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Kangqiao Service Group Limited

康橋悅生活集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2205)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FRAMEWORK AGREEMENTS**

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

AmCap

Ample Capital Limited

豐盛融資有限公司

As disclosed in the Prospectus, the announcements of the Company dated April 21, 2022 and the circular of the Company dated June 16, 2022, the Company entered into the following continuing connected transaction agreements for a term up to December 31, 2023:

- (1) the Pre-delivery Property Management Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Pre-delivery Property Management Services to Beijing Tongdao from time to time;
- (2) the Value-added Services Master Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Value-added Services to Beijing Tongdao from time to time;
- (3) the Sales Agency Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Sales Agency Services to Beijing Tongdao from time to time; and
- (4) the Supplemental Sales Agency Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to pay to members of the Beijing Tongdao Group the Refundable Deposits in relation to first-hand properties and unsold parking spaces.

Having further considered the business and development plans of the Group, the Board proposed to continue to conduct the relevant continuing connected transactions with Beijing Tongdao from time to time. Therefore, on November 13, 2023, the Board entered into the 2024 Pre-delivery Property Management Services Framework Agreement, the 2024 Value-added Services Master Framework Agreement and the 2024 Sales Agency Services Framework Agreement (collectively, the “**2024 Framework Agreements**”) with Beijing Tongdao.

As at the date of this announcement, Beijing Tongdao is beneficially and wholly-owned by Mr. Song, the chairman of the Board, a non-executive Director and the ultimate controlling Shareholder. Beijing Tongdao is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the 2024 Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual caps for the three years ending December 31, 2024, 2025 and 2026 for the transactions contemplated under the 2024 Framework Agreements exceed 5%, such transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

A circular containing, among other things, (i) further details of the 2024 Framework Agreements and the proposed annual caps for the three years ending December 31, 2024, 2025 and 2026; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or around December 4, 2023.

As disclosed in the Prospectus, the announcements of the Company dated April 21, 2022 and the circular of the Company dated June 16, 2022, the Company entered into the following agreements in respect of the continuing connected transaction for a term up to December 31, 2023:

- (1) the Pre-delivery Property Management Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Pre-delivery Property Management Services to Beijing Tongdao from time to time;
- (2) the Value-added Services Master Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Value-added Services to Beijing Tongdao from time to time;
- (3) the Sales Agency Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to provide the Sales Agency Services to Beijing Tongdao from time to time; and
- (4) the Supplemental Sales Agency Services Framework Agreement with Beijing Tongdao, whereby the Group agreed to pay to members of the Beijing Tongdao Group the Refundable Deposits in relation to first-hand properties and unsold parking spaces.

Having further considered the business and development plans of the Group, the Board proposed to continue to conduct the relevant continuing connected transactions with Beijing Tongdao from time to time. Therefore, on November 13, 2023, the Board entered into the 2024 Framework Agreements with Beijing Tongdao.

(1) THE 2024 PRE-DELIVERY PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

On November 13, 2023, the Company and Beijing Tongdao entered into the 2024 Pre-delivery Property Management Services Framework Agreement. Pursuant to the 2024 Pre-delivery Property Management Services Framework Agreement, the Company has agreed to provide the Pre-delivery Property Management Services to members of the Beijing Tongdao Group from January 1, 2024 to December 31, 2026.

The principal terms of the 2024 Pre-delivery Property Management Services Framework Agreement are set out as follows:

- Date:** November 13, 2023
- Parties:** (1) The Company (for itself and on behalf of its subsidiaries); and
(2) Beijing Tongdao (for itself and on behalf of its subsidiaries).
- Term:** The 2024 Pre-delivery Property Management Services Framework Agreement will be effective from the date of approval by the Independent Shareholders at the EGM until December 31, 2026 (inclusive).
- Subject Matter:** The Group shall provide the Pre-delivery Property Management Services to members of the Beijing Tongdao Group in consideration of service fees. The definitive property management agreements to be entered into between members of the Beijing Tongdao Group and members of the Group shall only contain provisions that are consistent in all material respects with the legally binding principles, guidelines, terms and conditions contained in the 2024 Pre-delivery Property Management Services Framework Agreement.
- Pricing Policy:** The service fees payable under the 2024 Pre-delivery Property Management Services Framework Agreement shall be determined through arm's length negotiations between the parties with reference to the staff cost, equipment cost and administrative expenses as specified in the tender documents to be submitted by the Group under the relevant tender process in compliance with the laws and regulations in the PRC, with reference to (i) the relevant guidance rates set by the Ministry of Housing and Urban-Rural Development of the PRC; (ii) the prevailing market rate for similar services provided; and (iii) the pre-delivery property management fees the Group charged to other independent third parties for comparable services. The Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and

conditions proposed by Beijing Tongdao and other independent third parties.

Alternative Settlement Mechanism for the Service Fees:

The Company and Beijing Tongdao agreed to the following mechanism as an additional means to settle the service fees due and payable by the Beijing Tongdao Group to the Group under the 2024 Pre-delivery Property Management Services Framework Agreement:

(i) in the event that the Beijing Tongdao Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from the Beijing Tongdao Group's unsold property assets (including but not limited to office buildings, shops, commercial housing and car parking space) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Beijing Tongdao;

(ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and the Beijing Tongdao Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by the Beijing Tongdao Group to the Group shall be offset against the Outstanding Payables;

(iii) the Beijing Tongdao Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and

(iv) the Beijing Tongdao Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by the Beijing Tongdao Group of equal value, including but not limited to office buildings, shops, commercial housing and car parking space.

Historical Transaction Amounts

Set out below are the historical transaction amounts under the Pre-delivery Property Management Services Framework Agreement (i) for the three years ended/ending December 31, 2021, 2022 and 2023.

| | For the year ended December 31, 2021 | For the year ended December 31, 2022 | For the year ending December 31, 2023 |
|---|---|---|---|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Pre-delivery Property Management Services | | | |
| Historical annual caps | 17,775 | 20,441 | 23,712 |
| | | | For the nine months ended September 30, 2023 |
| Actual transaction amounts | (Audited) 15,802 | (Audited) 18,902 | (Unaudited) 16,690 |

Proposed Annual Caps

Set out below are the proposed annual caps under the 2024 Pre-delivery Property Management Services Framework Agreement for the three years ending December 31, 2024, 2025 and 2026:

| | For the year ending December 31, 2024 | For the year ending December 31, 2025 | For the year ending December 31, 2026 |
|---|--|--|--|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Pre-delivery Property Management Services | 29,196 | 40,405 | 54,370 |

The proposed annual caps under the 2024 Pre-delivery Property Management Services Framework Agreement for the three years ending December 31, 2024, 2025 and 2026 are determined based on (inter alia) the following factors: (i) the historical transactions and transaction amounts for the provision of Pre-delivery Property Management Services; (ii) the projected growth of the Beijing Tongdao Group's property portfolio and the corresponding increase in demand for property management services; (iii) the estimated volume of Pre-delivery Property Management Services from 2024 to 2026 (including existing volume of Pre-delivery Property Management Services and estimated increase in volume of Pre-delivery Property Management Services); and (iv) the aforementioned pricing basis.

(2) THE 2024 VALUE-ADDED SERVICES MASTER FRAMEWORK AGREEMENT

On November 13, 2023, the Company and Beijing Tongdao entered into the 2024 Value-added Services Master Framework Agreement. Pursuant to the 2024 Value-added Services Master Framework Agreement, the Company has agreed to provide the Value-added Services to members of the Beijing Tongdao Group from January 1, 2024 to December 31, 2026.

The principal terms of the 2024 Value-added Services Master Framework Agreement are set out as follows:

- Date:** November 13, 2023
- Parties:** (1) The Company (for itself and on behalf of its subsidiaries); and
(2) Beijing Tongdao (for itself and on behalf of its subsidiaries).
- Term:** The 2024 Value-added Services Master Framework Agreement will be effective from the date of approval by the Independent Shareholders at the EGM until December 31, 2026 (inclusive).
- Subject Matter:** The Group shall provide the Value-added Services to members of the Beijing Tongdao Group in consideration of service fees. The definitive value-added service agreements to be entered into between members of the Beijing Tongdao Group and members of the Group shall only contain provisions that are consistent in all material respects with the legally binding principles, guidelines, terms and conditions contained in the 2024 Value-added Services Master Framework Agreement.
- Pricing Policy:** The relevant members of the Group shall, where they are selected following the relevant quotation procedures for selection of services providers, provide the Value-added services to members of the Beijing Tongdao Group according to the quotation documents and definitive Value-added services agreements to be entered into between relevant members of the Group and members of the Beijing Tongdao Group from time to time.
- The value-added service fees payable under the 2024 Value-added Services Master Framework Agreement shall be determined through arm's length negotiations between the parties with reference to a wide range of factors, including but not limited to, (i) cost analysis on the Value-added Services, particularly the labor and material cost; (ii) nature, age, infrastructure features, geographical location and neighborhood profile of the relevant properties; and (iii) prevailing market price charged by other independent third party services providers to Beijing Tongdao and its associates in respect of comparable services and locations. The Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and conditions proposed by members of the Beijing Tongdao Group and other independent third parties.

Alternative Settlement Mechanism for the Service Fees:

The Company and Beijing Tongdao agreed to the following mechanism as an additional means to settle the service fees due and payable by the Beijing Tongdao Group to the Group under the 2024 Value-added Services Master Framework Agreement:

(i) in the event that the Beijing Tongdao Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from the Beijing Tongdao Group's unsold property assets (including but not limited to office buildings, shops, commercial housing and car parking space) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Beijing Tongdao;

(ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and the Beijing Tongdao Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by the Beijing Tongdao Group to the Group shall be offset against the Outstanding Payables;

(iii) the Beijing Tongdao Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and

(iv) the Beijing Tongdao Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by the Beijing Tongdao Group of equal value, including but not limited to office buildings, shops, commercial housing and car parking space.

Historical Transaction Amounts

Set out below are the historical transaction amounts under the Value-added Services Master Framework Agreement (i) for the three years ended/ending December 31, 2021, 2022 and 2023.

| | For the year ended December 31, 2021 | For the year ended December 31, 2022 | For the year ending December 31, 2023 |
|--|---|---|--|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Value-added Services | | | |
| Historical annual caps | 115,732 | 179,137 | 238,947 |

| | | | For the nine months ended September 30, 2023 |
|----------------------------|-----------|-----------|---|
| Actual transaction amounts | (Audited) | (Audited) | (Unaudited) |
| | 99,321 | 41,626 | 18,061 |

Proposed Annual Caps

Set out below are the proposed annual caps under the 2024 Value-added Services Master Framework Agreement for the three years ending December 31, 2024, 2025 and 2026:

| | For the year ending December 31, 2024 | For the year ending December 31, 2025 | For the year ending December 31, 2026 |
|-----------------------------------|--|--|--|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Value-added Services | 30,193 | 37,142 | 35,964 |

The proposed annual caps under the Value-added Services Master Framework Agreement for the three years ending December 31, 2024, 2025 and 2026 are determined based on (inter alia) the following factors: (i) the historical transactions and transaction amounts for the provision of Value-added Services; (ii) the estimated volume of Value-added Services from 2024 to 2026 (including the existing volume of Value-added Services and the anticipated volume of Value-added Services); (iii) the expected completion date of the properties by Beijing Tongdao, which shows a steady demand for Value-added Services; and (iv) the number of pipeline projects of Beijing Tongdao..

(3) THE 2024 SALES AGENCY SERVICES FRAMEWORK AGREEMENT

On November 13, 2023, the Company and Beijing Tongdao entered into the 2024 Sales Agency Services Framework Agreement. Pursuant to the 2024 Sales Agency Services Framework Agreement, the Company has agreed to provide the Sales Agency Services and Refundable Deposits to members of the Beijing Tongdao Group from January 1, 2024 to December 31, 2026.

The principal terms of the New Sales Agency Services Framework Agreement are set out as follows:

Date: November 13, 2023

Parties: (1) The Company (for itself and on behalf of its subsidiaries); and
(2) Beijing Tongdao (for itself and on behalf of its subsidiaries).

Term: The 2024 Sales Agency Services Framework Agreement will be effective from the date of approval by the Independent Shareholders at the EGM until December 31, 2026 (inclusive).

Subject Matter: *Commission for the Sales Agency Services*

The Group shall provide the Sales Agency Service to members of the Beijing Tongdao Group in consideration of commission.

Refundable Deposits

In connection with the provision of the Sales Agency Services, members of the Group shall pay to members of the Beijing Tongdao Group the Refundable Deposits in an amount equal to: (a) percentage ranging from 20% to 40% of the value of relevant properties (in the case of first-hand properties); or (b) sales reserve prices of the relevant parking spaces (in the case of the unsold parking spaces).

The balance of the Refundable Deposits as of December 31, 2023 under the Supplemental Sales Agency Services Framework Agreement shall be carried over as payment of the Refundable Deposits under the 2024 Sales Agency Services Framework Agreement.

The definitive sales agency services agreements to be entered into between members of the Beijing Tongdao Group and members of the Group shall only contain provisions that are consistent in all material respects with the legally binding principles, guidelines, terms and conditions contained in the 2024 Sales Agency Services Framework Agreement.

Pricing Policy: *Commission and agency fees for the Sales Agency Services*

The commission rate charged for the provision of the Sales Agency Services in respect of the first-hand properties shall be calculated based on the prevailing market commission rate, with reference to the popularity and location of the respective property projects and the real estate market condition.

The Sales agency fees for the provision of the Sales Agency Services in respect of unsold parking spaces shall be calculated based on the following:

Sales agency fee = difference between the contract prices of the subject parking spaces and the sales reserve prices of the subject parking spaces

The reserve prices of the subject parking spaces shall be determined with reference to the prevailing market price charged by other independent third party services providers to Beijing Tongdao and its associates

through tenders. The sales agency fees for the unsold parking spaces would be the difference between the contract prices of the subject parking spaces and the sales reserve prices of the subject parking spaces with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces.

Refundable Deposits

For first-hand properties

With respect to the first-hand properties, the Refundable Deposits shall be equal to a percentage ranging from 20% to 40% of the saleable value of the underlying properties, which is determined in line with industry practice and with reference to the locations, the unsold amount and the popularity of the respective property projects.

For unsold parking spaces

With respect to the unsold parking spaces, the amount of the Refundable Deposits shall be equal to total sales reserve price of such unsold parking spaces, which is a unified standard of the Beijing Tongdao Group also applicable to the Refundable Deposits payable by an independent third party to them in respect of the same services and is in line with the industry practices. The total sales reserve price is calculated according to the formula below:

$$\text{Total sales reserve price} = \frac{\text{sales reserve price of each unsold parking space}}{\text{number of unsold parking spaces under the relevant definitive sales agency services agreement(s)}} \times \text{number of unsold parking spaces under the relevant definitive sales agency services agreement(s)}$$

The sales reserve price for the unsold parking spaces is determined with reference to (i) the popularity of the unsold parking spaces; (ii) the real estate market condition and the scope of services provided; and (iii) the location of the unsold parking spaces.

Other Terms:

With respect to the first-hand properties, the Refundable Deposits shall be refunded to the Group as follows:

(a) on a monthly basis and from the month following the entering into of definitive sales agency services agreement(s), the amount of Refundable Deposits equivalent to the aggregated contracted sales amount of the properties in the previous month will be refunded to the Group;

(b) within six months after entering into of definitive sales agency services agreement(s), no less than 50% of the Refundable Deposits shall

be refunded to the Group, and any shortfall shall be paid up within 15 days after receipt of the notices from the Group; and

(c) within 12 months after entering into of definitive sales agency services agreement(s), all the outstanding Refundable Deposits shall be refunded to the Group.

With respect to the unsold parking spaces, the Refundable Deposits shall be refunded to the Group as follows:

(a) for the parking spaces sold by the Group, the amount of the Refundable Deposits shall be set-off by the total sales reserve price for such parking spaces received by the Group; and

(b) for the parking spaces failed to be sold by the Group, the Refundable Deposits shall be refunded in full upon the expiration of the Sales Agency Services Framework Agreement on December 31, 2026, or on the date(s) as agreed by parties under the relevant definitive sales agency services agreement(s) (whichever is earlier).

The Group shall have the right to adopt the terms and conditions of the transaction that are most favorable to the Group after taking into account and comparing the terms and conditions proposed by members of the Beijing Tongdao Group and other independent third parties.

**Alternative
Settlement
Mechanism for the
Commission and
Agency fees:**

The Company and Beijing Tongdao agreed to the following mechanism as an additional means to settle the commission and agency fees due and payable by the Beijing Tongdao Group to the Group under the 2024 Sales Agency Services Framework Agreement:

(i) in the event that the Beijing Tongdao Group is unable to pay any Outstanding Payables, the Group may elect to accept assets from the Beijing Tongdao Group's unsold property assets (including but not limited to office buildings, shops, commercial housing and car parking space) in the same value as the Outstanding Payables as settlement of Outstanding Payables. The list of such Offset Assets shall be finalised and confirmed by the Company and Beijing Tongdao;

(ii) if the Group elects to accept such Offset Assets to settle Outstanding Payables, the Group and the Beijing Tongdao Group shall enter into a transfer agreement in respect of the Offset Assets, under which the consideration for the transfer of the Offset Assets by the Beijing Tongdao Group to the Group shall be offset against the Outstanding Payables;

(iii) the Beijing Tongdao Group agreed to grant the Group a one-time free right to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement; and

(iv) the Beijing Tongdao Group agreed that during the Naming Period, the Group may request to exchange any Offset Asset initially identified and subject to the property transfer agreement for one or more other property asset(s) held by the Beijing Tongdao Group of equal value, including but not limited to office buildings, shops, commercial housing and car parking space.

Historical Transaction Amounts

Set out below are the historical transaction amounts under the Sales Agency Services Framework Agreement (i) for the three years ended/ending December 31, 2021, 2022 and 2023.

| | For the year ended December 31, 2021 | For the year ended December 31, 2022 | For the year ending December 31, 2023 |
|---|---|---|---|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Sales Agency Services | | | |
| Historical annual caps | 133,386 | 193,809 | 277,281 |
| | | | For the nine months ended September 30, 2023 |
| Actual transaction amounts | (Audited) 132,095 | (Audited) 46,647 | (Unaudited) 17,944 |
| Maximum daily balance of the Refundable Deposits | | | |
| Historical annual caps | 70,000 | 200,000 | 200,000 |
| | | | For the nine months ended September 30, 2023 |
| Actual transaction amount | (Audited) 68,136 | (Audited) 197,270 | (Unaudited) 93,737 |

Proposed Annual Caps

Set out below are the proposed annual caps under the New Sales Agency Services Framework Agreement for the three years ending December 31, 2024, 2025 and 2026:

| | For the year ending December 31, 2024 | For the year ending December 31, 2025 | For the year ending December 31, 2026 |
|--|--|--|--|
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Provision of Sales Agency Services | 48,393 | 62,971 | 74,450 |
| Maximum daily balance of the Refundable Deposits | 100,000 | 100,000 | 100,000 |

The proposed annual caps under the 2024 Sales Agency Services Framework Agreement for the three years ending December 31, 2024, 2025 and 2026 are determined based on (inter alia) the following factors: (i) the historical transactions and transaction amounts for the provision of Sales Agency Services and the Refundable Deposits; (ii) the estimated value of first-hand properties available for sale, as well as the estimated value of unsold parking spaces, for the three years ending December 31, 2024, 2025 and 2026; and (iii) the Group's cash flow and working capital.

INFORMATION OF THE RELEVANT PARTIES

Information on the Group

The Company was established as an exempted company with limited liability under the laws of the Cayman Islands on October 8, 2020. The Group is a reputable comprehensive property management service provider in the PRC, with a leading position in Henan Province. The Group generates its revenue mainly from four business lines: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) city services.

Information on Beijing Tongdao

Beijing Tongdao was established in the PRC with limited liability on May 10, 2010 and is beneficially and wholly-owned by Mr. Song, the chairman of the Board, a non-executive Director and the ultimate controlling Shareholder. Beijing Tongdao is the holding company of a number of subsidiaries, which collectively operate as a leading comprehensive property develop operating in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 FRAMEWORK AGREEMENTS

The Group has been providing the Pre-delivery Property Management Services, Value-added Services, and Sales Agency Services for the Beijing Tongdao Group's property projects as part of its daily and general business operations. Due to the longstanding cooperative relationship, the Group has gained a comprehensive understanding of the status of the Beijing Tongdao Group's property projects and is familiar with its strategies and requirements. Signing the 2024 Framework Agreements is advantageous for ensuring the Group's ongoing business stability and securing stable income.

The 2024 Pre-delivery Property Management Services Framework Agreement

Providing Pre-delivery Property Management Services is one of the Group's core business activities. The Group will generate revenue by providing Pre-delivery Property Management Services based on the existing pre-delivery property management services agreement(s) under the Pre-delivery Property Management Services Framework Agreement. The alternative settlement mechanism as contemplated under the 2024 Pre-delivery Property Management Services Framework Agreement for the service fees allows the Group to have greater flexibility in recovering receivables from the Beijing Tongdao Group. The Group shall transfer the Offset Assets to third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

The 2024 Value-added Services Master Framework Agreement

Providing Value-added Services is one of the Group's core business activities. The Group will generate revenue by providing Value-added Services based on the existing Value-added Services Master Framework Agreement. The alternative settlement mechanism as contemplated under the 2024 Value-added Services Master Framework Agreement for the service fees allows the Group to have greater flexibility in recovering receivables from the Beijing Tongdao Group. [The Group shall transfer the Offset Assets to its third-party suppliers to settle other payables due from the Group to such suppliers, or may sell or let out the Offset Assets to third-parties for cash.

The 2024 Sales Agency Services Framework Agreement

The Sales Agency Services provided by the Group to the Beijing Tongdao Group contemplated under the Sales Agency Services Framework Agreement are consistent with the business and commercial objectives of the Group. Leveraging the Group's long-term relationship with the Beijing Tongdao Group, the entering into of the 2024 Sales Agency Services Framework Agreement enables the Group to continue to diversify its income streams.

Further, the Refundable Deposits paid to the Beijing Tongdao Group is conducive to the Group for ensuring ensure a stable income stream and enhance profitability as a whole since the Group would be able to obtain the exclusive right to provide the Sales Agency Services. In addition, the refund mechanism for the Refundable Deposits has been agreed by parties and explicitly provided under the 2024 Sales Agency Services Framework Agreement. Therefore, the Company is confident that the risks associated with recovering the Refundable Deposits are manageable for the Group.

The terms of each of the 2024 Framework Agreements are agreed upon after arm's length negotiations between the Company and Beijing Tongdao. The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the transactions under the 2024 Framework Agreements are fair and reasonable and on normal commercial terms, and to be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Beijing Tongdao is beneficially and wholly-owned by Mr. Song, the chairman of the Board, a non-executive Director and the ultimate controlling Shareholder. Therefore, Beijing Tongdao constitutes a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2024 Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual caps for the three years ending December 31, 2024, 2025 and 2026 for the transactions contemplated under the 2024 Framework Agreements exceed 5%, each of the 2024 Framework Agreements and the transactions thereunder constitute continuing connected transactions of the Company subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules

GENERAL INFORMATION

Directors' Confirmation

Mr. Song (the chairman of the Board, a non-executive Director and the ultimate controlling Shareholder), being the ultimate beneficial owner of Beijing Tongdao, has abstained from voting on the relevant resolution(s) of the Board approving the entering into of the 2024 Framework Agreements, and the transactions contemplated thereunder.

Save as disclosed above, none of the Directors has a material interest in respect thereof and was required to abstain from voting on the relevant resolution(s) of the Board.

Independent Board Committee and Independent Financial Adviser

Pursuant to the Listing Rules, the Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. LI Haitao, Dr. FAN Yun and Mr. WONG Yun Pun, has been established to advise the Independent Shareholders on the entering into of the 2024 Framework Agreements (including the respective proposed annual caps thereunder) and the transactions contemplated thereunder. The Company has appointed Ample Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

EGM

The Company proposes to put forward the ordinary resolution(s) at the EGM for the Independent Shareholders to consider and, if thought fit, approve the entering into of the 2024 Framework Agreements and the transactions contemplated thereunder.

As at the date of this announcement, Kangqiaoyue Shenghuo BVI (a company indirectly wholly-owned by Mr. Song) holds 498,750,000 issued Shares, representing approximately 71.25% of total issued Shares. Kangqiaoyue Shenghuo BVI, together with its associates, is therefore considered to have a material interest in the ordinary resolution(s) in respect of the 2024 Framework Agreements

and the transactions contemplated thereunder and will abstain from voting on such resolution(s) at the EGM.

A circular containing, among other things, (i) further details of the 2024 Framework Agreements; (ii) a letter of recommendation from the Independent Board Committee in relation to the 2024 Framework Agreements; (iii) a letter of advice from the Independent Financial Adviser in relation to the 2024 Framework Agreements; and (iv) a notice of the EGM, are expected to be despatched to the Shareholders on or before December 4, 2023.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

| | | |
|--|---|---|
| “%” | | per cent. |
| “2024 Framework Agreements” | Framework | the 2024 Pre-delivery Property Management Services Framework Agreement, the 2024 Value-added Services Master Framework Agreement and the 2024 Sales Agency Services Framework Agreement |
| “2024 Pre-delivery Property Management Services Framework Agreement” | Pre-delivery Property Management Services Framework | the pre-delivery property management services framework agreement dated November 13, 2023 entered into between the Company and Beijing Tongdao, pursuant to which the Group agreed to provide the Pre-delivery Property Management Services to the Beijing Tongdao Group, from January 1, 2024 to December 31, 2026 |
| “2024 Sales Agency Services Framework Agreement” | Sales Agency Services Framework | the sales agency services framework agreement dated November 13, 2023 entered into between the Company and Beijing Tongdao, pursuant to which the Group agreed to provide the Sales Agency Services to the Beijing Tongdao Group, and pay the Refundable Deposits in connection with the Sales Agency Services, from January 1, 2024 to December 31, 2026 |
| “2024 Value-added Services Master Framework Agreement” | Value-added Services Master Framework | the value-added services master framework agreement dated November 13, 2023 entered into between the Company and Beijing Tongdao, pursuant to which the Group agreed to provide the Value-added Services to the Beijing Tongdao Group, from January 1, 2024 to December 31, 2026 |
| “associate(s)” | | has the meaning ascribed thereto under the Listing Rules |
| “Beijing Tongdao | | Beijing Tongdao Shenghe Investment Co., Ltd. (北京同道聖合投資有限公司) (currently known as Beijing Kangqiao Tongdao Shenghe Consulting Group Co., Ltd. (北京康橋同道聖合諮詢集團有限責任公司)), a company established in the PRC with limited liability on May 10, 2010 which is beneficially and wholly-owned by Mr. Song |

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| “Beijing Tongdao Group” | | Beijing Tongdao, its subsidiaries and associates |
| “Board” | | the board of Directors |
| “Company” | | Kangqiao Service Group Limited (康橋悅生活集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on October 8, 2020 |
| “connected person(s)” | | has the meaning ascribed thereto under the Listing Rules |
| “connected transaction(s)” | | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | | the director(s) of the Company |
| “EGM” | | the extraordinary general meeting of the Company to be convened for the purpose of approving the 2024 Framework Agreements (including the respective proposed annual caps thereunder) and the transactions contemplated thereunder |
| “Group” | | the Company and its subsidiaries |
| “Hong Kong | | the Hong Kong Special Administrative Region of the PRC |
| “Independent Committee” | Board | the independent board committee of the Board consisting of all the independent non-executive Directors |
| “Independent Financial Adviser” or “Ample Capital” | Financial | Ample Capital Limited, a corporation licensed 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), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Framework Agreements (including the respective proposed annual caps thereunder) and the transactions contemplated thereunder |
| “Independent Shareholder(s)” | | Shareholder(s) who are not required by the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM to approve the entering into of the 2024 Framework Agreements, and the transactions contemplated thereunder |
| “Kangqiaoyue BVI” | Shenghuo | Kangqiaoyue Shenghuo Holdings Limited (康橋悅生活控股有限公司), a company established in the British Virgin Islands with limited liability on September 29, 2020 and a wholly-owned subsidiary of Hung Fai Property Limited (one of the controlling Shareholders) |
| “Listing Rules” | | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

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| “Mr. Song” | Mr. SONG Gewei (宋革委), the chairman of the Board, a non-executive Director and the ultimate controlling Shareholder |
| “Naming Period” | a one-time free right granted by the Beijing Tongdao Group to the Group to request any party designated by the Company to be named as the registered owner of the Offset Assets within two years commencing from the effective date of the property transfer agreement |
| “Offset Asset(s)” | selected the Beijing Tongdao Group’s unsold high-quality assets (including but not limited to office buildings, shops, commercial housing and car parking space, etc.) to settle the service fees payable by the Beijing Tongdao Group to the Group under each of the 2024 Framework Agreements |
| “Outstanding Payables” | service fees under the relevant 2024 Framework Agreements which have become due and payable |
| “PRC” | the People’s Republic of China |
| “Pre-delivery Property Management Services Framework Agreement” | the pre-delivery property management services framework agreement dated June 17, 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and the Beijing Tongdao (for itself and on behalf of its subsidiaries and associates), the details of which are set out in the section headed “Continuing Connected Transactions” of the Prospectus |
| “Pre-delivery Property Management Services” | the basic property management services and vacant property maintenance services (for maintenance of vacant properties which have not been sold) for the Beijing Tongdao Group’s property projects, including but not limited to cleaning, gardening, repair and maintenance of common area and shared facilities, to be provided by the Group to members of the Beijing Tongdao Group as contemplated under the 2024 Pre-delivery Property Management Services Framework Agreement |
| “Prospectus” | the prospectus of the Company dated June 29, 2021 |
| “Refundable Deposits” | the refundable deposits to be paid by relevant members of the Group to relevant members of the Beijing Tongdao Group pursuant to the Supplemental Sales Agency Services Framework Agreement in connection with the Sales Agency Services |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “Sales Agency Services Framework Agreement” | the sales agency services framework agreement dated June 17, 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Beijing Tongdao (for itself and on behalf of its subsidiaries and associates), the details of which are set out in the section headed “Continuing Connected Transactions” of the Prospectus |

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| “Sales Agency Services” | the sales agency services for first-hand properties and unsold parking spaces, including but not limited to consulting services and sales events organization services, to be provided by the Group to members of the Beijing Tongdao Group as contemplated under the 2024 Sales Agency Services Framework Agreement |
| “Share(s)” | ordinary share(s) in the share capital of the Company, currently with a par value of HK\$0.01 each |
| “Shareholder(s)” | holder(s) of the share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Sales Agency Services Framework Agreement” | the supplemental sales agency services framework agreement dated April 21, 2022 and entered into between the Company (for itself and on behalf of its subsidiaries) and Beijing Tongdao (for itself and on behalf of its subsidiaries and associates) in relation to, among other things, the payment of Refundable Deposits in connection with the Sales Agency Services |
| “Value-added Services Master Framework Agreement” | the value-added services master framework agreement dated June 17, 2021 and entered into between the Company (for itself and on behalf of its subsidiaries) and Beijing Tongdao (for itself and on behalf of its subsidiaries and associates), the details of which are set out in the section headed “Continuing Connected Transactions” of the Prospectus |
| “Value-added Services” | the value-added services to the residential property projects, display units and sales venues of the Beijing Tongdao Group, and other value-added services such as construction site supervision and maintenance services and pre-delivery services(without basic property management services, including but not limited to cleaning, gardening, repair and maintenance of common area and shared facilities), to be provided by the Group to members of the Beijing Tongdao Group as contemplated under the 2024 Value-added Services Master Framework Agreement |

By order of the Board
Kangqiao Service Group Limited
SONG Gewei
Chairman

Hong Kong, November 14, 2023

As at the date of this announcement, the Board comprises Mr. SONG Gewei as the chairman and non-executive Director; Mr. DAI Wei, Mr. KANG Weiguo and Ms. WANG Na as the executive Directors; and Dr. LI Haitao, Dr. FAN Yun and Mr. WONG Yun Pun as the independent non-executive Directors.