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**GUANGDONG LAND HOLDINGS LIMITED**
**粵海置地控股有限公司**
*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 00124)**

# Announcement

# Connected Transaction and Continuing Connected Transactions

**THE DISPOSAL**

On 19 November 2020, the Seller, being an indirect wholly-owned subsidiary of the Company, and the Purchaser, being a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the entire equity capital of the Target Company at a consideration of RMB6,907,319.98 (equivalent to approximately HK$8,177,000).

Upon Completion, the Target Company will cease to be a subsidiary of the Company and will become a direct wholly-owned subsidiary of the Purchaser. The Target Company is principally engaged in property management businesses in the PRC.

The Seller is an indirect wholly-owned subsidiary of the Company, while the Purchaser is a direct wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser (being a subsidiary and thus an associate of Guangdong Holdings) is a connected person of the Company, and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal calculated pursuant to the Listing Rules is more than 0.1% but all are less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement.

**CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES**

Prior to the date of this announcement, the Group and the Target Company had entered into the Existing Agreements in respect of certain continuing transactions between the relevant parties.

Upon Completion, the Target Company will become a connected person of the Company. Therefore, the Existing Continuing Transactions between the Group and the Target Company will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements.

**RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Further, the Seller and the Target Company has entered into the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement on 19 November 2020.

As mentioned above, upon Completion, the Target Company will become a connected person of the Company. Therefore, the transactions contemplated under the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement will constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 31 December 2019 and 13 November 2020. The Previous Property Management Services Agreements and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management services by the Guangdong Holdings Group to the Group. As one or more of the applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Previous Property Management Services Agreements and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement calculated pursuant to the Listing Rules is more than 0.1% but all of the ratios are less than 5%, the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement is therefore subject to the annual review and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement.

## A. THE DISPOSAL

On 19 November 2020, the Seller, being an indirect wholly-owned subsidiary of the Company, and the Purchaser, being a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the entire equity capital of the Target Company at a consideration of RMB6,907,319.98 (equivalent to approximately HK$8,177,000). The

Target Company is principally engaged in property management businesses in the PRC.

## A.1 The Sale and Purchase Agreement

***Date:*** 19 November 2020

***Parties:*** (a) the Purchaser, as buyer of the Sale Equity; and

(b) the Seller, as seller of the Sale Equity.

***The Disposal***

Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Equity at an aggregated consideration of RMB6,907,319.98 (equivalent to approximately HK$8,177,000).

***Subject matter***

The Sale Equity represents the entire equity capital of the Target Company.

***Consideration***

The consideration for the sale and purchase of the Sale Equity is RMB6,907,319.98 (equivalent to approximately HK$8,177,000) (the "**Consideration**"), and shall be payable by the Purchaser to the Seller, in cash, within 10 business days upon the execution of the Sale and Purchase Agreement.

The Seller has engaged the Valuer, being an independent professional valuer in the PRC, to conduct a valuation of the equity value of the Target Company (the "**Valuation**"). The Valuer used the income approach to determine the appraised value for the determination of the Consideration, and details of the Valuation are disclosed in the section headed "Valuation" below.

The Consideration was determined after arm's length negotiations between the Purchaser and the Seller having taken into account, (i) the equity value of the Target Company of RMB8,058,100 (equivalent to approximately HK$9,540,000) as at the Valuation Date, as reflected in the Valuation, less (ii) the audited undistributed profits of the Target Company in the amount of RMB1,150,780.02 (equivalent to approximately HK$1,362,000) as at 30 June 2020, which was the subject of a dividend declared and paid to the Seller (being the existing shareholder of the Target Company as at the Valuation Date) in September 2020.

The sales proceeds in the sum of RMB6,907,319.98 (equivalent to approximately HK$8,177,000) to be received by the Seller will be applied towards meeting the working capital and other needs of the Group.

***Completion***

The Seller and the Purchaser shall proceed with the registration procedures with the relevant PRC authorities for the equity transfer of the Target Company as soon as practicable after the obtaining of the respective internal approvals and registration of the equity transfer shall be completed within 30 calendar days upon signing of the Sale and Purchase Agreement by the parties. Completion shall take place within five (5) business days after the registration of the equity transfer of the Target Company has been approved by the relevant PRC authorities.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and will become a direct wholly-owned subsidiary of the Purchaser.

## A.2 Valuation

The appraised value of the Target Company was determined by the Valuer based on the income approach. Accordingly, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the "**Forecast**").

In compliance with Rule 14A.68(7) of the Listing Rules, the principal assumptions upon which the Forecast was based are set out as follows:

1. The impact of possible additional costs and expenses that may be required under special trading methods on the appraised assets, and the impact of force majeure on the appraised assets, were not considered in the Valuation.

2. The Valuation was based on the authenticity, accuracy, completeness, and objectivity of all documents provided by the Seller.

3. The impact of inflation was not considered in the Valuation. Based on the assumptions and the purpose of the Valuation, the prevailing market value methodology was used for the Valuation. All price standards used in the Valuation were valid price standards as at the Valuation Date.

4. Assumption of trading: it was assumed that all the assets to be appraised are in trade, and the Valuer performed valuation of the assets according to market conditions.

5. Assumption of open market: assumption of open market is a hypothetical explanation or limitation on the conditions of the market and the influence on the assets to be valued under such market conditions. The open market means fully developed and improved market conditions, and is a competitive market with voluntary buyers and sellers. In such market, buyers and sellers are equal in status and both have opportunities and time to acquire ample market information, and all the transactions between them are made on a voluntary, rational, non-compulsory and unrestricted basis.

6. Assumption of continuous use: this assumption first assumes that the assets to be appraised, including existing assets and contingency assets, are in use; secondly, based

on the relevant data and information, it is inferred that such assets in use will continue to be used.

7. Assumption of going concern: assumption of going concern assumes that the business operation of the Target Company is legal, the business license can be extended after the expiration of its operating period, different business qualifications can successfully be renewed, and there will be no unforeseen factors that will cause it to be unable to continue with its operation. The existing use of the assets of the Target Company will remain unchanged and the assets will be continued to be used. According to the business license of the Target Company, the operating period will expire on 31 August 2068. Considering that the Target Company is mainly engaged in the management and operation of various real estate properties, the Valuation assumes that the operating activities of the Target Company will carried out normally and continuously.

8. Assumption of forecast period: according to the current company law of the PRC, as long as an enterprise applies to the relevant authorities for industry and commerce within the prescribed period before the expiration of its operating period, it can extend its operating period. According to the management of the Target Company, there is no reason for terminating the operation of the Target Company. Therefore, it is assumed that the future estimated operating period of the Target Company is perpetual.

9. It is assumed that the accounting policies adopted in the future by the Target Company are in all material aspects generally consistent with the accounting policies adopted at the time of the compilation of the Valuation Report.

10. Assumption of continuity in profitability: it is assumed that, on the basis of the existing management approach and standard of the Target Company, the business scope and approach in the future are in line with the current direction.

11. It is assumed that there will be no new or additional investment from third parties that will affect the operational capabilities of the Target Company.

12. It is assumed that, in the coming operating period, the level of liability of the Target Company will remain at the level as at the Valuation Date, and there will be no major fluctuations on the asset structure of the Target Company.

13. It is assumed that the Target Company will not manage new buildings in the future, and will only provide the existing property management services.

14. The Forecast is based on the executed property management agreements as at the Valuation Date as the basis for projecting future revenue, and the cost and expense are estimated based on the cost and expense structure as at the Valuation Date.

15. The Valuation has taken into account the fair values of the financial assets and liabilities held by the Target Company as at the Valuation Date.

16. It is assumed that, in the coming operating period, the PRC corporate income tax rate will be 25% for the Target Company and there will be no material change in various other tax rates.

17. The applicable post-tax discount rate is 13.19% for the Valuation.

The Valuer is of the view that the assumptions above are present as at the Valuation Date based on the requirements of the income approach for valuation of the Target Company, and reached the conclusion of the Valuation based on these assumptions. The result of the Valuation will change significantly if there is material change in the future economic environment after the Valuation Date or if the assumptions become invalid.

The Board has reviewed the Valuation Report and is of the view that the Forecast was made after due and careful enquiry.

PricewaterhouseCoopers, acting as the Company's auditor, has reported on the arithmetical calculations underlying the Forecast as set out in the Valuation Report issued by the Valuer.

A report from PricewaterhouseCoopers on the arithmetical calculations underlying the Forecast and a letter from the Board in relation to the Forecast are set out as Appendix I and Appendix II, respectively, to this announcement.

The qualifications of the Valuer and PricewaterhouseCoopers are as follows:

| **Name** | **Qualification** |
|---|---|
| Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd. | Professional valuer in the PRC |
| PricewaterhouseCoopers | Certified Public Accountants under Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588) |

To the best knowledge, information and belief of the Board after having made all reasonable enquiries, each of the Valuer and PricewaterhouseCoopers is a third party independent of the Group and is not a connected person of the Company. As at the date of this announcement, neither the Valuer nor PricewaterhouseCoopers has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the Valuer and PricewaterhouseCoopers has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this announcement.

## A.3 Information on the Target Company

The Target Company is a limited liability company established in the PRC on 2 August 2018. The Target Company is principally engaged in property management businesses in the PRC. As at the date of this announcement, the Target Company is wholly-owned by the Seller.

Based on the audited financial statements of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises and audited by the PRC statutory auditor, the financial information of the Target Company for the two years ended 31 December 2018 and 31 December 2019 and for the six months ended 30 June 2020 was as follows:

| | **For the six months ended 30 June 2020** | **For the year ended 31 December 2019** | **For the year ended 31 December 2018** |
|---|---|---|---|
| | (audited) | (audited) | (audited) |
| | *RMB* | *RMB* | *RMB* |
| Profits/(loss) before tax | 1,282,685.02 | 791,800.30 | (713,624.23) |
| Profits/(loss) after tax | 1,220,972.12 | 771,296.58 | (713,624.23) |

Based on the audited financial statements of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises, the audited net asset value of the Target Company as at 30 June 2020 was RMB6,278,644.47 (equivalent to approximately HK$7,433,000).

The market value of the Target Company based on the Valuation Report is RMB8,058,100 (equivalent to approximately HK$9,540,000) as at 30 June 2020. In September 2020, a dividend in the amount of RMB1,150,780.02 (equivalent to approximately HK$1,362,000) was declared and paid to the Seller (being the existing shareholder of the Target Company) and thus the value of the Target Company was reduced to RMB6,907,319.98 (equivalent to approximately HK$8,177,000).

Assuming the Completion took place at the Valuation Date, the pre-tax potential gain on the Disposal is estimated to be approximately RMB1,779,455.53 (equivalent to approximately HK$2,107,000), being the premium of the Consideration for the Disposal over the value of the Target Company attributable to the Group after the payment of a dividend mentioned above.

## A.4 Information on the other parties to the Sale and Purchase Agreement

***Information on the Seller***

The Seller is a limited liability company established in the PRC on 10 August 2015. 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 Purchaser***

The Purchaser is a limited liability company established in the PRC on 28 August 1996. It is principally engaged in property management business and is a direct wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company.

***Information on Guangdong Holdings***

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

## A.5 Reasons for and benefits of the Disposal

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

The Directors are of the view that the Disposal will enable the Group to focus more effectively on its core business of property development so as to achieve more efficient resources allocation in its business.

In light of the above and having considered the basis of determination of the Consideration, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

## A.6 Listing Rules Implications

The Seller is an indirect wholly-owned subsidiary of the Company, while the Purchaser is a direct wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company as at the date of this announcement and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser (being a subsidiary and thus an associate of Guangdong Holdings) is a connected person of the Company, and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Disposal calculated pursuant to the Listing Rules is more than 0.1% but all are less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules, but is 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, and had attend the relevant Board meeting and abstained from voting on the relevant Board resolution to approve the Sale and Purchase Agreement 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 Sale and Purchase Agreement and the transactions contemplated thereunder.

## B. CONTINUING CONNECTED TRANSACTIONS

### B.1 Continuing Connected Transactions pursuant to Rule 14A.60(1) of the Listing Rules

Prior to the date of this announcement, the Group and the Target Company had entered into the Existing Agreements in respect of certain continuing transactions between the relevant parties.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Purchaser, which is a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), and, hence, the Target Company will become a connected person of the Company. Therefore, the continuing transactions (detailed below) under the Existing Agreements (the "**Existing Continuing Transactions**") between the Group and the Target Company will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

***Summary of the Existing Continuing Transactions***

| | **Connected person** | **Connected person's relationship with the Group** | **Nature of the transaction** |
|---|---|---|---|
| 1. Buji Factory Property Services Agreement | Target Company | An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion | Provision of property management services by the Target Company to Yuehai Technology |
| 2. Shiyan Factory Property Services Agreement | Target Company | An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion | Provision of property management services by the Target Company to Yuehai Technology |

| | | | |
|---|---|---|---|
| 3. Yuecai City Sales Centre Property Services Agreement | Target Company | An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion | Provision of property management services by the Target Company to the Seller |
| 4. Yuecai City Northwest Demonstration Area Property Services Agreement | Target Company | An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion | Provision of property management services by the Target Company to the Seller |
| 5. Yuecai City Preliminary Property Management Services Agreement | Target Company | An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion | Provision of property management services by the Target Company to the Seller and property owners of the properties on the Northwestern Land of Yuecai City |

***Details of the Existing Continuing Transactions and the relevant agreements***

***1. Buji Factory Property Services Agreement***

A summary of the salient terms of the Buji Factory Property Services Agreement is set out below: -

*Date:* 31 March 2020

*Parties:* (a) Yuehai Technology
(b) Target Company

*Term:* 1 April 2020 to 31 March 2021

*Subject matter:* The Target Company shall provide property management services such as security, building maintenance, fire safety, cleaning and utilities maintenance at the Buji factory premises of Yuehai Technology.

*Service fee:* The service fee shall be charged at RMB9 per month per square metre. The gross floor area of the premises is 8,153 square metres, and hence, the monthly service fee is RMB73,377 (equivalent to approximately HK$87,000).

The abovementioned service fee was determined based on the area of the relevant premises and with reference to factors such as (i) the salary and benefits of labour involved in the relevant property management services, (ii) the cost of consumables for the relevant services, and (iii) the prevailing market rates for similar services.

*Payment terms:* The service fee shall be settled by Yuehai Technology within 10 business days after receiving the invoice issued by the Target Company.

***2. Shiyan Factory Property Services Agreement***

A summary of the salient terms of the Shiyan Factory Property Services Agreement is set out below: -

*Date:* 31 March 2020

*Parties:* (a) Yuehai Technology
(b) Target Company

*Term:* 1 April 2020 to 31 March 2021

*Subject matter:* The Target Company shall provide property management services such as security, building maintenance, fire safety, cleaning and utilities maintenance at the Shiyan factory premises of Yuehai Technology.

*Service fee:* The service fee shall be charged at RMB9 per month per square metre. The gross floor area of the premises is 4,190 square metres, and hence, the monthly service fee is RMB37,710 (equivalent to approximately HK$45,000).

The abovementioned service fee was determined based on the area of the relevant premises and with reference to factors such as (i) the salary and benefits of labour involved in the relevant property management services, (ii) the cost of consumables for the relevant services, and (iii) the prevailing market rates for similar services.

*Payment terms:* The service fee shall be settled by Yuehai Technology within 10 business days after receiving the invoice issued by the Target Company.

***3. Yuecai City Sales Centre Property Services Agreement***

A summary of the salient terms of the Yuecai City Sales Centre Property Services Agreement is set out below: -

*Date:* 3 January 2020

*Parties:* (a) Seller
(b) Target Company

*Term:* 1 January 2020 to 31 December 2020

*Subject matter:* The Target Company shall provide property management services such as concierge services, customer services, traffic control, carpark management, utilities maintenance, fire safety management, greening, cleaning, sales promotion and marketing activities support and property management consultation at the sales centre of Yuecai City.

*Service fee:* The service fee shall be charged at RMB475,021.66 (equivalent to approximately HK$562,000) per month.

The abovementioned service fee was determined based on the relevant scope of property management service and with reference to factors such as (i) the salary and benefits of labour involved in the relevant property management services, and (ii) the cost of consumables for the relevant services.

*Payment terms:* The service fee shall be payable by the Seller to the Target Company on a monthly basis, and shall be settled by the Seller within 10 business days after receiving the invoice issued by the Target Company.

***4. Yuecai City Northwest Demonstration Area Property Services Agreement***

A summary of the salient terms of the Yuecai City Northwest Demonstration Area Property Services Agreement is set out below: -

*Date:* 20 August 2020

*Parties:* (a) Seller
(b) Target Company

*Term:* 20 August 2020 to 19 August 2021

*Subject matter:* The Target Company shall provide property management services such as security, concierge services, customer services, traffic control, carpark management, utilities maintenance, fire safety management, cleaning, pest elimination, garbage removal, sewage pipe dredging, promotion activities support, dealing with conflicts among customers, handling emergency situations, pandemic control management and property management consultation at the Northwest Demonstration Area

of Yuecai City.

*Service fee:* The service fee is estimated to be RMB478,117.14 (equivalent to approximately HK$566,000) per month and shall be charged according to the actual cost incurred each month.

The abovementioned service fee was determined based on the relevant scope of property management service and with reference to factors such as (i) the salary and benefits of labour involved in the relevant property management services, and (ii) the cost of consumables for the relevant services.

*Payment terms:* The service fee shall be payable by the Seller to the Target Company on a monthly basis, and shall be settled by the Seller within 10 business days after receiving the invoice issued by the Target Company.

***5. Yuecai City Preliminary Property Management Services Agreement***

A summary of the salient terms of the Yuecai City Preliminary Property Management Services Agreement is set out below: -

*Date:* 10 October 2018

*Parties:*
(a) Seller (as property developer)
(b) Target Company (as property management service provider)

*Term:* 30 June 2020 to 29 June 2025

*Subject matter:* The Seller, as the property developer, shall engage the Target Company to monitor the construction of the properties prior to delivery to the property owners, and to provide property management services such as maintenance and management of common areas, utilities management and repair works, cleaning, garbage collection, sewage pipes dredging, greening, traffic control, security, renovation management, files and information management, festival decoration and community cultural activities organisation at the properties on the Northwestern Land of Yuecai City, after delivery of the properties to the property owners.

Owners of street level retail shops of Yuecai City located at Units 101-114 of Tower 1, Units 01-22 of 1st Floor of Tower 2, Units 01-22 of 1st Floor of Tower 3, shall pay management fees of RMB28 (equivalent to approximately HK$33) per month per square metre in advance, while owners of the commercial apartments, office properties and other commercial properties

of Yuecai City shall pay management fees of RMB7.5 (equivalent to approximately HK$9) per month per square metre in advance. The relevant management fees of unoccupied properties, public buildings owned by the Seller, and public properties to be transferred to the relevant PRC authorities but has not been transferred, shall be paid by the Seller in advance.

*Service fee to be received by the Target Company and payment terms:*

The service fee to be received by the Target Company shall be on a commission basis, calculated at 12% of the total property management services expenses incurred in the previous month, and shall be received by the Target Company on the 10th day of each month.

The property management services expenses mainly include the salaries and benefits of the property management staff, costs and relevant tax payment arising from the abovementioned property management services, and shall be paid out of the total management fees payable by the property owners as mentioned above. The relevant expenses shall be audited by a qualified independent third party annually. Where there is a deficit of the management fees collected from property owners due to unforeseen reasons, all property owners will together bear the extra costs in proportion to the property area owned by them and pay to the Target Company. Where there is a surplus of the management fees collected from property owners, it will be used for the next year.

The abovementioned commission was determined with reference to factors such as (i) the salary and benefits of labour involved in the relevant property management services, and (ii) the prevailing market rates for similar services.

## B.2 Renewal of Continuing Connected Transaction

***Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement***

As mentioned above, the Yuecai City Sales Centre Property Services Agreement will expire on 31 December 2020.

On 19 November 2020, the Seller and the Target Company entered into the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement, pursuant to which the Target Company shall continue to provide certain property management services in respect of the sales centre of Yuecai City to the Seller for the period from 1 January 2021 to 31 May 2021.

A summary of the salient terms of the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement is set out below: -

*Date:* 19 November 2020

*Parties:* (a) Seller
(b) Target Company

*Term:* 1 January 2021 to 31 May 2021

*Subject matter:* Pursuant to the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement, the Target Company shall continue to provide property management services in respect of the sales centre of Yuecai City for the period from 1 January 2021 to 31 May 2021.

Save and except the above, all other terms in the Yuecai City Sales Centre Property Services Agreement shall remain unchanged.

Accordingly, the Target Company shall provide property management services such as concierge services, customer services, traffic control, carpark management, utilities maintenance, fire safety management, greening, cleaning, sales promotion and marketing activities support and property management consultation at the sales centre of Yuecai City.

*Historical transaction amounts*

The table below summarises the actual transaction amounts of the relevant service fees under the Yuecai City Sales Centre Property Services Agreement for the ten months ended 31 October 2020:

| | **For the ten months ended 31 October 2020**<br>*RMB* |
|---|---|
| Actual transaction amount | 4,719,570.04<br>(equivalent to approximately HK$5,587,000) |

*Annual cap:* RMB3,000,000 (equivalent to approximately HK$3,552,000) for the year ending 31 May 2021.

The annual cap has been set based on (i) the total service fee expected to be paid by the Seller under the Yuecai City Sales Centre Property Services Agreement (as amended by the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement) and (ii) the historical transaction amounts as set out above.

**B.3 Information on the parties to the Existing Continuing Transactions and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement**

Yuehai Technology is principally engaged in property investment in the PRC and is an indirect wholly-owned subsidiary of the Company.

The Target Company is principally engaged in property management businesses in the PRC and will become an indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion.

The Seller is principally engaged in property development and investment businesses in the PRC and is an indirect wholly-owned subsidiary of the Company.

**B.4 Reasons for and Benefits of the Existing Continuing Transactions and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement**

The Target Company is principally engaged in providing property management services in the PRC and is the current property management services provider for the relevant premises. By continuing with the Existing Continuing Transactions and entering into the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement, the Group will continue to enjoy the quality property management services provided to it by the Target Company, and can ensure un-interrupted and smooth property management services received by it.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Existing Agreements, the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement and the transactions thereunder and the annual cap are fair and reasonable, entered into on normal commercial terms or better and 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.

**B.5 Listing Rules Implications**

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Purchaser, which is a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), and, hence, the Target Company will be a connected person of the Company. Therefore, the Existing Continuing Transactions and the transactions contemplated under the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement between the Group and the Target Company will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements.

Reference is made to the announcements of the Company dated 31 December 2019 and 13 November 2020. The Previous Property Management Services Agreements and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management services by the Guangdong Holdings Group to the Group. As one or more of the applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Previous Property Management Services Agreements and the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement calculated pursuant to the Listing Rules is more than 0.1% but all of the ratios are less than 5%, the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement is therefore subject to the annual review and announcement requirements under the Listing Rules, but is 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, and had attend the relevant Board meeting and abstained from voting on the relevant Board resolutions to approve the Existing Agreements, the Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement and the transactions 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 Existing Agreements and the transactions thereunder.

## C. DEFINITIONS

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

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| "associate" | has the meaning as ascribed to it under the Listing Rules |
| "Board" | the board of Directors |
| "Buji Factory Property Services Agreement" | the agreement dated 31 March 2020 entered into between Yuehai Technology and the Target Company in respect of the provision of property management services by the Target Company to Yuehai Technology |
| "Company" | Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| "Completion" | completion of the sale and purchase of the Sale Equity in accordance with the terms of the Sale and Purchase Agreement, as more particularly described under the section headed "A. The Disposal – A.1 The Sale and Purchase Agreement - Completion" in this announcement |

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| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Consideration" | the consideration for the Disposal, as more particularly described under the section headed "A. The Disposal – A.1 The Sale and Purchase Agreement – Consideration" in this announcement |
| "controlling shareholder(s)" | has the meaning ascribed to it under the Listing Rules |
| "Director(s)" | the director(s) of the Company |
| "Disposal" | the disposal of the Sale Equity by the Seller pursuant to the Sale and Purchase Agreement |
| "Existing Agreements" | the Buji Factory Property Services Agreement, the Shiyan Factory Property Services Agreement, the Yuecai City Sales Centre Property Services Agreement, the Yuecai City Northwest Demonstration Area Property Services Agreement and the Yuecai City Preliminary Property Management Services Agreement |
| "Existing Continuing Transactions" | has the meaning ascribed thereto under the section headed "B. Continuing connected transactions pursuant to Rule 14A.60(1) of the Listing Rules" in this announcement |
| "Forecast" | has the meaning ascribed thereto under the section headed "A. The Disposal – A.2 Valuation" in this announcement |
| "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 and the ultimate controlling shareholder of the Company |
| "Guangdong Holdings Group" | Guangdong Holdings and its subsidiaries from time to time |
| "Guangdong Property Development" | 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |

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| "PRC" | the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan |
| "Previous Property Management Services Agreements" | (i) 粵海拾桂府項目樣板房及銷售場所物業管理服務協議 (Yuehai Laurel House Project Sample Units and Sales Centre Property Management Services Agreement) entered into between Guangdong Property Development and the Purchaser on 31 December 2019;<br><br>(ii) 江門"粵海壹桂府"營銷中心及樣板房物業服務協議 (Jiangmen Yiguifu Sales Centre and Sample Units Property Services Agreement) entered into between 江門市粵海置地房地產投資有限公司 (Jiangmen Yuehai Land Real Estate Investment Co., Ltd.) and the Purchaser on 13 November 2020;<br><br>(iii) 深圳市前期物業服務合同 (Shenzhen City Preliminary Property Services Agreement) entered into between the Seller and 廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.) on 13 November 2020; and<br><br>(iv) 粵海拾桂府（原稱粵海珠光雅舍小區）前期物業管理服務合同第二份補充協議 (the second supplemental agreement to the Preliminary Property Management Services Agreement of Yuehai Laurel House (originally known as Yuehai Zhuguang Yashe District)) entered into between Guangdong Property Development and the Purchaser on 13 November 2020;<br><br>in respect of the agreements above, details of which are set out in the announcement of the Company dated 31 December 2019 and 13 November 2020 |
| "Purchaser" | 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.), a limited liability company established in the PRC and a direct wholly-owned subsidiary of Guangdong Holdings and a connected person of the Company |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Sale and Purchase Agreement" | the sale and purchase agreement dated 19 November 2020 entered into between the Purchaser and the Seller in relation to the sale and purchase of the Sale Equity |
| "Sale Equity" | 100% of the equity capital of the Target Company |

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| "Seller" | 廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited) (formerly known as 粵海置地（深圳）有限公司 (Guangdong Land (Shenzhen) Limited)), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| "Shiyan Factory Property Services Agreement" | the agreement dated 31 March 2020, entered into between Yuehai Technology and the Target Company in respect of the provision of property management services by the Target Company to Yuehai Technology |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "Supplemental Agreement to the Yuecai City Sales Centre Property Services Agreement" | the supplemental agreement dated 19 November 2020, entered into between the Seller and the Target Company for the purpose of amending the Yuecai City Sales Centre Property Services Agreement |
| "Target Company" | 深圳市粵海悅生活物業管理有限公司 (Shenzhen Yuehai Yueshenghuo Property Management Co., Ltd), a limited liability company established in the PRC and the equity capital of which are owned as to 100% by the Seller prior to Completion |
| "Valuation" | has the meaning as ascribed to it under the section headed "A. The Disposal – A.1 The Sale and Purchase Agreement – Consideration" in this announcement |
| "Valuation Date" | 30 June 2020, being the reference date adopted by the Valuer in the Valuation |
| "Valuation Report" | the valuation report issued by the Valuer as to the Valuation |
| "Valuer" | Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd. (廣東財興資產評估土地房地產估價有限公司), an independent professional valuer in the PRC |
| "Yuecai City" | the GDH City Project is a multi-module commercial complex development project with jewellery products industry as the theme (details of which are set out in the Company's circular dated 22 June 2016), it is a marketing name used by the Group for promoting the Buxin Project. Yuecai City is the registered name of the Northwestern and Northern land properties of the Buxin Project |

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| "Yuecai City Northwest Demonstration Area Property Services Agreement" | the agreement dated 20 August 2020, entered into between the Seller and the Target Company in respect of the provision of property management services by the Target Company to the Seller |
| "Yuecai City Preliminary Property Management Services Agreement" | the agreement dated 10 October 2018, entered into between the Seller and the Target Company in respect of the provision of property management services at the properties on the Northwestern Land of the Yuecai City by the Target Company to the Seller and property owners of Yuecai City |
| "Yuecai City Sales Centre Property Services Agreement" | the agreement dated 3 January 2020, entered into between the Seller and the Target Company in respect of the provision of property management services by the Target Company to the Seller |
| "Yuehai Technology" | 粵海科技（深圳）有限公司 (Yuehai Technology (Shenzhen) Co., Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| "%" | per cent. |

*For the purpose of this announcement, unless otherwise specified, conversion of Renminbi, the lawful currency of the PRC, into Hong Kong dollars, the lawful currency of Hong Kong, is based on the approximate exchange rate of HK$1 to RMB0.8447. No representation is made that any amount in HK$ and RMB could be converted at such rate.*

*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.*

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

Hong Kong, 19 November 2020

*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.*

**APPENDIX I – REPORT FROM PRICEWATERHOUSECOOPERS**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.*

羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 深圳市粵海悅生活物業管理有限公司**

**TO THE BOARD OF DIRECTORS OF GUANGDONG LAND HOLDINGS LIMITED**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "**Valuation**") dated 15 September 2020 prepared by 廣東財興資產評估土地房地產估價有限公司 in respect of the appraisal of the fair value of the 100% equity interests in 深圳市粵海悅生活物業管理有限公司 (the "**Disposal Company**") as at 30 June 2020 is based. The Valuation is referred to in the announcement of Guangdong Land Holdings Limited (the "**Company**") dated 19 November 2020 (the "**Announcement**") in connection with the disposal by the Company of a 100% equity interest in the Disposal Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

**Directors' Responsibility for the Discounted Future Estimated Cash Flows**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 4 to 6 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 4 to 6 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

**Opinion**

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 4 to 6 of the Announcement.

**PricewaterhouseCoopers**
Certified Public Accountants
Hong Kong, 19 November 2020

GUANGDONG LAND HOLDINGS LIMITED
粵海置地控股有限公司
*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 00124)**

19 November 2020

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

**Connected Transaction and**
**Continuing Connected Transactions**

We refer to the announcement of the Company dated 19 November 2020 (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to the valuation report dated 15 September 2020 issued by Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd., an independent professional valuer in the PRC (the "**Valuer**") in relation to the valuation (the "**Valuation**") of the Target Company. As the Valuation adopts the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the "**Forecast**").

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation Report prepared by the Valuer for which the Valuer is responsible. We have also engaged PricewaterhouseCoopers to review the arithmetical calculations underlying the Forecast, and considered the report from PricewaterhouseCoopers dated 19 November 2020 as set out in Appendix I to the Announcement.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that, having reviewed the Valuation Report, we are of the view that the Forecast was made after our due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
**Guangdong Land Holdings Limited**
**ZHANG Jun**
*Executive Director and Chief Financial Officer*