comprehensive property management service provider in Zhejiang province, headquartered in Jiaxing and deeply rooted in the Yangtze River Delta Region. The principal activities of the Group are provision of property management services, value-added services to property developers and community value-added services in the PRC.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the highest annual cap for the deposit portion under the Car Parking Space Exclusive Sales Agency Agreement is more than 25%, the deposit portion under the Car Parking Space Exclusive Sales Agency Agreement also constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

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The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, the Car Parking Space Exclusive Sales Agency Agreement and the transactions (including the relevant annual caps) contemplated thereunder. Jiayuan International and its associates will abstain from voting on the resolutions in respect of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the EGM.

As Mr. Huang Fuqing is also a director of Jiayuan International, he has abstained from voting on the resolutions in respect of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors has any material interest in the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the relevant Board meeting.

A circular containing, amongst other things, (a) further details of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder; (b) a letter from the Independent Board Committee containing its recommendations in respect thereof; (c) a letter from the Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders; (d) a notice of the EGM; and (e) other information about the Company as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 December 2022.

Shareholders and potential investors should be aware that the Car Parking Space Exclusive Sales Agency Agreement is conditional upon the fulfilment of the conditions precedent as set out therein. As such, the Car Parking Space Exclusive Sales Agency Agreement may or may not proceed. As the transactions contemplated under the Car Parking Space Exclusive Sales Agency Agreement may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”; “connected person(s)”; “continuing connected transaction”; “controlling shareholder(s)”; and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Car Parking Space Exclusive Sales Agency Agreement”	the car parking space exclusive sales agency framework agreement dated 29 November 2022 and entered into between Jiayuan International and the Company
“Company”	Jiayuan Services Holdings Limited (佳源服務控股有限公司), 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: 1153)
“Designated Car Parking Spaces”	the car parking spaces for which Jiayuan International Group agreed to engage the Group as the exclusive sales agent under the Car Parking Space Exclusive Sales Agency Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve, amongst other things, the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Board Committee”	the independent committee of the Board, consisting of the independent non-executive Directors, established to provide advice to the Independent Shareholders in respect of the terms of the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder
“Independent Financial Advisor” or “Akron”	Akron Corporate Finance Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Car Parking Space Exclusive Sales Agency Agreement and the transactions contemplated thereunder
“Independent Shareholders”	shareholders of the Company, excluding Jiayuan International and its associates
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are independent of, and not connected with, the Company or its connected persons as defined under the Listing Rules
“Jiayuan International”	Jiayuan International Group Limited (佳源國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2768)
“Jiayuan International Group”	Jiayuan International and its subsidiaries from time to time (excluding the Group for the purpose of the Car Parking Space Exclusive Sales Agency Agreement and this announcement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Term” term of the Car Parking Space Exclusive Sales Agency Agreement, which shall commence from the date on which the Independent Shareholders’ approval for the entering into of the Car Parking Space Exclusive Sales Agency Agreement at the EGM is obtained and continue up to 31 December 2024

“%” per cent.

By Order of the Board
Jiayuan Services Holdings Limited
Zhu Hongge
Chairman

Hong Kong, 29 November 2022

As at the date of this announcement, the Board comprises seven directors, of which Mr. Zhu Hongge, Mr. Pang Bo and Mr. Bao Guojun are the executive directors, Mr. Huang Fuqing is the non-executive director, and Ms. Liang Yunxu, Mr. Wang Huimin and Mr. Wong Kwok Yin are the independent non-executive directors.