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## **KWG Living Group Holdings Limited**

### **合景悠活集團控股有限公司**

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

**(Stock Code: 3913)**

#### **(1) CONTINUING CONNECTED TRANSACTIONS — REVISION OF ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENTS AND (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

##### **REVISION OF ANNUAL CAPS FOR 2021 — 2022 UNDER THE FRAMEWORK AGREEMENTS**

The Board announces that on 29 September 2021 (after trading hours), the Company has entered into the Supplemental Agreements to revise the existing annual caps for the two years ending 31 December 2022 in respect of the transactions contemplated under the (i) Property Lease Framework Agreement; (ii) Residential Property Management Services Framework Agreement; (iii) Property Agency Services Framework Agreement; and (iv) Commercial Property Management Services Framework Agreement.

##### **LISTING RULES IMPLICATIONS**

Pursuant to a shareholders' agreement dated 30 December 2018 entered into between Plus Earn, Right Rich and Peace Kind, each of Plus Earn, Right Rich and Peace Kind was deemed to have interest in the shares and/or underlying shares in KWG Holdings held by the other parties under Section 317(1)(a) of the SFO. Thus, as at the date of this announcement, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are deemed to be interested in approximately 62.64%, 53.42% and 53.35% of the issued share capital of KWG Holdings, respectively. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are the controlling shareholders of the Company. Therefore, KWG Holdings, as an associate of the controlling shareholders of the Company, is a connected person of the Company. The transactions contemplated under the Framework Agreements constitute continuing connected transactions for the Company.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the proposed revised annual caps for the Supplemental Property Lease Framework Agreement, on an annual basis, is expected to be more than 0.1% but all of which are less than 5%, the Supplemental Property Lease Framework Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements 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 proposed revised annual caps for each of the Relevant Supplemental Agreements, on an annual basis, is expected to be more than 5%, each of the Relevant Supplemental Agreements and the transactions contemplated respectively thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board also proposes to make certain amendments to the existing Articles for the purpose of allowing the Company to declare and pay interim and final dividends out of share premium account of the Company without the sanction of an ordinary resolution, and giving greater flexibility to the Board to declare and pay interim dividends. The proposed amendments to the Articles are subject to the approval by the Shareholders at the general meeting of the Company by way of a special resolution.

A circular containing, among other things, (i) further information on the Relevant Supplemental Agreements and the transactions contemplated thereunder, and details of the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 October 2021, as additional time is required to finalise the contents of the circular.

## BACKGROUND

Reference is made to the Prospectus in respect of, among other things, the Framework Agreements entered into between the Company and KWG Holdings, and the annual caps thereunder.

Due to the anticipated growth of area to be leased by the Group for office and staff quarters uses under the Property Lease Framework Agreement resulting from its business expansion, the Board expects that the transaction amount in respect of the lease of certain properties for office and staff quarters uses from KWG Group under the Property Lease Framework Agreement will increase and the existing annual caps for the two years ending 31 December 2022 may not be sufficient to cover the same.

Further, in light of the business expansion of KWG Group and its associates, the Group has been providing additional services to KWG Group and its associates. The Board found that the respective transaction amounts under the Relevant Framework Agreements are approaching their respective existing annual caps for the year ending 31 December 2021.

Therefore, on 29 September 2021 (after trading hours), the Company entered into the Supplemental Agreements with KWG Holdings to revise the existing annual caps under each of the Framework Agreements for the two years ending 31 December 2022.

### **REVISION OF ANNUAL CAPS FOR 2021 — 2022 UNDER THE PROPERTY LEASE FRAMEWORK AGREEMENT SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

Under the Property Lease Framework Agreement, KWG Group has agreed to, among others, lease to the Group certain properties for office and staff quarters uses. In respect of such lease, the approximate historical aggregate transaction amounts for the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>Six months ended 30 June 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)
<b>Historical aggregate transaction amount</b>		
Properties for office and staff quarters uses	1,270	700

The existing annual caps for the two years ending 31 December 2022 under the Property Lease Framework Agreement are revised as per below:

	<b>Year ending 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Original annual cap under the Property Lease Framework Agreement</b>		
Properties for office and staff quarters uses	1,700	1,700
<b>Revised annual cap under the Supplemental Property Lease Framework Agreement</b>		
Properties for office and staff quarters uses	3,000	6,000

Save for such revision in the annual caps, the scope of services and other terms of the Property Lease Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the actual transaction amount in respect of the lease of properties for office and staff quarters uses under the Property Lease Framework Agreement amounted to approximately RMB0.7 million, representing approximately 41.2% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount (including both leasing of properties for office and staff quarters uses and car parking lots) for the Property Lease Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Property Lease Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the lease of properties for office and staff quarters uses under the Property Lease Framework Agreement in the amount of approximately RMB0.7 million for the six months ended 30 June 2021;
- (2) additional office area of approximately 2,400 sq.m has been leased by the Group from KWG Group during 2021; and
- (3) the expected increment in rental and area to be leased by the Group based on the estimated increasing needs of the Group with reference to the Group's future business development plan.

### ***Reasons for and benefits of entering into the Supplemental Property Lease Framework Agreement***

As the Group has been leasing the properties of KWG Group historically as office and staff quarters uses, it is in the interests of the Group in terms of cost, time and stability to lease additional properties of KWG Group instead of finding new properties for additional needs. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 are not sufficient. In order for the Group to continuously lease the properties of KWG Group for office and staff quarters uses to meet its business needs, the Company has entered into the Supplemental Property Lease Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Property Lease Framework Agreement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Property Lease Framework Agreement and the transactions contemplated thereunder (including the proposed revised 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.

### **REVISION OF ANNUAL CAPS FOR 2021 — 2022 UNDER THE RELEVANT FRAMEWORK AGREEMENTS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT, CIRCULAR AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### **Residential Property Management Services Framework Agreement**

Under the Residential Property Management Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with residential property management services, including but not limited to Residential Pre-sale Management Services and Residential Property Management Services. The approximate historical aggregate transaction amounts for the year ended 31 December 2020 and six months ended 30 June 2021 are as follows:

	<b>Year ended 31 December 2020 <i>RMB'000</i> (Audited)</b>	<b>Six months ended 30 June 2021 <i>RMB'000</i> (Unaudited)</b>
<b>Historical aggregate transaction amount</b>		
Residential Pre-sale Management Services	244,866	163,039
Residential Property Management Services	57,246	58,785

The existing annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement are revised as per below:

	<b>Year ending 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Original annual caps under the Residential Property Management Services Framework Agreement</b>		
Residential Pre-sale Management Services	306,400	383,000
Residential Property Management Services	<u>71,800</u>	<u>89,700</u>
<b>Total</b>	<b><u>378,200</u></b>	<b><u>472,700</u></b>
<b>Revised annual cap under the Supplemental Residential Property Management Services Framework Agreement</b>		
Residential Pre-sale Management Services		
— to KWG Group	248,300	298,000
— to KWG Group's associates	<u>110,400</u>	<u>132,500</u>
	<b><u>358,700</u></b>	<b><u>430,500</u></b>
Residential Property Management Services		
— to KWG Group	111,900	134,300
— to KWG Group's associates	<u>26,000</u>	<u>31,200</u>
	<b><u>137,900</u></b>	<b><u>165,500</u></b>
<b>Total</b>	<b><u>496,600</u></b>	<b><u>596,000</u></b>

Save for such revision in the annual caps, the scope of services and other terms of the Residential Property Management Services Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction amount in respect of the Residential Pre-sale Management Services and Residential Property Management Services amounted to approximately RMB163.0 million and RMB58.8 million respectively, representing approximately 53.2% and 81.9% of the respective existing annual caps for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount for the Residential Property Management Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Residential Property Management Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the Residential Pre-sale Management Services and Residential Property Management Services in the respective amount of approximately RMB163.0 million and RMB58.8 million for the six months ended 30 June 2021, respectively;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Residential Pre-sale Management Services and Residential Property Management Services; and
- (3) the expected increase in the GFA under management for which the Group anticipates that it may be engaged by KWG Group and its associates to provide the Residential Pre-sale Management Services and Residential Property Management Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

***Reasons for and benefits of entering into the Supplemental Residential Property Management Services Framework Agreement***

The Group has been engaged by KWG Group and its associates to provide additional residential property management services. As the scale of sale, GFA and number of the residential properties developed by KWG Group and its associates has increased due to the business expansion, more Residential Pre-sale Management Services and Residential Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of the Residential Pre-sale Management Services and Residential Property Management Services are not sufficient. In order for the Group to provide management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Residential Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Residential Property Management Services Framework Agreement and the transactions contemplated thereunder (including the revised 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.

## Property Agency Services Framework Agreement

Under the Property Agency Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with Property Agency Services. The approximate historical aggregate transaction amounts for the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>Six months ended 30 June 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)
<b>Historical aggregate transaction amount</b>	225,460	262,390

The existing annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement are revised as per below:

	<b>Year ending 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Original annual caps under the Property Agency Services Framework Agreement</b>	356,800	470,600
<b>Revised annual cap under the Supplemental Property Agency Services Framework Agreement</b>		
— to KWG Group	540,800	649,000
— to KWG Group's associates	<u>94,500</u>	<u>113,400</u>
<b>Total</b>	<u><b>635,300</b></u>	<u><b>762,400</b></u>

Save for such revision in the annual caps, the scope of services and other terms of the Property Agency Services Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction under the Property Agency Services Framework Agreement amounted to approximately RMB262.4 million, representing approximately 73.5% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount for the Property Agency Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Property Agency Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount under the Property Agency Services Framework Agreement in the amount of approximately RMB262.4 million for the six months ended 30 June 2021;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Property Agency Services; and
- (3) the expected increase in the number of projects for which the Group anticipates that it may be engaged by KWG Group and its associates to provide the Property Agency Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

***Reasons for and benefits of entering into the Supplemental Property Agency Services Framework Agreement***

The Supplemental Property Agency Services Framework Agreement would (i) further strengthen the Group's capabilities in Property Agency Services for provision of integrated and customised marketing solutions; and (ii) boost the sales volume and amounts for the properties developed by the KWG Group and its associates, and therefore increase the commission income of the Group. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 are not sufficient. In order for the Group to provide Property Agency Services to KWG Group and its associates continuously, the Company has entered into the Supplemental Property Agency Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Property Agency Services Framework Agreement and the transactions contemplated thereunder (including the revised 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.

## Commercial Property Management Services Framework Agreement

Under the Commercial Property Management Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with commercial property management services, including but not limited to Commercial Pre-sale Management Services and Commercial Property Management Services. The approximate historical aggregate transaction amounts in respect of the Commercial Property Management Services for the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

	<b>Year ended 31 December 2020</b>	<b>Six months ended 30 June 2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)
<b>Historical aggregate transaction amount</b>		
Commercial Property Management Services	97,195	65,573

The existing annual caps for the two years ending 31 December 2022 in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement are revised as per below:

	<b>Year ending 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Original annual caps under the Commercial Property Management Services Framework Agreement</b>		
Commercial Property Management Services	124,400	145,700
<b>Revised annual cap under the Supplemental Commercial Property Management Services Framework Agreement</b>		
Commercial Property Management Services		
— to KWG Group	153,700	184,500
— to KWG Group's associates	<u>3,700</u>	<u>4,400</u>
<b>Total</b>	<b><u>157,400</u></b>	<b><u>188,900</u></b>

Save for such revision in the annual caps, the scope of services and other terms of the Commercial Property Management Services Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement amounted to approximately RMB65.6 million, representing approximately 52.7% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the date of this announcement, the transaction amount (including both Commercial Pre-sale Management Services and Commercial Property Management Services) for the Commercial Property Management Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Commercial Property Management Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the Commercial Property Management Services in the amount of approximately RMB65.6 million for the six months ended 30 June 2021;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Commercial Property Management Services; and
- (3) the expected increase in the GFA under management for which the Group anticipate it may be engaged by KWG Group and its associates to provide the Commercial Property Management Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

***Reasons for and benefits of entering into the Supplemental Commercial Property Management Services Framework Agreement***

The Group has been engaged by KWG Group and its associates to provide additional commercial property management services. As the scale of sale, area and number of the commercial properties developed by KWG Group and its associates has increased due to the business expansion, more Commercial Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement are not sufficient. In order for the Group to provide management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Commercial Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Commercial Property Management Services Framework Agreement.

The Directors (excluding the independent non-executive Directors, whose views will be given after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Commercial Property Management Services Framework Agreement and the transactions contemplated thereunder (including the revised 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.

## **PRICING POLICY AND INTERNAL CONTROL MEASURES**

### **Pricing policies**

During the term of each of the Framework Agreements, members of the Group may from time to time enter into individual agreements with members or associates (as the case may be) of KWG Group for the transactions contemplated under each Framework Agreement in accordance with the principal terms thereof.

#### ***Property Lease Framework Agreement***

In respect of the rent paid/payable for the transactions contemplated under the Property Lease Framework Agreement, the Group will closely monitor the prevailing and trend of market rentals of properties with similar locations and sizes to the leased properties taking into account including various conditions of the leased properties, including but not limited to the location of the leased properties as well as the facilities and services associated with the properties; the availability of properties with similar sizes at nearby locations to ensure the rents paid/payable by the Group is no less favourable than those available from the Independent Third Parties.

#### ***Relevant Framework Agreements***

For the Relevant Framework Agreements, the prices for the transactions contemplated thereunder are determined based on the unified pricing procedures compiled by the Group for the services offered to all its customers including Independent Third Parties and KWG Group and its associates determined by taking into account the nature, size and location of the properties, the scope of services and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to rates generally offered by our Group to Independent Third Parties and the fees for similar services and type of properties in the market. Such prices offered to KWG Group and its associates and Independent Third Parties will also take into consideration the market conditions at the relevant time, the size of orders and the technical conditions, subject to the principles of fairness and reasonableness. The final prices will be ultimately approved by the senior management of the Company or its subsidiaries. Hence, the terms of the services offered by the Group to KWG Group and its associates are no less favourable to the Group than those offered to Independent Third Parties.

## **Internal control measures**

The Company has also established procedures for monitoring its continuing connected transactions in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the Framework Agreements are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the Framework Agreements and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap of the relevant continuing connected transactions thereof.

## **INFORMATION ON THE PARTIES TO THE FRAMEWORK AGREEMENTS**

The Group is a comprehensive property management service provider in the PRC, providing comprehensive property management services for both residential properties and non-residential properties.

KWG Group is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment, and hotel operation. KWG Holdings is an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the shares of which are listed on the Stock Exchange (Stock Code: 1813).

## **LISTING RULES IMPLICATIONS**

Pursuant to a shareholders' agreement dated 30 December 2018 entered into between Plus Earn, Right Rich and Peace Kind, each of Plus Earn, Right Rich and Peace Kind was deemed to have interest in the shares and/or underlying shares in KWG Holdings held by the other parties under Section 317(1)(a) of the SFO. Thus, as at the date of this announcement, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are deemed to be interested in approximately 62.64%, 53.42% and 53.35% of the issued share capital of KWG Holdings, respectively. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are the controlling shareholders of the Company. Therefore, KWG Holdings, as an associate of the controlling shareholders of the Company, is a connected person of the Company. The transactions contemplated under the Framework Agreements constitute continuing connected transactions for the Company.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the proposed revised annual caps for the Supplemental Property Lease Framework Agreement, on an annual basis, is expected to be more than 0.1% but all of which are less than 5%, the Supplemental Property Lease Framework Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement requirements under Chapter 14A of the Listing Rules, but exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements 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 proposed revised annual caps for each of the Relevant Supplemental Agreements, on an annual basis, is expected to be more than 5%, each of the Relevant Supplemental Agreements and the transactions contemplated respectively thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement, 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 Supplemental Agreements, each of Mr. KONG Jianmin and Mr. KONG Jiannan is considered as having a material interest in the transactions contemplated under the Supplemental Agreements. Accordingly, each of Mr. KONG Jianmin and Mr. KONG Jiannan has abstained from voting on the Board resolution for approving the Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor). Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolution.

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board also proposes to make the following amendments to Articles 134 and 136 of the existing Articles for the purpose of allowing the Company to declare and pay interim and final dividends out of share premium account of the Company without the sanction of an ordinary resolution, and giving greater flexibility to the Board to declare and pay interim dividends:

No. of articles	Original articles	Amended articles
134.	Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.	Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. <del>With the sanction of an ordinary resolution dividends</del> Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.
136.	The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.	The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by <del>the profits of the Company</del> <u>the financial conditions and the net realisable value of the assets of the Company</u> and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever <del>such profits</del> <u>the financial conditions and the net realisable value of the assets of the Company</u> , in the opinion of the Board, justifies such payment.

The Board is of the view that the above proposed amendments are in the interests of the Company and the Shareholders as a whole.

Save for the above proposed amendments, all other provisions of the Articles shall remain unchanged. The proposed amendments to the Articles are subject to the approval by the Shareholders at the general meeting of the Company by way of a special resolution. Prior to the passing of the relevant special resolution at the general meeting of the Company, the prevailing Articles shall remain valid.

The Articles are prepared and written in English without formal Chinese version. As such, any Chinese translation shall be for reference only. In the event of any inconsistency, the English version shall prevail. After the above proposed amendments come into effect, the full text of the revised Articles will be published on the websites of the Stock Exchange and the Company.

## **GENERAL INFORMATION**

The Company will convene and hold the EGM for the purpose of, among other things, considering and if thought fit, approving the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor) and the proposed amendments to the Articles.

Voting at the EGM will be conducted by way of poll. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan and their respective associates shall abstain from voting on the proposed resolution approving the Relevant Supplemental Agreements and the transactions contemplated thereunder at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated thereunder. Yue Xiu Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the Relevant Supplemental Agreements and the transactions contemplated thereunder, and details of the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 October 2021, as additional time is required to finalise the contents of the circular.

## DEFINITIONS

“Articles”	the articles of association of the Company
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Pre-sale Management Services”	the pre-sale management services to be provided by the Group to KWG Group and its associates under the Commercial Property Management Services Framework Agreement, such as cleaning, security and maintenance services for pre-sale display units and sales offices of commercial properties owned by KWG Group and its associates
“Commercial Property Management Services”	the commercial property management services to be provided by the Group to KWG Group and its associates under the Commercial Property Management Services Framework Agreement, such as file management, cleaning, security, gardening, and repair and maintenance services for commercial properties developed by KWG Group and its associates which are (a) unsold or sold but not yet delivered to the new owners; (b) pending to be leased out; or (c) owned by KWG Group and its associates for their own use
“Commercial Property Management Services Framework Agreement”	the commercial property management services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Company”	KWG Living Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3913)
“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

“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor) and the proposed amendments to the Articles
“Framework Agreements”	refers to the (i) Property Lease Framework Agreement; (ii) Residential Property Management Services Framework Agreement; (iii) Property Agency Services Framework Agreement; and (iv) Commercial Property Management Services Framework Agreement collectively
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum, to advise the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements
“Independent Financial Adviser” or “Yue Xiu Capital”	Yue Xiu Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity 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 proposed revised annual caps for the Relevant Supplemental Agreements
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution with respect to the Relevant Supplemental Agreements
“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
“KWG Group”	KWG Holdings and its subsidiaries

“KWG Holdings”	KWG Group Holdings Limited (合景泰富集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the shares of which are listed on the Stock Exchange (stock code: 1813)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Peace Kind”	Peace Kind Investments Limited (和康投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 10 October 2018, which is wholly-owned by Mr. KONG Jiannan
“Plus Earn”	Plus Earn Consultants Limited (晉得顧問有限公司), a company incorporated in the British Virgin Islands with limited liability on 18 May 2006, which is wholly-owned by Mr. KONG Jianmin
“PRC”	the People’s Republic of China
“Property Agency Services”	the property agency services to be provided by the Group to the KWG Group and its associates under the Property Agency Services Framework Agreement for properties developed by the KWG Group and its associates
“Property Agency Services Framework Agreement”	the property agency services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Property Lease Framework Agreement”	the property lease framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Prospectus”	the prospectus of the Company dated 19 October 2020
“Relevant Framework Agreements”	refers to the (i) Residential Property Management Services Framework Agreement; (ii) Property Agency Services Framework Agreement; and (iii) Commercial Property Management Services Framework Agreement collectively
“Relevant Supplemental Agreements”	refers to the (i) Supplemental Residential Property Management Services Framework Agreement; (ii) Supplemental Property Agency Services Framework Agreement; and (iii) Supplemental Commercial Property Management Services Framework Agreement collectively

“Residential Pre-sale Management Services”	the pre-sale management services to be provided by the Group to KWG Group and its associates under the Residential Property Management Services Framework Agreement, such as cleaning, security and maintenance services for pre-sale display units and sales offices owned by KWG Group and its associates
“Residential Property Management Services”	the property management services to be provided by the Group to KWG Group and its associates under the Residential Property Management Services Framework Agreement, such as cleaning, security, gardening and repair and maintenance services for residential properties developed by KWG Group and its associates which are unsold or sold but not yet delivered to the property owners
“Residential Property Management Services Framework Agreement”	the residential property management services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Right Rich”	Right Rich Consultants Limited (正富顧問有限公司), a company incorporated in the British Virgin Islands with limited liability on 21 April 2006, which is wholly-owned by Mr. KONG Jiantao
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares with nominal value of HK\$0.01 each 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
“Supplemental Agreements”	refers to the (i) Supplemental Property Lease Framework Agreement; (ii) Supplemental Residential Property Management Services Framework Agreement; (iii) Supplemental Property Agency Services Framework Agreement; and (iv) Supplemental Commercial Property Management Services Framework Agreement collectively

- “Supplemental Commercial Property Management Services Framework Agreement” the supplemental agreement to the Commercial Property Management Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Commercial Property Management Services Framework Agreement
- “Supplemental Property Agency Services Framework Agreement” the supplemental agreement to the Property Agency Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Property Agency Services Framework Agreement
- “Supplemental Property Lease Framework Agreement” the supplemental agreement to the Property Lease Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Property Lease Framework Agreement
- “Supplemental Residential Property Management Services Framework Agreement” the supplemental agreement to the Residential Property Management Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Residential Property Management Services Framework Agreement

By order of the Board  
**KWG Living Group Holdings Limited**  
**KONG Jianmin**  
*Chairman*

Hong Kong, 29 September 2021

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. KONG Jianmin (chairman) as non-executive Director; Mr. KONG Jiannan (chief executive officer), Ms. YANG Jingbo and Mr. WANG Yue as executive Directors; and Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum as independent non-executive Directors.*