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## CONNECTED TRANSACTIONS

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### EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Tenancy Agreements

**(a) *Tenancy agreement between Shenzhen Kaisa Technology and Mr. Kwok Chun Wai***

Shenzhen Kaisa Property entered into a tenancy agreement with Mr. Kwok Chun Wai (the “First Tenancy Agreement”) pursuant to which Mr. Kwok Chun Wai agreed to lease to Shenzhen Kaisa Property the office premises situated at Rooms 3305–3306, Kerry Centre, Renmin South Road, Luohu District, Shenzhen, Guangdong province, the PRC for a term of two years commencing on June 1, 2009 and expiring on May 31, 2011 at a monthly rental of RMB54,626.4 per calendar month. Savills Valuation and Professional Services Limited, our independent property valuer, has confirmed that the rental payable under the First Tenancy Agreement is comparable to the then prevailing market rate.

Mr. Kwok Chun Wai is our controlling Shareholder and is a brother of Mr. Kwok Ying Shing and Mr. Kwok Ying Chi, our executive Directors. Hence, Mr. Kwok Chun Wai is a connected person of our Company.

**(b) *Tenancy agreement between Shenzhen Woodland Height and Mr. Kwok Ying Shing***

Shenzhen Kaisa Property entered into a tenancy agreement with Mr. Kwok Ying Shing (the “Second Tenancy Agreement”) pursuant to which Mr. Kwok Ying Shing agreed to lease to Shenzhen Kaisa Property the office premises situated at Rooms 3307 and 3308, Kerry Centre, Renmin South Road, Luohu District, Shenzhen, Guangdong province, the PRC for a term of two years commencing on September 1, 2009 and expiring on August 31, 2011 at a monthly rental of RMB54,859 per calendar month. Savills Valuation and Professional Services Limited, our independent property valuer, has confirmed that the rental payable under the Second Tenancy Agreement is comparable to the then prevailing market rate.

Mr. Kwok Ying Shing is a Director and hence a connected person of our Company.

The leased properties under the First Tenancy Agreement and the Second Tenancy Agreement have a total GFA of approximately 912.38 sq.m.

**(c) *Tenancy agreements between Guangzhou Jinmao Property and Prime Yield***

Guangzhou Jinmao Property entered into a tenancy agreement with Prime Yield (the “Third Tenancy Agreement”) pursuant to which Prime Yield agreed to lease to Guangzhou Jinmao Property the office premises situated at Room 3710, Metro Plaza, Tianhe Bei Road, Tianhe District Guangzhou, Guangdong province, the PRC for a term of two years commencing on March 15, 2009 and expiring on March 15, 2011. The aggregate monthly rental under the Third Tenancy Agreement is RMB5,000 per calendar month. Savills Valuation and Professional Services Limited, our independent property valuer, has confirmed that the rental payable under the Third Tenancy Agreement is comparable to the then prevailing market rate.

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## CONNECTED TRANSACTIONS

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**(d) *Tenancy agreement between Guangdong Kaisa Property Management and Prime Yield***

Guangzhou Jinmao Property Management entered into a tenancy agreement with Prime Yield (the “Fourth Tenancy Agreement”) pursuant to which Prime Yield agreed to lease to Guangzhou Jinmao Property Management the office premises situated at Room 3716, Metro Plaza, Tianhe Bei Road, Tianhe District, Guangzhou, Guangdong province, the PRC for a term of two years commencing on May 18, 2009 and expiring on May 17, 2011. The aggregate monthly rental under the Fourth Tenancy Agreement is RMB5,000 per calendar month. Savills Valuation and Professional Services Limited, our independent property valuer, has confirmed that the rental payable under the Fourth Tenancy Agreement is comparable to the then prevailing market rate.

**(e) *Tenancy agreement between Shenzhen Zhaoruijing and Prime Yield***

Shenzhen Zhaoruijing entered into a tenancy agreement with Prime Yield (the “Fifth Tenancy Agreement”) pursuant to which Prime Yield agreed to lease to Guangzhou Zhaoruijing the office premises situated at Room 3715, Metro Plaza, Tianhe Bei Road, Tianhe District, Guangzhou, Guangdong province, the PRC for a term of three years commencing on August 27, 2007 and expiring on August 26, 2010. The aggregate monthly rental under the Fifth Tenancy Agreement is RMB5,000 per calendar month. Savills Valuation and Professional Services Limited, our independent property valuer, has confirmed that the rental payable under the Fifth Tenancy Agreement is comparable to the then prevailing market rate.

The leased properties under the Third Tenancy Agreement, the Fourth Tenancy Agreement and the Fifth Agreement have a total GFA of approximately 220 sq.m. (2,370 sq.ft.).

Prime Yield is owned as to 99% by Year Up and as to 1% by Mr. Kwok Chun Wai. Year Up is wholly owned by Mr. Kwok Chun Wai. Prime Yield is therefore an associate of Mr. Kwok Chun Wai and hence a connected person of our Company.

**Contractual arrangements relating to cooperative development of Huizhou Kaisa Tangquan**

As set out in the section headed “Business — Contractual Arrangements” in this document, pursuant to the “Agreement on the joint development of Guangdong Tangquan Forest” entered into between Huizhou State-owned Tangquan Linchang (“Tangquan Linchang”) and us on July 6, 2007 (the “Tangquan Agreement”), Tangquan Linchang will grant the land use rights for a State-owned forest land covering an area of approximately 10,000,005 sq.m. located in Huizhou, Guangdong province, to the Project Company jointly established by Tangquan Linchang and us. We are responsible for providing the development funds required for each phase of the project. We have agreed to pay Tangchuan Linchang a resource utilization fee of RMB2 million annually (the “Resource Utilization Fee”) which was arrived at after negotiation by the parties on arm’s length basis. The parties have also agreed to the allocation of post-tax profits of the project company. The Tangquan Agreement was approved by the Huizhou Forestry Bureau on July 17, 2007. Huizhou Kaisa Tangquan is our non-wholly subsidiary which is held as to 80% by Huizhou Kaisa Property and as to 20% by Tangquan Linchang. Tangquan Linchang is a substantial shareholder of Huizhou Kaisa Tangquan and hence a connected person of our Group.

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## CONNECTED TRANSACTIONS

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### RELATED PARTIES TRANSACTIONS

#### Loan transactions between our Group and the related parties

During the Track Record Period, the following loan transactions took place between our Group and certain related parties, detail of which are set out as follows:

*Name and relationship with the related parties*

<u>Name of the related parties</u>	<u>Relationship with our Group and/or the Controlling Shareholders</u>
Mr. Kwok Ying Shing . . . . .	Controlling Shareholder
Mr. Kwok Ying Chi . . . . .	Controlling Shareholder
Mr. Kwok Chun Wai . . . . .	Controlling Shareholder
Mr. Kwok Ying Guang . . . . .	cousin of the Kwok Family
Mr. Kwok Ying Long . . . . .	cousin of the Kwok Family
Mr. Mai Wei Liang . . . . .	our employee
Mr. Zhan Qiongmeng . . . . .	brother-in-law of Mr. Kwok Ying Chi
Mr. Chen Geng Xian . . . . .	an executive Director and vice president
Mr. Kwok Ying Xing . . . . .	cousin of the Kwok Family
Mr. Kwok Yuan Tang . . . . .	father of the Kwok Family
Ms. Chim Sau Chun . . . . .	spouse of Mr. Kwok Ying Chi
Mr. Luo Han Dun . . . . .	brother-in-law of Mr. Kwok Chun Wai
Prime Yield Holdings Limited (泰怡集團有限公司) . . . . .	100% beneficially owned by Mr. Kwok Chun Wai
Chibase (Asia) Investment Limited (an investment holding company) . . . . .	as to 34% held by Speed Prosper, as to 33% held by Clever Cosmos and as to 33% held by Year Up
Friendship (China) (an investment holding company) . . . . .	as to 34% held by Speed Prosper, as to 33% held by Clever Cosmos and as to 33% held by Year Up
Year Up (an investment holding company) . . . . .	100% beneficially held by Mr. Kwok Chun Wai
Shenzhen Qiyu Guarantee Company Limited (深圳市琪裕擔保有限公司) (a company engaged in the business of, among other things, the provision of guarantee) . . . . .	as to 50% held by Mr. Guo Tianlu (an independent third party) and as to 50% held by Mr. Lai Damu (an independent third party)
深圳市兆興實業有限公司 (Shenzhen Zhaoxing Shiye Co., Ltd.) (a company which does not have any business) . . . . .	previously as to 40% held by Mr. Guo Tianlu (an independent third party), and 60% held by Mr. Lai Damu (an independent third party)

## CONNECTED TRANSACTIONS

### *Amount due from the related parties*

Our Group provided certain loan facilities to the related parties for their personal use during the Track Record Period, details of which are set out as follows:

	December 31,			June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
— included in other receivables:				
Close family members of				
Controlling Shareholders				
Mr. Kwok Ying Guang . . . . .	24,701	—	—	—
Mr. Kwok Ying Long . . . . .	41,315	—	—	—
Mr. Mai Wei Liang . . . . .	81,355	—	—	—
Mr. Zhan Qiongming . . . . .	63,794	—	—	—
Others . . . . .	<u>47,357</u>	—	—	—
Sub-total . . . . .	<u>258,522</u>	—	—	—
Controlled by Controlling				
Shareholders:				
Prime Yield Holdings Limited				
(泰怡集團有限公司) . . . . .	13,683	—	—	—
Chibase (Asia) Investment Limited				
and Friendship (China)				
Investment Limited . . . . .	1,217	—	—	—
Year Up Investment Limited . . . .	66,986	—	—	—
Shenzhen Zhaoxinbao Industrial				
Limited (深圳市兆興寶實業有				
限公司) . . . . .	<u>57,643</u>	—	—	—
	<u>139,529</u>	—	—	—
	<u>398,051</u>	—	—	—

## CONNECTED TRANSACTIONS

	December 31,			June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Maximum amount due from related parties — included in other receivables during the year:				
Close family members of Controlling Shareholders				
Mr. Kwok Ying Guang . . . . .	24,701	24,701	—	—
Mr. Kwok Ying Long . . . . .	58,587	41,315	—	—
Mr. Mai Wei Liang . . . . .	81,355	81,355	—	—
Mr. Zhan Qiongming . . . . .	63,794	63,794	—	—
Others . . . . .	<u>47,357</u>	<u>47,357</u>	—	—
Sub-total . . . . .	<u>275,794</u>	<u>258,522</u>	—	—
Controlled by Controlling Shareholders:				
Prime Yield Holdings Limited (泰怡集團有限公司) . . . . .	13,683	13,683	—	—
Chibase (Asia) Investment Limited and Friendship (China) Investment Limited . . . . .	12,720	1,217	—	—
Year Up Investment Limited . . . . .	66,986	66,986	—	—
Shenzhen Zhaoxinbao Industrial Limited (深圳市兆興寶實業有限公司) . . . . .	<u>57,643</u>	<u>57,643</u>	—	—
	<u>151,032</u>	<u>139,529</u>	—	—
	<u>426,826</u>	<u>398,051</u>	—	—

The loans provided to the related parties were unsecured, interest-free and repayable on demand. The amount due from these related parties had been settled in full in 2007.

## CONNECTED TRANSACTIONS

### *Amount due to the related parties*

Our Group borrowed certain loan facilities from the related parties for the purpose of funding the then general working requirements of the Group during the Track Record Period, details of which are set out as follows:

	December 31,			June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties				
— included in other payables:				
Controlling Shareholders				
Mr. Kwok Chun Wai . . . . .	44,355	—	—	—
Mr. Kwok Ying Chi . . . . .	10,780	—	—	—
Mr. Kwok Ying Shing . . . . .	4,987	—	—	—
	<u>60,122</u>	<u>—</u>	<u>—</u>	<u>—</u>
Close family members of				
Controlling Shareholders				
Mr. Kwok Yang Xing . . . . .	4,856	—	—	—
Mr. Kwok Yuan Tang . . . . .	9,360	—	—	—
Ms. Zhan Hai Zhen . . . . .	7,280	—	—	—
Mr. Luo Han Dun . . . . .	8,167	—	—	—
Others . . . . .	11,125	—	—	—
	<u>40,788</u>	<u>—</u>	<u>—</u>	<u>—</u>
Controlled by close family				
members of controlling				
shareholders:				
Shenzhen Qiyu Guarantee				
Company Limited				
(深圳市琪裕擔保有限公司) . . .	724,722	3,010	1,836	336
	<u>825,632</u>	<u>3,010</u>	<u>1,836</u>	<u>336</u>

The loans provided by the related parties were unsecured, interest-free and repayable on demand. The amounts due to these related parties have been settled in full.

As advised by our PRC legal advisers, the loan arrangements between the Group and the related parties who are individuals are legal, valid and enforceable under PRC laws and regulations. The loan arrangements between the Group and the related parties which are limited liability companies established in the PRC are not enforceable under the General Principles of Loans promulgated by the PBOC. As no interest was payable under the loan arrangements, our PRC legal advisers are of the view that the Group will not be subject to any administrative penalty.

## **CONNECTED TRANSACTIONS**

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### **Provision of guarantees by the related parties in favor of the our Group**

Our Controlling Shareholders and the close family members of our Controlling Shareholders provided certain guarantees to secure our bank loans during the Track Record Period. Further details of the guarantees are set out in note 19 in the Accountants’ Report in Appendix I to this document. As of the Latest Practicable Date, our Group did not pay for or provide any benefit to these guarantors to induce them to provide the guarantees.