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 Renewal of Property Management Agreement

BACKGROUND

Reference is made to the announcement of the Company dated 18 July 2018 in relation to the continuing connected transactions of the Company pursuant to the Property Management Agreement entered into between Guangdong Property Development and Yuehai Property Management.

The Property Management Agreement will expire on 31 August 2019. On 30 August 2019, Guangdong Property Development and Yuehai Property Management entered into the Supplemental Agreement to the Property Management Agreement.

Pursuant to the Supplemental Agreement to the Property Management Agreement, Yuehai Property Management shall continue to provide certain property management services in respect of the Laurel House Properties to Guangdong Property Development for the period from 1 September 2019 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 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 Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Continuing Connected Transactions (on an aggregate basis) exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions and the relevant annual caps for the two years ending 31 December 2020 will be 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 under the Listing Rules.

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 18 July 2018 in relation to the continuing connected transactions of the Company pursuant to the Property Management Agreement entered into between Guangdong Property Development and Yuehai Property Management.

The Property Management Agreement will expire on 31 August 2019. On 30 August 2019, Guangdong Property Development and Yuehai Property Management entered into the Supplemental Agreement to the Property Management Agreement.

Pursuant to the Supplemental Agreement to the Property Management Agreement, Yuehai Property Management shall continue to provide certain property management services in respect of the properties under the Laurel House Project (formerly known as the Zhuguanglu Project) to Guangdong Property Development for the period from 1 September 2019 to 31 December 2020 (both days inclusive).

SUPPLEMENTAL AGREEMENT TO THE PROPERTY MANAGEMENT AGREEMENT

A summary of the salient terms of the Supplemental Agreement to the Property Management Agreement is set out below:

Date: 30 August 2019

Parties: (1) Guangdong Property Development; and

(2) Yuehai Property Management

Term: 1 September 2019 to 31 December 2020 (both days inclusive), Guangdong Property Development will consider whether to extend the term on the basis of its then circumstances and needs upon the expiry of the Supplemental Agreement to the Property Management Agreement

Subject matter

Pursuant to the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement), Yuehai Property Management shall continue to provide certain property management services (including property management, centralised air-conditioning, entrusted collection and payment of water and electricity charges, restaurant sewage treatment for the shops in the restaurant area and other miscellaneous services) in respect of the commercial shopping buildings, a sky garden, residential buildings, common facilities, a central garden, and the underground levels (including carpark and equipment rooms), etc. of the Laurel House Properties.

After the Property Management Agreement has been amended by the Supplemental Agreement to the Property Management Agreement, the services fees ("**Laurel House Management Service Fees**") for the abovementioned services shall be paid by Guangdong Property Development to Yuehai Property Management in respect of the relevant properties held, on a monthly basis and shall be calculated at the following monthly rates on a pro rata basis:

(1) Management of residential properties: RMB2.8 per sq. m.;

(2) Management of commercial and shopping units: RMB28 per sq. m. for property management fees of main tenants (that is, a tenancy with gross floor area of more than 2,800 sq. m. or for the entire floor) (including shared water and electricity charges in common shopping areas, excluding energy costs of centralised air-conditioning supply in shops), RMB35 per sq. m. for property management fees of other tenants (other than main tenants) (both rates are lower than such management fees of the Property Management Agreement (before amendment) of RMB45.5 per sq. m.);

(3) Management of underground carpark: property management fees of RMB180 per car-parking space; and

(4) Restaurant sewage treatment for shops in the restaurant area: RMB4.5 per tonne of restaurant's monthly water for domestic use.

Regarding the vacant residential properties, Yuehai Property Management shall continue to charge Guangdong Property Development the following entrusted collection and payment of water and electricity charges ("**Laurel House Entrusted Collection and Payment Fees**") according to the Property Management Agreement. Yuehai Property Management shall collect the relevant fees from Guangdong Property Development on a monthly basis according to the following requirements: electricity shall be charged at 1.1 times the electricity fee as stipulated by the PRC Government and water shall be charged at 1.05 times the water fee as stipulated by the PRC Government, taking into account the relevant wear and tear in the provision of such utilities by Yuehai Property Management.

Historical transaction amounts

The table below summarises the actual transaction amounts of the services under the Property Management Agreement for the year ended 31 December 2018 and the six months ended 30 June 2019 *(Notes 1 and 2)*:

	2018 *RMB*	**January to June 2019** *RMB*
Actual transaction amount	721,465 *(Note 1)* (Equivalent to approximately HK$799,000)	5,162,185 *(Note 2)* (Equivalent to approximately HK$5,715,000)

Notes:

1. *The annual cap of the transactions under the Property Management Agreement for the year of 2018 (being RMB800,000) 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.*

2. *The annual cap of the transactions under the Property Management Agreement for the year of 2019 (being RMB7,040,000) as disclosed in the Announcement covers the period from 1 January 2019 to 31 August 2019, and the relevant transaction amount in January to June 2019 did not exceed the cap amount.*

Annual caps in respect of the transactions under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement)

As stated in the notes as set out in the section headed "Historical transaction amounts", the original annual caps for the transactions under the Property Management Agreement for the years of 2018 and 2019 were RMB800,000 and RMB7,040,000, respectively.

The Board, having considered (1) historical transaction amounts; (2) the gross floor area of residential properties pending for sale; (3) the gross floor area of the commercial and shopping units pending for lease; (4) the number of car-parking spaces; (5) the relevant sales and leasing plans of Guangdong Property Development for the Laurel House Properties; and (6) the estimated sewage treatment fees by reference to the designated restaurant area and the sewage treatment fees incurred in other property projects, has set the annual caps in respect of the abovementioned services under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) for the two years ending 31 December 2020 as follows:

	2019 *RMB*	**2020** *RMB*
Annual caps	10,000,000 *(Note 3)* (Equivalent to approximately HK$11,071,000)	6,000,000 (Equivalent to approximately HK$6,642,000)

Note:

3. *This covers the period from 1 January 2019 to 31 December 2019, the transactions under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement).*

Reasons and benefits of entering into the Supplemental Agreement to the Property Management 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 work 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 unanimously 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. With reference to the statistics from market research on property management fees of other projects in the same district, the Directors consider that the charging standards of Yuehai Property Management for the Laurel House Management Service Fees and the Laurel House Entrusted Collection and Payment Fees are reasonable, and the transactions contemplated under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) are on normal commercial terms.

Having taken into account the above factors, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) and the annual caps are fair and reasonable and on normal commercial terms or better to the Group, and the transactions contemplated under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management 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, Mr. LI Wai Keung, and Mr. ZENG Yi, 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 Supplemental Agreement to the Property Management Agreement and the annual caps. Save the abovementioned Directors, no Directors had a material interest in the transactions contemplated under the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management 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

The Company understands that Yuehai Property Management is principally engaged in property management.

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 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 Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that both the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management Agreement) and the New Sales Centre Property Services Agreement were entered into between Guangdong Property Development and Yuehai Property Management, as disclosed in the Renewal Announcement of the Company dated 31 January 2019, the Continuing Connected Transactions shall be aggregated. The Company confirms that the annual cap for the transactions under the New Sales Centre Property Services Agreement for the year ending 31 December 2019 as set out in the Renewal Announcement (being RMB1,354,400) shall continue to apply, while there is no annual cap for such transactions for the year of 2020 since the New Sales Centre Property Services Agreement will expire on 31 December 2019. The aggregated annual caps for the Continuing Connected Transactions for the year ending 31 December 2019 and 31 December 2020 are RMB11,354,400 (equivalent to approximately HK$12,570,000) and RMB6,000,000 (equivalent to approximately HK$6,642,000) respectively.

As all of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Continuing Connected Transactions (on an aggregate basis) exceed 0.1% but do not exceed 5%, the Continuing Connected Transactions and the relevant annual caps for the two years ending 31 December 2020 will be 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 under the Listing Rules.

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:

"Announcement"	the announcement of the Company dated 18 July 2018 including the continuing connected transactions of the Company pursuant to the Property Management 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 New Sales Centre Property Management Agreement (for the period from 1 February 2019 to 31 December 2019) and the Property Management Agreement (as amended by the Supplemental Agreement to the Property Management 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), 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 Entrusted Collection and Payment Fees"	has the meaning ascribed to it under the section headed "Supplemental Agreement to the Property Management Agreement" in this announcement
"Laurel House Management Service Fees"	has the meaning ascribed to it under the section headed "Supplemental Agreement to the Property Management Agreement" in this announcement
"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;
"New 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 dated 31 January 2019, the details of which are set out in the Renewal Announcement
"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 dated 26 October 2016, the details of which are set out in the Announcement
"Renewal Announcement"	the announcement of the Company dated 31 January 2019 in respect of the continuing connected transactions of the Company pursuant to the New Sales Centre Property Services Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"sq. m."	square meter(s)
"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 dated 30 August 2019 for the purpose of amending the Property Management Agreement
"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 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$1 to RMB0.9033. No representation is made that any amount in HK$ and RMB could be converted at such rate.

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

Hong Kong, 30 August 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 Mr. ZENG Yi; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.