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: 0124)

Announcement

Continuing Connected Transaction in relation to the 2020 Sales Centre Property Services Agreement

BACKGROUND

Reference is made to the announcement of the Company dated 31 January 2019 in relation to the continuing connected transaction pursuant to the 2019 Sales Centre Property Services Agreement. The 2019 Sales Centre Property Services Agreement will expire on 31 December 2019.

On 31 December 2019, Guangdong Property Development and Yuehai Property Management entered into the 2020 Sales Centre Property Services Agreement, pursuant to which Yuehai Property Management shall continue to provide certain property services in respect of the sales venue of the Laurel House Project (formerly known as the Zhuguanglu Project) to Guangdong Property Development for the period from 1 January 2020 to 31 December 2020 (both days inclusive).

LISTING RULES IMPLICATIONS

Guangdong Property Development is an indirect wholly-owned subsidiary of the Company. According to Chapter 14A of the Listing Rules, Yuehai Property Management (not being a member of the Group) is an indirect non-wholly owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, and hence, an associate of Guangdong Holdings, and therefore, a connected person of the Company. Accordingly, the transactions contemplated under the 2020 Sales Centre Property Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that both the 2020 Sales Centre Property Services Agreement and the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) were entered into between Guangdong Property Development and Yuehai Property Management, the Continuing Connected Transactions shall be aggregated under the Listing Rules.

As all of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the aggregated annual cap of the Continuing Connected Transactions exceed 0.1% but do not exceed 5%, the transactions under the Continuing Connected Transactions are subject to the reporting and announcement and the annual review requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval.

The Company will comply with the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules in relation to the Continuing Connected Transactions.

BACKGROUND

Reference is made to the announcement of the Company dated 31 January 2019 in relation to the continuing connected transaction pursuant to the 2019 Sales Centre Property Services Agreement. The 2019 Sales Centre Property Services Agreement will expire on 31 December 2019.

On 31 December 2019, Guangdong Property Development and Yuehai Property Management entered into the 2020 Sales Centre Property Services Agreement, pursuant to which Yuehai Property Management shall continue to provide certain property services in respect of the sales venue of the Laurel House Project (formerly known as the Zhuguanglu Project) to Guangdong Property Development for the period from 1 January 2020 to 31 December 2020 (both days inclusive).

THE 2020 SALES CENTRE PROPERTY SERVICES AGREEMENT

A summary of the salient terms of the 2020 Sales Centre Property Services Agreement is set out below:

Date: 31 December 2019

Parties: (1) Guangdong Property Development; and

(2) Yuehai Property Management

Term: 1 January 2020 to 31 December 2020 (both days inclusive)

Subject matter

Pursuant to the 2020 Sales Centre Property Services Agreement, Yuehai Property Management shall provide certain property services to Guangdong Property Development in respect of the sales venue (including sales centre and sample units, etc.) of the Laurel House Project, including cleaning, greening, pest control, and daily customer entertaining and security services of the staff who are responsible for the customer services, facility maintenance and order maintenance in respect of the said sales venue.

The relevant service fees ("**Sales Centre Service Fees**") pursuant to the 2020 Sales Centre Property Services Agreement shall be calculated on the basis of the salary and fringe benefits of the labour providing such services, the one-off investment cost for supplies and on-site consumables at the sales venue and shall be settled on a monthly basis.

Historical transaction amounts

The table below summarises the actual transaction amounts of the relevant service fees under the Sales Centre Property Services Agreements for the two years ended 31 December 2018 and the eleven months ended 30 November 2019:

	2017	**2018**	**January to November 2019**
	RMB	*RMB*	*RMB*
Actual transaction amount	1,969,700 *(Note 1)* (Equivalent to approximately HK$2,199,000)	2,833,429 *(Notes 1 and 2)* (Equivalent to approximately HK$3,163,000)	1,114,405 *(Note 3)* (Equivalent to approximately HK$1,244,000)

Notes:

1. *The transactions for the period prior to 1 February 2018 were covered by an agreement entered into between Guangdong Property Development and Yuehai Property Management on terms similar to the 2018 Sales Centre Property Services Agreement.*

2. *The annual cap of the transactions under the 2018 Sales Centre Property Services Agreement (being RMB1,898,700) as disclosed in the Announcement covers the period from the completion of the acquisition of the entire equity interest of Guangdong Property Development by the Group and the relevant registration procedures (i.e. 11 July 2018) to 31 December 2018, and the relevant transaction amount in 2018 did not exceed the cap amount.*

3. *The annual cap of the transactions under the 2019 Sales Centre Property Services Agreement (being RMB1,354,400) as disclosed in the Sales Centre Property Services Renewal Announcement covers the period from 1 January 2019 to 31 December 2019, and the relevant transaction amount did not exceed the cap amount.*

Annual cap in respect of the transactions under the 2020 Sales Centre Property Services Agreement

As stated in the notes as set out in the above section headed "Historical transaction amounts", the annual caps for the transactions under the Sales Centre Property Services Agreements for the years of 2018 and 2019 were RMB1,898,700 and RMB1,354,400, respectively.

The Board, having considered (1) historical transaction amounts; (2) the number of staff required to provide the services under the 2020 Sales Centre Property Services Agreement (taking into account services of the staff required); (3) the fixed salary, floating salary, overtime charges, benefits, subsidies, union fees, etc. of such staff; (4) the one-off payment for various supplies including staff uniforms and work equipment, etc.; and (5) the costs of various consumables (including food and daily necessities), has set the annual cap in respect of the estimated payment of Sales Centre Service Fees under the 2020 Sales Centre Property Services Agreement for the year ending 31 December 2020 as follows:

	For the year ending 31 December 2020
Annual cap	RMB4,500,000 (Equivalent to approximately HK$5,023,000)

As compared with those of 2019, it is expected that the transaction amounts under the 2020 Sales Centre Property Services Agreement will increase for the reason that considering the residential properties of the Laurel House Project will be still in the progress of sale in 2020 and combining with the services demand of the project sample units and sales centre to ensure the orderly site management, under the 2020 Sales Centre Property Services Agreement, the number of staff deployed by Yuehai Property Management will be higher than that of 2019, thus leading to an increase in the estimated Sales Centre Service Fees.

Reasons for and benefits of entering into the 2020 Sales Centre Property Services Agreement

Yuehai Property Management is a national Grade-A property management company and has ample experience in property management and a high-quality and professional working team. It has received many national, provincial and municipal honours as the best property managers for the properties it has managed. In order to better manage the Laurel House Properties, Guangdong Property Development has decided to continue working with Yuehai Property Management.

In addition, since October 2016, Yuehai Property Management has been providing property services for the Laurel House Project, and its brand and services have been recognised by the owners who had taken possession of or resided in the properties, and it has maintained the stability and consistency of the property management services for the Laurel House Project, which is of high importance for establishing the brand image of the Laurel House Project. The Directors consider that the charging standards of Yuehai Property Management for the Sales Centre Service Fees are reasonable, and the transactions contemplated under the 2020 Sales Centre Property Services Agreement are on normal commercial terms.

Having taken into account the above factors, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the 2020 Sales Centre Property Services Agreement and the annual cap are fair and reasonable and on normal commercial terms or better to the Group, and the transactions contemplated under the 2020 Sales Centre Property Services Agreement are in the usual and ordinary course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Mr. HOU Wailin, Ms. ZHAO Chunxiao and Mr. LI Wai Keung, being Directors, are also directors of Guangdong Holdings and/or its subsidiaries. All of the abovementioned Directors present at the relevant Board meeting abstained from voting on the Board resolutions in respect of the approval of entering into of the 2020 Sales Centre Property Services Agreement and the aggregated annual cap (as stated below). Save the abovementioned Directors, no Directors had a material interest in the transactions contemplated under the 2020 Sales Centre Property Services Agreement or abstained from the voting on the said Board resolutions.

INFORMATION ON THE GROUP

The Group is principally engaged in property development and investment.

INFORMATION ON YUEHAI PROPERTY MANAGEMENT

Yuehai Property Management is principally engaged in property management. Yuehai Property Management (not being a member of the Group) is an indirect non-wholly owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

Guangdong Property Development is an indirect wholly-owned subsidiary of the Company. According to Chapter 14A of the Listing Rules, Yuehai Property Management (not being a member of the Group) is an indirect non-wholly owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, and hence, an associate of Guangdong Holdings, and therefore, a connected person of the Company. Accordingly, the transactions contemplated under the 2020 Sales Centre Property Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that both the 2020 Sales Centre Property Services Agreement and the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) were entered into between Guangdong Property Development and Yuehai Property Management, as disclosed in the Property Management Renewal Announcement, the Continuing Connected Transactions shall be aggregated under the Listing Rules. The Company confirms that the annual cap for the transactions under the Supplemental Agreement to the Property Management Agreement for the year ending 31 December 2020 as set out in the Property Management Renewal Announcement (being RMB6,000,000 (equivalent to approximately HK$6,698,000)) shall continue to apply. The aggregated annual cap for the Continuing Connected Transactions for the year ending 31 December 2020 is RMB10,500,000 (equivalent to approximately HK$11,721,000).

As all of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the aggregated annual cap of the Continuing Connected Transactions exceed 0.1% but do not exceed 5%, the transactions under the Continuing Connected Transactions are subject to the reporting and announcement and the annual review requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval.

The Company will comply with the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules in relation to the Continuing Connected Transactions.

DEFINITIONS

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

"2018 Sales Centre Property Services Agreement"	粵海珠光路項目銷售中心物業服務協議 (Yuehai Zhuguanglu Project Sales Centre Property Services Agreement) entered into between Guangdong Property Development and Yuehai Property Management on 1 February 2018, the details of which are set out in the Announcement

"2019 Sales Centre Property Services Agreement"	粵海珠光路項目樣板房及銷售場所物業服務協議 (Yuehai Zhuguanglu Project Sample Units and Sales Centre Property Services Agreement) entered into between Guangdong Property Development and Yuehai Property Management on 31 January 2019, the details of which are set out in the Sales Centre Property Services Renewal Announcement
"2020 Sales Centre Property Services Agreement"	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 Yuehai Property Management on 31 December 2019
"Announcement"	the announcement of the Company dated 18 July 2018 in respect of, inter alia, the continuing connected transactions of the Company pursuant to the 2018 Sales Centre Property Services Agreement
"associate"	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 and the shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Continuing Connected Transactions"	the transactions contemplated under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) and the 2020 Sales Centre Property Services Agreement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Guangdong Holdings"	廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the PRC, the ultimate controlling shareholder and a connected person of the Company
"Guangdong Property Development"	廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.), a company established in the PRC with limited liability 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

"Laurel House Project"	the construction and development of the Laurel House Properties undertaken by Guangdong Property Development, formerly known as the Zhuguanglu Project
"Laurel House Properties"	the residential and commercial properties located at 43-79 Zhuguang Road, Yuexiu District (越秀區珠光路43-79號) in Guangzhou, the PRC
"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 Agreement"	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 (Preliminary Property Management Services Agreement of Yuehai Laurel House (originally known as Yuehai Zhuguang Yashe District)) entered into between Guangdong Property Development and Yuehai Property Management on 26 October 2016, the details of which are set out in the Property Management Renewal Announcement
"Property Management Renewal Announcement"	the announcement of the Company dated 30 August 2019 in respect of the continuing connected transactions pursuant to the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement)
"RMB"	Renminbi, the lawful currency of the PRC
"Sales Centre Property Services Agreements"	the 2018 Sales Centre Property Services Agreement and the 2019 Sales Centre Property Services Agreement
"Sales Centre Property Services Renewal Announcement"	the announcement of the Company dated 31 January 2019 in respect of the continuing connected transactions pursuant to the 2019 Sales Centre Property Services Agreement
"Sales Centre Service Fees"	has the meaning ascribed to it under the section headed "THE 2020 SALES CENTRE PROPERTY SERVICES AGREEMENT" in this announcement
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement to the Property Management Agreement"	the supplemental agreement entered into between Guangdong Property Development and Yuehai Property Management on 30 August 2019 for the purpose of amending the Property Management Agreement, the details of which are set out in the Property Management Renewal Announcement

“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, being an indirect non-wholly owned subsidiary (not being a member of the Group) of Guangdong Holdings, a connected person of the Company
“%”	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, 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$1 to RMB0.8958. No representation is made that any amount in HK$ and RMB could be converted at such rate.

By Order of the Board
Guangdong Land Holdings Limited
HOU Wailin
Chairman

Hong Kong, 31 December 2019

As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HOU Wailin; four Executive Directors, namely Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang and Ms. ZHU Guang; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.