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## **Radiance Holdings (Group) Company Limited**

### **金輝控股(集團)有限公司**

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

**(Stock Code: 9993)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION NEW PROPERTY MANAGEMENT RELATED SERVICES FRAMEWORK AGREEMENT**

### **NEW PROPERTY MANAGEMENT RELATED SERVICES FRAMEWORK AGREEMENT**

The Board announces that on 30 December 2022 (after trading hours), the Company has entered into the New Property Management Related Services Framework Agreement for a term commencing from 1 January 2023 to 31 December 2025 (both days inclusive).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Radiance Lifestyle Holdings is wholly-owned by Radiance Group Holdings, which is in turn owned as to 64.97% by Mr. Lam (an executive Director and a controlling shareholder of the Company) and 35.03% by Ms. Lam (a controlling shareholder of the Company). Radiance Lifestyle Holdings is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Property Management Related Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the highest annual cap for the New Property Management Related Services Framework Agreement exceeds 0.1% but is less than 5%, the New Property Management Related Services Framework Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the prospectus of the Company dated 16 October 2020 in respect of, among other things, the Old Property Management Related Services Framework Agreement and the annual caps thereunder.

As the Old Property Management Related Services Framework Agreement will be expiring on 31 December 2022 and the Company is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the New Property Management Related Services Framework Agreement on 30 December 2022 (after trading hours).

## **THE NEW PROPERTY MANAGEMENT RELATED SERVICES FRAMEWORK AGREEMENT**

The principal terms of the New Property Management Related Services Framework Agreement are set out as follows:

### **Date**

30 December 2022 (after trading hours)

### **Parties**

- (a) The Company; and
- (b) Radiance Lifestyle Holdings.

## **Term**

Subject to compliance with the Listing Rules, from 1 January 2023 to 31 December 2025 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

## **Subject matter**

Pursuant to the New Property Management Related Services Framework Agreement, the Group shall engage Radiance Lifestyle Holdings and/or its subsidiaries to provide property management and related services to the Group, including but not limited to (i) management services for unsold units and unsold car parking spaces; (ii) pre-delivery management and value-added services which primarily include (a) planning and design consultancy; (b) inspection, cleaning and repair of units; (c) site security; and (d) ancillary facilities management services; and (iii) sales management services which primarily include property management of display units, and off- and on-site sales offices (the “**Property Management Related Services**”).

Individual service contracts will be entered into between the Group and Radiance Lifestyle Holdings and/or its subsidiaries. Each individual service contract will set out the Property Management Related Services to be provided by Radiance Lifestyle Holdings and/or its subsidiaries to the Group, the fees payable by the Group and any detailed specifications which may be relevant to those engagements. The individual service contracts may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the New Property Management Related Services Framework Agreement.

The service fees to be charged under such individual service contracts shall be determined after arm’s length negotiations with reference to, including but not limited to, the historical service fees, the total GFA of the property development projects of which the Property Management Related Services is required, the anticipated operational costs (including labor costs, material costs and administrative costs) and the guidance rate set by the relevant government authorities (if any) or the prevailing market price for similar services and similar type of projects and shall be no less favorable than those quoted by Independent Third Parties to the Group.

## Payment arrangement

The payment mechanism for all service fees payable by the Group pursuant to the transactions contemplated under the New Property Management Related Services Framework Agreement should be specified in the relevant individual service agreement to be entered into by the parties.

## Historical transaction amounts

The existing annual caps for the two years ended 31 December 2021 and the year ending 31 December 2022 are as follows:

	<b>For the year ended 31 December 2020 <i>RMB'000</i></b>	<b>For the year ended 31 December 2021 <i>RMB'000</i></b>	<b>For the year ending 31 December 2022 <i>RMB'000</i></b>
Property Management Related Services	221,000	301,000	401,000

The actual transaction amounts for the two years ended 31 December 2021 and the six months ended 30 June 2022 under the Old Property Management Related Services Framework Agreement are as follows:

	<b>For the year ended 31 December 2020 <i>RMB'000</i></b>	<b>For the year ended 31 December 2021 <i>RMB'000</i></b>	<b>For the six months ended 30 June 2022 <i>RMB'000</i></b>
Property Management Related Services	213,000	264,000	66,022

## Proposed annual caps

The proposed annual caps under the New Property Management Related Services Framework Agreement for the three years ending 31 December 2025 are set out below:

	For the year ending 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Management services for unsold units and unsold car parking spaces	40,000	45,000	49,000
Pre-delivery management and value-added services	110,000	125,000	141,000
Sales management services	150,000	180,000	210,000
<b>Total</b>	<b>300,000</b>	<b>350,000</b>	<b>400,000</b>

The proposed annual caps for the New Property Management Related Services Framework Agreement are determined based on (i) 176 current property projects for which the Group has engaged Radiance Lifestyle Holdings and/or its subsidiaries to provide the Property Management Related Services; (ii) the historical transaction amounts under the Old Property Management Related Services Framework Agreement; (iii) the estimated GFA of approximately 4,402,684 sq.m. of the properties expected to be sold and delivered by the Group that will require Property Management Related Services in the three years ending 31 December 2025, projected with reference to land bank and the delivery plans of property projects of the Group as of 30 June 2022 and the land acquisition plan during the two years ended 31 December 2021 and the six months ended 30 June 2022; (iv) the average service fees of the Property Management Related Services provided by Radiance Lifestyle Holdings and/or its subsidiaries under the Old Property Management Related Services Framework Agreement; and (v) the expected service fees of the Property Management Related Services provided by Radiance Lifestyle Holdings and/or its subsidiaries for the three years ending 31 December 2025.

Taking into account of the adverse effects of the macro economy, the epidemic situation and the real estate market environment in the PRC, the Board expects that the actual transaction amounts for the year ending 31 December 2022 under the Old Property Management Related Services Framework Agreement will be relatively stable as compared to that for the year ended 31 December 2021, and anticipates that such amount gives a better depiction of the actual transaction amount for the year ending 31 December 2023. Thus, the Board has adopted a prudent approach in evaluating the annual cap for the year ending 31 December 2023. Nonetheless, the Company expects that the business performance of the Group will pick up gradually as the macro economy and industry development stabilise towards the year ending 31 December 2025, which is consistent with the increasing trend of the proposed annual caps.

## **PRICING POLICY**

The Group adopts the following pricing policy to ensure that the terms offered by the Group to Radiance Lifestyle Holdings under the New Property Management Related Services Framework Agreement are on normal commercial terms and shall not be more favourable than terms offered by the Group to Independent Third Parties as follows:

- (i) for management services for unsold units and unsold car parking spaces, the Group will collect the following information in respect of contract which is not awarded through standard public tender procedures:
  - (a) at least two other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) carried out with Independent Third Parties within 6 months;
  - (b) prices charged by at least two other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry, industry talent from other property management services providers recruited by the Group, and publicly available information disclosed by other listed companies; and

- (c) guidance prices issued by the government in this connection (if any) depending on the location of the property project. According to the Property Service Charge Management Measures (《物業服務收費管理辦法》) promulgated by the National Development and Reform Commission and the Ministry of Construction on 13 November 2003, the specific pricing of property service fees, namely the above-mentioned government guidance prices, is to be determined by the price authorities of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government of the PRC in conjunction with the real estate administrative authorities. In practice, the publication method and update frequency of pricing documents for property service fees are determined by the competent departments of each province, autonomous region and municipality directly under the Central Government of the PRC. If the above-mentioned government guidance price is available, the price for the provision of services charged by the Group shall not be higher than such government guidance price.

After collecting the relevant information, the operation department of the Group would determine a price to be offered to Radiance Lifestyle Holdings which will not be less than the prices offered to the Group by Independent Third Parties. In addition, after determining the prices as aforesaid, the Group has to file such proposed prices with the relevant government authorities and the prices ultimately offered to Radiance Lifestyle Holdings shall not be higher than such standard fees so filed with the relevant government authorities. If the prices need to be revised subsequently, updated filings will be made with the government authorities;

- (ii) for pre-delivery management and value-added services, the Group will collect the following information:
  - (a) at least two other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) carried out with Independent Third Parties within 6 months; and
  - (b) prices charged by at least two other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry, industry talent from other property management services providers recruited by the Group, and publicly available information disclosed by other listed companies;

(iii) for sales management services, the Group will collect the following information:

- (a) at least two other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) carried out with Independent Third Parties within 6 months; and
- (b) prices charged by at least two other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry, industry talent from other property management services providers recruited by the Group, and publicly available information disclosed by other listed companies.

After the relevant information is collected, the operation department of the Group would determine a price to be offered to Radiance Lifestyle Holdings which would not be less than the prices offered to Independent Third Parties by the Group. Relevant information together with the specific agreement will be submitted to the heads of the operation department and the accounting department of the Group, and president of the Group for approval.

## **INTERNAL CONTROL MEASURES**

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will review and assess the terms before entering to the individual service contracts to ensure they are consistent with the principles and provisions set out in the New Property Management Related Services Framework Agreement. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the New Property Management Related Services Framework Agreement are conducted in accordance with the terms thereof and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.



Further, the finance department will monitor the actual transaction amounts and monthly report will be made by the management team in relation to the aggregate transaction amounts and utilization rates of the annual caps to ensure that the annual caps under the New Property Management Related Services Framework Agreement will not be exceeded. In addition, where a threshold of 85% of the utilization rate is met, the finance department will alert the management team to consider revising the annual caps in accordance with the relevant requirements of the Listing Rules.

The independent non-executive Directors will continue to review the transactions contemplated under the New Property Management Related Services Framework Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PROPERTY MANAGEMENT RELATED SERVICES FRAMEWORK AGREEMENT**

Radiance Lifestyle Holdings and/or its subsidiaries are principally engaged in the provision of property management and property leasing services and have extensive experience in this industry. Radiance Lifestyle Holdings and/or its subsidiaries have been providing the Property Management Related Services to the Group as part of its ordinary and usual course of business for years. As the Old Property Management Related Services Framework Agreement will expire on 31 December 2022 and the Company expects to continue to conduct the transactions contemplated thereunder upon its expiry, the Company and Radiance Lifestyle Holdings entered into the New Property Management Related Services Framework Agreement.

As Radiance Lifestyle Holdings and/or its subsidiaries have solid and extensive experience in the field of property management in the PRC, the Board believes that engaging Radiance Lifestyle Holdings and/or its subsidiaries to provide the Property Management Related Services to the Group is beneficial to the business of the Group in terms of price, efficiency, quality and reliability. As such, the Directors (including the independent non-executive Directors) are of the view that the terms of the New Property Management Related Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE AGREEMENT**

### **The Group**

The Group is a reputable large property developer with national presence, regional focus and leading positions in select cities, and the Group focuses on providing quality residential properties to first-time homebuyers and first-time upgraders.

### **Radiance Lifestyle Holdings**

Radiance Lifestyle Holdings is an exempted limited liability company incorporated in the Cayman Islands and is principally engaged in provision of property management services and other related services, including but not limited to provision of (i) management services for unsold units and unsold car parking spaces; (ii) pre-delivery management and value-added services which primarily include (a) planning and design consultancy; (b) inspection, cleaning and repair of units; (c) site security; and (d) ancillary facilities management services; and (iii) sales management services which primarily include property management of display units, and off-and onsite sales offices.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Radiance Lifestyle Holdings is wholly-owned by Radiance Group Holdings, which is in turn owned as to 64.97% by Mr. Lam (an executive Director and a controlling shareholder of the Company) and 35.03% by Ms. Lam (a controlling shareholder of the Company). Radiance Lifestyle Holdings is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Property Management Related Services Framework Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the highest annual cap for the New Property Management Related Services Framework Agreement exceeds 0.1% but is less than 5%, the New Property Management Related Services Framework Agreement and the transactions contemplated thereunder will be subject to the reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BOARD APPROVAL**

At the Board meeting held to approve the New Property Management Related Services Framework Agreement, Mr. Lam and his son, Mr. Lam Yu, are considered as having a material interest in the transactions contemplated thereunder. Accordingly, each of Mr. Lam and Mr. Lam Yu have abstained from voting on the Board resolution for approving the New Property Management Related Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolutions.

## **DEFINITIONS**

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

“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 9993)
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Lam”	Mr. Lam Ting Keung (林定強), an executive Director and a controlling shareholder of the Company
“Mrs. Lam”	Ms. Lam Fung Ying (林鳳英), the spouse of Mr. Lam and a controlling shareholder of the Company
“New Property Management Related Services Framework Agreement”	the property management related services framework agreement entered into by the Company and Radiance Lifestyle Holdings on 30 December 2022
“Old Property Management Related Services Framework Agreement”	the property management related services framework agreement entered into by the Company and Radiance Lifestyle Holdings on 13 October 2020
“PRC”	the People’s Republic of China
“Radiance Group Holdings”	Radiance Group Holdings Limited (金輝集團控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 14 May 2013 which is owned as to 64.97% by Mr. Lam and 35.03% by Ms. Lam, and one of the controlling shareholders of the Company

“Radiance Lifestyle Holdings”	Radiance Lifestyle Holdings Limited (輝生活控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 17 October 2019 which is indirectly wholly-owned by Radiance Group Holdings
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Radiance Holdings (Group) Company Limited**  
**Lam Ting Keung**  
*Chairman*

Hong Kong, 30 December 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lam Ting Keung, Mr. Lam Yu, Mr. Huang Junquan and Mr. Xu Xiaodong and three independent non-executive Directors, namely, Mr. Zhang Huaqiao, Mr. Tse Yat Hong and Mr. Chung Chong Sun.*