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Kaisa Prosperity Holdings Limited

佳兆業美好集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2168)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS

On 29 November 2019, the Company entered into the Supplemental Agreement to revise the annual caps of the Property Management Services Framework Agreement.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) are over 5%, the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the section headed "CONNECTED TRANSACTIONS" of the Prospectus in relation to, among others, the Property Management Services Framework Agreement.

On 29 November 2019, the Company entered into the Supplemental Agreement to revise the annual caps of the Property Management Services Framework Agreement.

REVISION OF THE ANNUAL CAPS

The principal terms of the Property Management Services Framework Agreement have been set out in the paragraph headed "CONNECTED TRANSACTIONS — (C) CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS" of the Prospectus.

Under the Supplemental Agreement, the annual caps are proposed to be revised as follows:

	For the year ending 31 December 2019 (RMB'000)	For the year ending 31 December 2020 (RMB'000)
Original annual cap	440,000	485,000
Revised annual cap	500,000	550,000

Except for the annual caps, the principal terms of the Property Management Services Framework Agreement remain unchanged.

REASONS FOR THE REVISION OF THE ANNUAL CAPS

Set out in the table below are the actual transaction amounts for the year ended 31 December 2018 and the ten months ended 31 October 2019.

	For the year ended 31 December 2018 (RMB'000)	For the ten months ended 31 October 2019 (RMB'000)
Original annual cap	405,000	440,000
Actual transaction amount	402,758	393,000

As shown in the table, the actual transaction amount for the ten months ended 31 October 2019 has reached more than 89% of the original annual cap for the year ending 31 December 2019.

The revised annual caps are determined with reference to the following factors:

- a) the historical transaction amounts under the Property Management Services Framework Agreement for the ten months ended 31 October 2019, representing an increase of approximately 18.9% from RMB330,654,000 for the corresponding period in 2018;
- b) the estimated capacity of the Group to provide Property Management Services; and
- c) the anticipated increase in demand for Property Management Services from Kaisa Group for the two months ending 31 December 2019 and the financial year ending 31 December 2020 due to the expected increase in the total contracted GFA of Kaisa Group as evidenced by an increase of approximately 19.5% in the total contracted GFA for the ten months ended 31 October 2019 as compared to the same for the corresponding period in 2018 as published by Kaisa Group.

As at the date of this announcement, the annual cap for the year ending 31 December 2019 under the Property Management Services Framework Agreement has not been exceeded.

The Directors (excluding Mr. Weng Hao, Mr. Wu Jianxin and the independent non-executive Directors whose view will be given after taking the advice from the Independent Financial Adviser) consider that the Supplemental Agreement was entered into in the usual and ordinary course of business of the Group, are conducted on an arm's length basis and on normal commercial terms (including the revised annual caps), and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Weng Hao is a director of Kaisa Holdings and Mr. Wu Jianxin is a vice president of Kaisa Group. Each of them has abstained from voting in the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Kaisa Holdings is interested in 103,530,000 Shares, representing 73.95% of the Shares in issue. Kaisa Holdings is a controlling Shareholder and hence a connected person (as defined in the Listing Rules) of the Company. The transactions contemplated under the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) constitute continuing connected transactions of the Company.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) are over 5%, the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Independent Board Committee has been formed to consider whether the terms of the Property Management Services Framework Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder, and the annual caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to voting at the EGM.

The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) further details of the transactions contemplated under the Property Management Services Framework Agreement (as amended by the Supplemental Agreement); (ii) the recommendation of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) a notice convening the EGM will be despatched to the Shareholders on or before 13 December 2019.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Kaisa Prosperity 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
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and to consider and, if thought fit, approve, the revised annual caps
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Independent Shareholders”	the Shareholders, other than Kaisa Holdings, Mr. Kwok and their respective associates (as defined in the Listing Rules)
“Kaisa Group”	Kaisa Holdings and its subsidiaries excluding the Group
“Kaisa Holdings”	Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司) (stock code: 1638), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Mr. Kwok”	Mr. Kwok Ying Shing, the Chairman of the board of directors of Kaisa Holdings and an executive director of Kaisa Holdings
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Management Services”	the services, including but not limited to (i) pre-delivery services including (a) construction sites management services; and (b) display units and property sales venues management services; and (ii) property management services for properties owned, used or operated by Kaisa Group and/or its associates, provided to Kaisa Group
“Property Management Services Framework Agreement”	the property management services framework agreement entered into between Kaisa Holdings and the Company dated 20 November 2018
“Prospectus”	the prospectus of the Company dated 26 November 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares in the capital of the Company with nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 29 November 2019 entered into between Kaisa Holdings and the Company to amend the annual caps of the Property Management Services Framework Agreement for the year ending 31 December 2019 and 2020
“%”	per cent.

By Order of the Board
Kaisa Prosperity Holdings Limited
LIAO Chuanqiang
Chairman

Hong Kong, 29 November 2019

As at the date of this announcement, the board of the Company comprises Mr. LIAO Chuanqiang, Ms. GUO Li, Mr. WENG Hao and Mr. WU Jianxin as executive directors; Mr. LIU Hongbai, Ms. MA Xiumin and Mr. CHEN Bin as independent non-executive directors.