粵海置地

GUANGDONG LAND HOLDINGS LIMITED
粵 海 置 地 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00124)

Announcement

Continuing Connected Transactions in relation to Property Management Services Agreements

BACKGROUND

On 27 July 2021, the Group and Yuehai Property Management (a direct wholly-owned subsidiary of Guangdong Holdings (which is the ultimate controlling shareholder of the Company)) entered into the Property Management Services Agreements in relation to the provision of property management services by Yuehai Property Management to the Group.

LISTING RULES IMPLICATIONS

Guangdong Holdings is the ultimate controlling shareholder of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Yuehai Property Management (a direct wholly-owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings and hence a connected person of the Company. Accordingly, the transactions contemplated under the Property Management Services Agreements, being transactions between the Group and Yuehai Property Management, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Property Management Services Agreements have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management services by Yuehai Property Management to the Group. As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Property Management Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of them are less than 5%, the Property Management Services Agreements are therefore subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

BACKGROUND

On 27 July 2021, the Group and Yuehai Property Management entered into the Property Management Services Agreements in relation to the provision of property management services by Yuehai Property Management to the Group.

THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

1. Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement

A summary of the salient terms of the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement is set out below:

Date:	27 July 2021
Parties:	(a) GDL Zhongshan (b) Yuehai Property Management
Term:	27 July 2021 to 31 December 2021
Subject matter:	Yuehai Property Management shall provide property management services at sales centre and sample units of the Zhongshan Ma'an Island Project site, including property management services such as daily customer services, equipment maintenance, order maintenance, cleaning (including the display area), greening and pest control.
Service fees and payment terms:	(i) GDL Zhongshan shall pay monthly service fees to Yuehai Property Management which comprises labour costs, other staff costs, outsourcing service fees and property management remuneration fees on a monthly basis within one month after receiving the relevant invoice issued by Yuehai Property Management between the 8th and 15th day of each month. The labour costs shall be calculated based on the actual labour costs incurred in the relevant month. Other staff costs shall be calculated based on the actual number of staff and expenses related to work clothes laundry, meal and dormitory. The outsourcing service fees shall be calculated based on the fees for cleaning, greening and pest control as agreed under the property management services agreement. The property management remuneration fees shall be charged by Yuehai Property Management at approximately RMB60,065 (equivalent to approximately HK$72,000) per month and may be deducted by 5 to 10% depending on the service satisfaction rating rated by GDL Zhongshan.

(ii) GDL Zhongshan shall pay one-off service fees to Yuehai Property Management within one month from the date of the agreement, which includes one-off material input fees (for example walkie-talkies, fire extinguishers and other equipment, and staff uniforms, etc.) and initial cleaning fees, which includes cleaning fee of RMB25 (equivalent to approximately HK$30.0) per square metre and formaldehyde removal fee of RMB25 (equivalent to approximately HK$30.0) per square metre.

The total service fees to be received by Yuehai Property Management under the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement for the period from 27 July 2021 to 31 December 2021 are expected to be approximately RMB3,420,000 (equivalent to approximately HK$4,109,000).

The service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the areas of the relevant properties; (ii) the number of staff required for the provision of services under the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement (excluding outsourced staff for cleaning, greening and pest control); (iii) the labour costs including wages, overtime payment, welfare expenses and labour union fees; (iv) the other staff costs, outsourcing service fees, one-off material input fees, initial cleaning fees, formaldehyde removal fee and the property management remuneration fees; and (v) the prevailing market rates for similar services.

Annual cap: RMB3,800,000 (equivalent to approximately HK$4,566,000) for the period from 27 July 2021 to 31 December 2021.

The annual cap has been set after considering (i) the total service fees expected to be paid by GDL Zhongshan under the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement; (ii) the expected increase in labour costs of staff and the administrative and daily operational costs involved; and (iii) the expected service requests (for example service manpower and hours) may increase.

2. Zhongshan Yigui Garden Preliminary Property Services Agreement

A summary of the salient terms of the Zhongshan Yigui Garden Preliminary Property Services Agreement is set out below:

Date: 27 July 2021

Parties: (a) GDL Zhongshan
(b) Yuehai Property Management

Term:	27 July 2021 to 9 May 2024
Subject matter:	As the real estate developer of the Zhongshan Yigui Garden, GDL Zhongshan is required to enter into a property management services agreement for the project and file with the relevant government authorities before the pre-sale of the project (which is expected to be around August 2021) in accordance with the relevant regulation requirements. Pursuant to the Zhongshan Yigui Garden Preliminary Property Services Agreement, GDL Zhongshan shall engage Yuehai Property Management to provide property management services for the Zhongshan Yigui Garden, including general management services (such as property services centre reception and hotline service), maintenance of common area and common facilities and equipment, security, cleaning, greening, parking management, etc.
Service fees and payment terms:	Pursuant to the Zhongshan Yigui Garden Preliminary Property Services Agreement, the property service fees shall be charged on a lump sum basis, which means the monthly fixed property service fees per square metre or per car parking space shall be payable by GDL Zhongshan (for properties completed but not delivered to the owners) or the owners (upon delivery of the properties) to Yuehai Property Management for the relevant properties, among which: Property service fees for (1) owners of high-rise residential properties shall be charged at RMB3 (equivalent to approximately HK$3.6) per square metre per month; (2) owners of car parking spaces shall be charged at RMB50 (equivalent to approximately HK$60.1) per parking space per month; and (3) owners of motorcycle parking spaces shall be charged at RMB6 (equivalent to approximately HK$7.2) per parking space per month. The service fees for properties completed but not delivered to the owners shall be payable by GDL Zhongshan. (For the avoidance of doubt, the relevant owners shall be responsible for the payment of service fees for the properties once the properties are delivered to the relevant owners.) The service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the areas of the relevant properties; (ii) the remuneration and benefits of the labour involved in the relevant property management services; (iii) the administrative and daily operational costs involved in the relevant property management services; (iv) the expected share of water and electricity charges in the public areas, which shall be shared and paid by the owners of high-rise residential properties; and (v) the prevailing market rates for similar services.

Annual caps: RMB0 (equivalent to HK$0) for the period from 27 July 2021 to 31 December 2021;

RMB0 (equivalent to HK$0) for the period from 1 January 2022 to 31 December 2022;

RMB7,700,000 (equivalent to approximately HK$9,251,000) for the period from 1 January 2023 to 31 December 2023;

RMB8,200,000 (equivalent to approximately HK$9,852,000) for the period from 1 January 2024 to 9 May 2024.

The annual caps have been set based on (i) the schedule for providing the property management services to the properties at the relevant premises (as it is expected that the first batch of the Zhongshan Yigui Garden will be completed in July 2023 and will commence to deliver the relevant properties at relevant premises to the owners in November 2023, and GDL Zhongshan will commence to pay the above service fees for certain unsold properties and car parking spaces, and the service fee estimation is subject to the projected delivery schedule assessment); and (ii) the total property service fees expected to be paid by GDL Zhongshan under the Zhongshan Yigui Garden Preliminary Property Services Agreement, which shall be calculated based on the aforementioned monthly fixed property service fees per square metre or per car parking space and the expected area of properties completed but not delivered to the owners.

3. Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement

A summary of the salient terms of the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement is set out below:

Date: 27 July 2021

Parties:
(a) GDL Foshan
(b) Yuehai Property Management

Term: 27 July 2021 to 31 July 2022

Subject matter: Yuehai Property Management shall provide property management services at sales centre and sample units of the Foshan Wanhua Project site, including property management services such as daily customer services, equipment maintenance, order maintenance, cleaning (including the display area), greening and pest control.

Service fees and payment terms:

(i) GDL Foshan shall pay monthly service fees to Yuehai Property Management which comprises labour costs, other staff costs, outsourcing service fees and property management service fees on a monthly basis within one month after receiving the relevant invoice issued by Yuehai Property Management between the 8th and 15th day of each month.

The labour costs shall be calculated based on the actual labour costs incurred in the relevant month. Other staff costs shall be calculated based on the actual number of staff and expenses related to work clothes laundry, meal and dormitory. The outsourcing service fees shall be calculated based on the fees for cleaning, greening and pest control as agreed under the property management services agreement. The property management service fees shall be charged by Yuehai Property Management at approximately RMB47,886 (equivalent to approximately HK$58,000) per month and may be deducted by 5 to 10% depending on the service satisfaction rating rated by GDL Foshan.

(ii) GDL Foshan shall pay one-off service fees to Yuehai Property Management within one month from the date of the agreement, which includes one-off material input fees (for example computers, walkie-talkies, fire extinguishers and other equipment, and staff uniforms, etc.) and initial cleaning fees, which includes cleaning fee of RMB25 (equivalent to approximately HK$30.0) per square metre and formaldehyde removal fee of RMB25 (equivalent to approximately HK$30.0) per square metre.

The total service fees to be received by Yuehai Property Management under the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement for the period from 27 July 2021 to 31 December 2021 are expected to be approximately RMB2,980,000 (equivalent to approximately HK$3,580,000), for the period from 1 Janaury 2022 to 31 July 2022 be approximately RMB3,430,000 (equivalent to approximately HK$4,121,000).

The service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the areas of the relevant properties; (ii) the number of staff required for the provision of services under the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement (excluding outsourced staff for cleaning, greening and pest control); (iii) the labour costs including wages, overtime payment, welfare expenses and labour union fees; (iv) the other staff costs, outsourcing service fees, one-off material input fees, initial cleaning fees and the property management service fees; and (v) the prevailing market rates for similar services.

Annual caps: RMB3,280,000 (equivalent to approximately HK$3,941,000) for the period from 27 July 2021 to 31 December 2021; and

RMB3,780,000 (equivalent to approximately HK$4,542,000) for the period from 1 January 2022 to 31 July 2022.

The annual cap has been set after considering (i) the total service fees expected to be paid by GDL Foshan under the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement; (ii) the expected increase in labour costs of staff and the administrative and daily operational costs involved; and (iii) the expected service requests (for example service manpower and hours) may increase.

4. Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement

A summary of the salient terms of the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement is set out below:

Date: 27 July 2021

Parties:
(a) GDL Foshan
(b) Yuehai Property Management

Term: 27 July 2021 to 9 May 2024

Subject matter: As the real estate developer of the Foshan Yuehai Shiguiyuan, GDL Foshan is required to enter into a property management services agreement for the project and file with the relevant government authorities before the pre-sale of the project (which is expected to be around August 2021) in accordance with the relevant regulation requirements. Pursuant to the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement, GDL Foshan shall engage Yuehai Property Management to provide property management services for the Foshan Yuehai Shiguiyuan, including general management services (such as property services centre reception and hotline service), maintenance of common area and common facilities and equipment, security, cleaning, greening, parking management, etc.

Service fees and payment terms: Pursuant to the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement:

(i) the property service fees shall be charged on a lump sum basis, which means the monthly fixed property service fees per square metre shall be payable by GDL Foshan (for properties completed but not delivered to the owners) or the owners (upon delivery of the properties) to Yuehai Property Management for the relevant properties or car parking spaces.

Property service fees for (1) owners of high-rise residential properties shall be charged at RMB2.7 (equivalent to approximately HK$3.2) per square metre per month; and (2) owners of car parking spaces shall be charged at RMB1.89 (equivalent to approximately HK$2.3) per square metre per month; and

(ii) the relevant owners as mentioned (1) above shall share and pay the actual water and electricity charges for the public areas, the amounts of which shall be calculated according to the charging standards of relevant water and power supply enterprises.

The service fees for properties completed but not delivered to the owners shall be payable by GDL Foshan. (For the avoidance of doubt, the relevant owners shall be responsible for the payment of service fees for the properties once the properties are delivered to the relevant owners.)

The service fees are determined after arm's length negotiations between the relevant parties after taking into account (i) the areas of the relevant properties; (ii) the remuneration and benefits of the labour involved in the relevant property management services; (iii) the administrative and daily operational costs involved in the relevant property management services; and (iv) the prevailing market rates for similar services.

Annual caps: RMB0 (equivalent to HK$0) for the period from 27 July 2021 to 31 December 2021;

RMB0 (equivalent to HK$0) for the period from 1 January 2022 to 31 December 2022;

RMB730,000 (equivalent to approximately HK$877,000) for the period from 1 January 2023 to 31 December 2023; and

RMB1,210,000 (equivalent to approximately HK$1,454,000) for the period from 1 January 2024 to 9 May 2024.

The annual caps have been set based on (i) the schedule for providing the property management services to the properties at the relevant premises (as it is expected that the first batch of the Foshan Yuehai Shiguiyuan will be completed in September 2023 and will commence to deliver the relevant properties at relevant premises to the owners in June 2024, and GDL Foshan will commence to pay the above service fees for certain unsold properties and car parking spaces, and the service fee estimation is subject to the projected delivery schedule assessment); and (ii) the total property service fees expected to be paid by GDL Foshan under the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement, which shall be calculated based on the aforementioned monthly fixed property service fees per square metre for properties or car parking space and the expected area of properties completed but not delivered to the owners (and the appropriate shared portion of the expected water and electricity charges).

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

As Yuehai Property Management has extensive property management experience in the PRC, by entering into (i) the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement; (ii) the Zhongshan Yigui Garden Preliminary Property Services Agreement; (iii) the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement; and (iv) the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement with Yuehai Property Management, respectively, the Group will be able to enjoy the quality property management services provided to it by Yuehai Property Management.

In light of the above reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Property Management Services Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON PARTIES TO THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

Information on GDL Zhongshan

GDL Zhongshan is a company established in the PRC with limited liability. It is principally engaged in property development and investment businesses in the PRC and is an indirect non-wholly owned subsidiary of the Company.

Information on GDL Foshan

GDL Foshan is a company established in the PRC with limited liability. It is principally engaged in property development and investment businesses in the PRC and is an indirect wholly-owned subsidiary of the Company.

Information on the Group

The Group is principally engaged in property development and investment businesses.

Information on Yuehai Property Management

Yuehai Property Management is a company established in the PRC with limited liability. It is principally engaged in property rental services and property management businesses in the PRC and is a direct wholly-owned subsidiary of Guangdong Holdings.

Information on Guangdong Holdings

Guangdong Holdings is the ultimate controlling shareholder of the Group and is principally engaged in investment holding. It is wholly-owned by the People's Government of Guangdong Province.

LISTING RULES IMPLICATIONS

Guangdong Holdings is the ultimate controlling shareholder of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Yuehai Property Management (a direct wholly-owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings and hence a connected person of the Company. Accordingly, the transactions contemplated under the Property Management Services Agreements, being transactions between the Group and Yuehai Property Management, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On a standalone basis, (i) as all the applicable percentage ratios in respect of the continuing connected transactions under the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement are less than 0.1%, the said transactions are fully exempt from the annual review, announcement and independent shareholders' approval requirements under the Listing Rules; and (ii) as the highest applicable percentage ratio in respect of each of the continuing connected transactions under the Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement, the Zhongshan Yigui Garden Preliminary Property Services Agreement and the Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement is more than 0.1% but all of the applicable percentage ratios are less than 5% respectively, all of them are subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

The Property Management Services Agreements have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management services by Yuehai Property Management to the Group. As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Property Management Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of them are less than 5%, the Property Management Services Agreements are therefore subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

Mr. LI Yonggang, Ms. ZHU Guang and Mr. ZHANG Jun, being the Directors, are also directors of certain subsidiaries of Guangdong Holdings. All of the abovementioned Directors present at the relevant Board meeting abstained from voting on the relevant Board resolutions for approving the Property Management Services Agreements and the transactions contemplated thereunder. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Property Management Services Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Foshan Wanhua Project"	the property development project of the Group in Chancheng District, Foshan City, the PRC
"Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement"	佛山灣華項目案場（營銷中心及樣板房）物業服務協議 (Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement) dated 27 July 2021 entered into between GDL Foshan and Yuehai Property Management in relation to the provision of property management services of the Foshan Wanhua Project by Yuehai Property Management to GDL Foshan
"Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement"	粵海拾桂苑前期物業服務合同 (Yuehai Shiguiyuan Preliminary Property Services Agreement) dated 27 July 2021 entered into between GDL Foshan and Yuehai Property Management in relation to the provision of property management services of Foshan Yuehai Shiguiyuan by Yuehai Property Management to GDL Foshan

"GDL Foshan"	佛山粵海置地有限公司 (Foshan Yuehai Land Co., Ltd.) , a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"GDL Zhongshan"	中山粵海置地有限公司 (Zhongshan Yuehai Land Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries from time to time
"Guangdong Holdings"	廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the PRC with limited liability and the ultimate controlling shareholder of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"PRC"	the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Property Management Services Agreements"	(i) Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement; (ii) Zhongshan Yigui Garden Preliminary Property Services Agreement; (iii) Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement; and (iv) Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Yigui Garden"	the legal standard geographical name of the Zhongshan Ma'an Island Project

"Yuehai Property Management"	粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Guangdong Holdings
"Yuehai Shiguiyuan"	the legal standard geographical name of the Foshan Wanhua Project
"Zhongshan Ma'an Island Project"	the property development project of the Group at the starting area of Tsuihang New District, Zhongshan City, the PRC
"Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement"	中山馬鞍島項目案場（營銷中心及樣板房）物業服務協議 (Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement) dated 27 July 2021 entered into between GDL Zhongshan and Yuehai Property Management in relation to the provision of property management services of the Zhongshan Ma'an Island Project by Yuehai Property Management to GDL Zhongshan
"Zhongshan Yigui Garden Preliminary Property Services Agreement"	中山市前期物業服務合同（怡桂花園）(Zhongshan City Preliminary Property Services Agreement (Yigui Garden)) dated 27 July 2021 entered into between GDL Zhongshan and Yuehai Property Management in relation to the provision of property management services of Zhongshan Yigui Garden by Yuehai Property Management to GDL Zhongshan
"%"	per cent.

In this announcement, the English names of the PRC entities are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK$1 to RMB0.8323 (if applicable). No representation is made that any amount in HK$ and RMB could be converted at such rate.

By Order of the Board
Guangdong Land Holdings Limited
XU Yeqin
Chairman

Hong Kong, 27 July 2021

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. XU Yeqin, Mr. LI Yonggang, Mr. WU Mingchang, Ms. ZHU Guang and Mr. ZHANG Jun; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.