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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

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The terms of the 2020 CCT Agreements will expire on 31 December 2023. On 9 November 2023, the Company entered into the 2023 CCT Agreements to renew the 2020 CCT Agreements.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (other than the profits ratio) in respect of each of the (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework Agreement are over 5%, each of the (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the 2023 Property Sales Assistance Services Framework Agreement is over 0.1% but all percentage ratios are below 5%, the 2023 Property Sales Assistance Services Framework Agreement subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to consider whether the terms of the (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework 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 (1) 2023 Property Management Services Framework Agreement; (2) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (3) 2023 Property Lease Framework 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 6 December 2023.

## **I. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

The terms of the 2020 CCT Agreements will expire on 31 December 2023.

On 9 November 2023, the Company entered into the 2023 CCT Agreements to renew the 2020 CCT Agreements.

### **(A) The 2023 Property Management Services Framework Agreement**

The principal terms of the 2023 Property Management Services Framework Agreement are set out below:

Parties	:	Kaisa Holdings and the Company
Term	:	The period commencing from 1 January 2024 to 31 December 2026
Subject matter	:	The Group will provide Property Management Services to Kaisa Group and/or its associates.

Pricing basis : The fees to be charged for the Property Management Services will be determined after arm's length negotiations and taking into account (i) the size, location and positioning of the properties to be sold by the sales centers; and (ii) the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

The fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) and shall not be lower than the fees to be charged to independent third parties for similar Property Management Services.

Proposed annual caps :	<b>For the year ending 31 December 2024 (RMB'000)</b>	<b>For the year ending 31 December 2025 (RMB'000)</b>	<b>For the year ending 31 December 2026 (RMB'000)</b>
Annual cap	400,000	500,000	600,000

Basis of the annual caps : The annual caps were determined with reference to:

(i) the historical transaction amounts under the 2020 Property Management Services Framework Agreement.

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>
Annual cap	1,200,000	1,450,000	1,750,000
Actual transaction amount	1,111,792	280,300	151,293 (Note)

*Note:* Transaction amount for the nine months ended 30 September 2023.

- (ii) the estimated capacity of the Group to provide for Property Management Services;
- (iii) the aggregate GFA sold by the Kaisa Group together with its joint ventures and associates in 2023;
- (iv) the expected demand from Kaisa Group (including GFA under development and GFA expected to be delivered);
- (v) the expected improvement in operating conditions and the gradual recovery of the property sector from 2024 to 2026; and
- (vi) the estimated staffing level and operational costs for the Property Management Services to be provided to Kaisa Group.

Condition precedent : Conditional upon approval by the Independent Shareholders.

**(B) The 2023 Equipment Installation and Maintenance Services Framework Agreement**

The principal terms of the 2023 Equipment Installation and Maintenance Services Framework Agreement are set out below:

- Parties : Kaisa Holdings and the Company
- Term : The period commencing from 1 January 2024 to 31 December 2026
- Subject matter : The Group will provide Equipment Installation and Maintenance Services to Kaisa Group and/or its associates.
- Pricing basis : The fees to be charged for the Equipment Installation and Maintenance Services will be determined after arm's length negotiations and taking into account (i) the location of the project; and (ii) the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

The fees shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) and shall not be lower than the fees to be charged to independent third parties for similar Equipment Installation and Maintenance Services.

Proposed annual caps		<b>For the year ending 31 December 2024 (RMB'000)</b>	<b>For the year ending 31 December 2025 (RMB'000)</b>	<b>For the year ending 31 December 2026 (RMB'000)</b>
	Annual cap	90,000	100,000	110,000

Basis of the annual caps : The annual caps were determined with reference to:

- (i) the historical transaction amounts under the 2020 Equipment Installation Services Framework Agreement and its supplemental.

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>
Annual cap	140,000	180,000	230,000
Actual transaction amount	94,278	47,378	43,858 (Note)

*Note:* Transaction amount for the nine months ended 30 September 2023.

- (ii) the estimated capacity of the Group to provide for Equipment Installation and Maintenance Services; and
- (iii) the expected demand from Kaisa Group for Equipment Installation and Maintenance Services taking into account the expected improvement in operating conditions and the gradual recovery of the property sector from 2024 to 2026; and
- (iv) an estimation of associated operational costs for the provision of such services.

Condition precedent : Conditional upon approval by the Independent Shareholders.

**(C) The 2023 Property Sales Assistance Services Framework Agreement**

The principal terms of the 2023 Property Sales Assistance Services Framework Agreement are set out below:

- Parties : Kaisa Holdings and the Company
- Term : The period commencing from 1 January 2024 to 31 December 2026
- Subject matter : The Group will provide Property Sales Assistance Services to Kaisa Group and/or its associates.
- Pricing basis : The commission fee to be charged for the Property Sales Assistance Services shall be calculated by multiplying the selling price of the property sold to the buyer the Group introduced with a certain commission rate.

The commission rate shall be determined after arm's length negotiations with reference to the commission rate(s) paid by the Kaisa Group to other independent sales agencies for similar services and shall not be lower than the commission rate charged by the Group to independent third parties.

Proposed annual caps :	<b>For the</b>	<b>For the</b>	<b>For the</b>
	<b>year ending</b>	<b>year ending</b>	<b>year ending</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Annual cap	10,000	10,000	12,500

Basis of the annual caps : The annual caps were determined with reference to:

- (i) the historical transaction amounts under the 2020 Sales Assistance Services Framework Agreement.

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>
Annual cap	7,200	8,640	10,400
Actual transaction amount	1,558	10	2,483 (Note)

*Note:* Transaction amount for the nine months ended 30 September 2023.

- (ii) the expected number of unsold properties owned by the Kaisa Group managed by the Group which require the Property Sales Assistance Services for the three years ending 31 December 2026 and the expected success rate of referring potential buyers for such unsold properties; and
- (iii) the outlook of real estate industry in the PRC for the next three years in particular the expected improvement in operating conditions and the gradual recovery of the property sector.

**(D) The 2023 Property Lease Framework Agreement**

The principal terms of the 2023 Property Lease Framework Agreement are set out below:

- Parties : Kaisa Holdings and the Company
- Term : The period commencing from 1 January 2024 to 31 December 2026
- Subject matter : The Group will lease several properties from the Kaisa Group for office use in Shenzhen and Dongguan, Guangdong Province.

The Group will lease car parking lots from the Kaisa Group and will sublease such car parking lots to residents of the residential communities managed by the Group at a premium over the rent paid by the Group to the Kaisa Group.

During the validity period of the agreement, the Group has the right to lease more properties for office use and lease more car parking lots from Kaisa Group and/or its associates.

- Pricing basis : The rent to be paid by the Group in relation to the properties leased from the Kaisa Group for office use will be determined on arm's length basis, with reference to the prevailing market rent of similar properties located in similar areas and should not be less favorable than that offered by independent third parties.

The rent to be paid by the Group in relation to the car parking lots leased from the Kaisa Group will be determined on arm's length basis, with reference to (i) the prevailing market rent of car parking lots in similar locations in the PRC; (ii) the occupancy rate of car parking lots leased by the Group from the Kaisa Group; (iii) the location of the car parking lots; and (iv) the number of car parking lots in the same residential communities that the Group manages.



Proposed annual caps :	<b>For the year ending 31 December 2024 (RMB'000)</b>	<b>For the year ending 31 December 2025 (RMB'000)</b>	<b>For the year ending 31 December 2026 (RMB'000)</b>
Leased properties for office use	5,000	5,500	6,000
Car parking lots	30,000	32,500	35,000
<b>Total annual cap</b>	<b>35,000</b>	<b>38,000</b>	<b>41,000</b>

Basis of the annual caps : The annual caps were determined with reference to:

- (i) the historical transaction amounts under the 2020 Property Lease Framework Agreement.

	<b>For the year ended 31 December 2021 (RMB'000)</b>	<b>For the year ended 31 December 2022 (RMB'000)</b>	<b>For the year ending 31 December 2023 (RMB'000)</b>
Leased properties for office use	5,000	5,500	6,000
Actual transaction amount	2,236	4,533	2,543 (Note)
Car parking lots	55,000	55,000	55,000
Actual transaction amount	39,780	3,999	6,359 (Note)
Total annual cap	60,000	60,500	61,000
Actual transaction amount	42,016	8,532	8,902 (Note)

*Note:* Transaction amounts for the nine months ended 30 September 2023.

- (ii) the terms and conditions, in particular, the rent, under the existing lease agreements; and
- (iii) the expected increment in rental, location and expected expansion of the leasing area of the premises to be leased by the Group taking into account the expected improvement in operating conditions, the gradual recovery of the property sector from 2024 to 2026 and the estimated needs of the Group with reference to the Group's future business development plan.

Condition precedent : Conditional upon approval by the Independent Shareholders.

## II. INTERNAL CONTROL

The Company has established various internal control measures to monitor the transactions contemplated under the 2023 CCT Agreements, including:

- (i) prior to confirming the pricing under the 2023 CCT Agreements, the operating department shall obtain the prevailing market price of the relevant services for reference. In addition, the operating department shall check the recent transactions engaged by the Group with independent third parties to ensure that the pricing for transactions with Kaisa Group shall not be less favorable than that to be engaged with independent third parties;
- (ii) the Company has a designated employee, who is familiar with the finance and business operations of the Group, to monitor the aggregate amount of the transactions contemplated under the 2023 CCT Agreements and assesses on a monthly basis whether any of the annual caps thereunder may be exceeded;
- (iii) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the 2023 CCT Agreements and confirm in the annual report, pursuant to the requirements under the Listing Rules, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and in accordance with the 2023 CCT Agreements on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- (iv) the Company's external auditors will conduct annual reviews of the 2023 CCT Agreements and the transactions contemplated thereunder in accordance to the Listing Rules.

## III. INFORMATION ON THE PARTIES

### (i) The Company

The Group is principally engaged in the provision of property management services, pre-delivery and consulting services, community value-added services and smart solution services in the PRC.

### (ii) Kaisa Holdings

The Kaisa Group is principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and healthcare business in the PRC.

#### **IV. REASONS AND BENEFITS**

The entering into of the 2023 CCT Agreements are renewals of the 2020 CCT Agreements which regulate existing arrangements under the 2020 CCT Agreements.

The Directors (excluding Mr. Li Haiming, Mr. Kwok Hiu Kwan and Mr. Xie Binhong; and the independent non-executive Directors whose view will be given after taking the advice from the Independent Financial Adviser (for the 2023 Property Management Services Framework Agreement, 2023 Equipment Installation and Maintenance Services Framework Agreement and 2023 Property Lease Framework Agreement only)) consider that the 2023 CCT Agreements are 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 proposed annual caps), and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Each of Mr. Li Haiming and Mr. Kwok Hiu Kwan is a director of Kaisa Holdings. Mr. Kwok Hiu Kwan is also the son of Mr. Kwok Ying Shing, the Chairman and an Executive Director of Kaisa Group. Mr. Xie Binhong is a senior management of Kaisa Holdings. Each of them has abstained from voting in the relevant Board resolutions.

#### **V. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Kaisa Holdings is interested in 103,530,000 Shares, representing 67.18% 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 each of the 2023 CCT Agreements constitute continuing connected transactions of the Company.

As one or more applicable percentage ratios (other than the profits ratio) in respect of each of the (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework Agreement are over 5%, each of the (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of the 2023 Property Sales Assistance Services Framework Agreement is over 0.1% but all percentage ratios are below 5%, the 2023 Property Sales Assistance Services Framework Agreement subject to the reporting, annual review and announcement requirements but exempt from the 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 (i) 2023 Property Management Services Framework Agreement; (ii) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (iii) 2023 Property Lease Framework 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 (1) 2023 Property Management Services Framework Agreement; (2) 2023 Equipment Installation and Maintenance Services Framework Agreement; and (3) 2023 Property Lease Framework 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 6 December 2023.

## **DEFINITIONS**

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

“2020 CCT Agreements”	the 2020 Property Management Services Framework Agreement, the 2020 Equipment Installation Services Framework Agreement, the 2020 Sales Assistance Services Framework Agreement and the 2020 Property Lease Framework Agreement
“2020 Equipment Installation Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 4 November 2020 in relation to the provision of Equipment Installation Services by the Group to the Kaisa Group
“2020 Property Lease Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 4 November 2020 in relation to leasing from the Kaisa Group and/or its associates (i) certain properties for office use; and (ii) car parking lots for sub-leasing
“2020 Property Management Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 4 November 2020 in relation to the provision of Property Management Services by the Group to the Kaisa Group
“2020 Sales Assistance Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 4 November 2020 in relation to the provision of Sales Assistance Services by the Group to the Kaisa Group

“2023 CCT Agreements”	the 2023 Property Management Services Framework Agreement, the 2023 Equipment Installation and Maintenance Services Framework Agreement, the 2023 Sales Assistance Services Framework Agreement and the 2023 Property Lease Framework Agreement
“2023 Equipment Installation and Maintenance Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 9 November 2023 in relation to the provision of Equipment Installation and Maintenance Services by the Group to the Kaisa Group
“2023 Property Lease Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 9 November 2023 in relation to leasing from the Kaisa Group and/or its associates (i) certain properties for office use; and (ii) car parking lots for sub-leasing
“2023 Property Management Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 9 November 2023 in relation to the provision of Property Management Services by the Group to the Kaisa Group
“2023 Property Sales Assistance Services Framework Agreement”	the agreement entered into between Kaisa Holdings and the Company dated 9 November 2023 in relation to the provision of Property Sales Assistance Services by the Group to the Kaisa Group
“Board”	the board of Directors
“Company”	Kaisa Prosperity Holdings Limited (佳兆業美好集團有限公司) (stock code: 2168), 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 2023 Property Management Services Framework Agreement, the 2023 Equipment Installation and Maintenance Services Framework Agreement and the 2023 Property Lease Framework Agreement
“Equipment Installation and Maintenance Services”	equipment installation and maintenance services including mainly installation of (i) access control system; (ii) intercom system; (iii) security and surveillance system; (iv) car-parking intelligent management system; (v) intelligent residence system; and (vi) other intelligent engineering for residential properties before the delivery of such properties to property owners

“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
“Property Management Services”	property management services, including (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
“RMB”	Renminbi, the lawful currency of the PRC
“Property Sale Assistance Services”	property sales assistance services, including but not limited to, referring potential buyers to the Kaisa Group and/or its associates for the sales of the unsold properties managed by the Group

“Shareholder(s)”	holder(s) of share(s) of the Company
“Shares”	ordinary shares in the capital of the Company with nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 9 November 2023

*As at the date of this announcement, the executive Directors are Mr. Liao Chuanqiang, Mr. Li Haiming, Mr. Kwok Hiu Kwan, Mr. Zhao Jianhua, Ms. Mou Zhaohui and Mr. Xie Binhong; and the independent non-executive Directors are Mr. Liu Hongbai, Ms. Ma Xiumin and Mr. Chen Bin.*