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粤海置地

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 Sales Centre Property Services Agreement

BACKGROUND

Reference is made to the announcement of the Company of 18 July 2018 in relation to the continuing connected transactions of the Company pursuant to the Zhuguanglu Property Management Agreement and the Sales Centre Property Services Agreement between Guangdong Property Development and Yuehai Property Management.

The Sales Centre Property Services Agreement will expire on 31 January 2019. On 31 January 2019, Guangdong Property Development and Yuehai Property Management entered into the New Sales Centre Property Services Agreement.

Pursuant to the New Sales Centre Property Services Agreement, Yuehai Property Management shall continue to provide certain property services in respect of the sales venue of the Zhuguanglu Project to Guangdong Property Development for the period from 1 February 2019 to 31 December 2019 (both days inclusive).

LISTING RULES IMPLICATIONS

Guangdong Property Development is an indirect wholly-owned subsidiary of the Company. Yuehai Property Management, being an indirect non-wholly owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, is an associate of Guangdong Holdings and, hence, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Sales Centre Property Services 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 25% and the total consideration for the Continuing Connected Transactions is under HK$10,000,000, the Continuing Connected Transactions and the relevant annual caps for the year ending 31 December 2019 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 in relation to the continuing connected transactions of the Company pursuant to the Zhuguanglu Property Management Agreement and the Sales Centre Property Services Agreement between Guangdong Property Development and Yuehai Property Management.

The Sales Centre Property Services Agreement will expire on 31 January 2019. On 31 January 2019, Guangdong Property Development and Yuehai Property Management entered into the New Sales Centre Property Services Agreement.

Pursuant to the New Sales Centre Property Services Agreement, Yuehai Property Management shall continue to provide certain property services in respect of the sales venue of the Zhuguanglu Project to Guangdong Property Development for the period from 1 February 2019 to 31 December 2019 (both days inclusive).

THE NEW SALES CENTRE PROPERTY SERVICES AGREEMENT

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

Date: 31 January 2019

Parties: (1) Guangdong Property Development; and

(2) Yuehai Property Management

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

Subject matter

Pursuant to the New Sales Centre Property Services Agreement, Yuehai Property Management shall provide certain preliminary property preparatory services to Guangdong Property Development in respect of the sales venue (including sales centre and sample units, etc.) of the Zhuguanglu Project, including facility maintenance, cleaning, greening, pest control, and management and training of the staff deployed by Guangdong Property Development who are responsible for the concierge, reception, daily customer entertaining and order maintenance in respect of the said sales venue.

The relevant service fees ("**Sales Centre Service Fees**") pursuant to the New Sales Centre Property Services Agreement shall be calculated on the basis of the salary and fringe benefits of the labour providing such services and shall be settled on a monthly basis.

Historical transaction amounts

The table below summarises the actual transaction amounts of the services under the Sales Centre Property Services Agreement for the three years ended 31 December 2018 *(Notes 1 and 2)*:

	For the year ended 31 December		
	2016	**2017**	**2018**
	RMB	*RMB*	*RMB*
Actual transaction amount	Nil	1,969,700 (Equivalent to approximately HK$2,305,000)	2,833,429 (Equivalent to approximately HK$3,316,000)

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 Sales Centre Property Services Agreement.*

2. *The annual cap of the transactions under the Sales Centre Property Services Agreement for the year of 2018 (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 to 31 December 2018, and has not been exceeded.*

Annual cap in respect of the transactions under the Sales Centre Property Services Agreement and the New Sales Centre Property Services Agreement for the year of 2019

The existing annual caps for the transactions under the Sales Centre Property Services Agreement for the years of 2018 and 2019 are RMB1,898,700 and RMB287,700, respectively.

The Board, having considered (1) historical transaction amounts; (2) the number of staff required to provide the services under the New 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; and (4) the one-off payment for various supplies including staff uniforms and toolboxes, etc., has set the annual cap in respect of the services under the Sales Centre Property Services Agreement and the New Sales Centre Property Services Agreement for the year ending 31 December 2019 as follows:

	For the year ending 31 December 2019
	RMB
Annual cap	1,354,400 (*Note 3)* (Equivalent to approximately HK$1,585,000)

Note:

3. *This covers the period from 1 January 2019 to 31 December 2019 and the transactions for the period were covered by (i) the Sales Centre Property Services Agreement from 1 January 2019 to 31 January 2019 and (ii) the New Sales Centre Property Services Agreement from 1 February 2019 to 31 December 2019.*

As compared with those of 2018, it is expected that the transaction amounts under the New Sales Centre Property Services Agreement in 2019 will comparatively decrease for the reason that under the New Sales Centre Property Services Agreement, Guangdong Property Development will deploy its own staff for the concierge, reception, daily customer entertaining and order maintenance in respect of the abovementioned sales venue instead of engaging the services of Yuehai Property Management for such purposes, while Yuehai Property Management will only provide certain management and training services to such staff.

Reasons and benefits of entering into the New 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 abovementioned sales venue, Guangdong Property Development has decided to work with Yuehai Property Management.

The Sales Centre Service Fees were determined after arm's length negotiations between Guangdong Property Development and Yuehai Property Management according to the following methodology and procedure. Guangdong Property Development conducted market research and obtained price quotation in respect of the salary of the relevant staff providing property services in the region. After comparison of the salary of the relevant staff of not less than three comparable property services providers in the market, and taking into account factors including brand recognition effect, quality of services and efficiency in cooperation with the sales department, etc., Guangdong Property Development then underwent price negotiation with Yuehai Property Management in accordance with the relevant internal policy. The engagement has been approved by the management of Guangdong Property Development after the terms of services having been approved by its tender and procurement department, finance and treasury department and human resources department. The Directors are of the view that the abovementioned method and procedure can ensure that the transaction under the New Sales Centre Property Services Agreement is conducted on normal commercial terms and not prejudicial to the interests of Company and its minority Shareholders.

The Board (including the independent non-executive Directors) considers that the terms and conditions of the New 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 under the New 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. HUANG Xiaofeng, Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang 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 New Sales Centre Property Services Agreement and the annual cap. Save the abovementioned Directors, no Directors had a material interest in the transactions under the New 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

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. Yuehai Property Management, being an indirect non-wholly owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, is an associate of Guangdong Holdings and, hence, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Sales Centre Property Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As disclosed in the Announcement, the transactions under the Sales Centre Property Services Agreement and the Zhuguanglu Property Management Agreement have been aggregated. The Company confirms that the annual cap for the transactions under the Zhuguanglu Property Management Agreement for the year ending 31 December 2019 as set out in the Announcement (being RMB7,040,000) shall continue to apply. The aggregated annual cap of the Continuing Connected Transactions for the year ending 31 December 2019 is RMB8,394,400 (equivalent to approximately HK$9,823,000).

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 25% and the total consideration for the Continuing Connected Transactions is under HK$10,000,000, the Continuing Connected Transactions and the relevant annual caps for the year ending 31 December 2019 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 of 18 July 2018 in respect of the continuing connected transactions of the Company purusant to the Zhuguanglu Property Management Agreement and the 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 Sales Centre Property Services Agreement (for the period from 1 January 2019 to 31 January 2019), New Sales Centre Property Management Agreement (for the period from 1 February 2019 to 31 December 2019) and the Zhuguanglu 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;
"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;

"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;
"RMB"	Renminbi, the lawful currency of the PRC;
"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 dated 1 February 2018, the details of which are set out in the Announcement;
"Sales Centre Service Fees"	has the meaning ascribed to it under the section headed "The New 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;
"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;
"Zhuguanglu Project"	the construction and development of the Zhuguanglu Properties undertaken by Guangdong Property Development;
"Zhuguanglu 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;
"Zhuguanglu Property Management Agreement"	粵海珠光雅舍小區前期物業管理服務合同 (Yuehai Zhuguang Yashe District Preliminary Property Management Services Agreement) entered into between Guangdong Property Development and Yuehai Property Management dated 26 October 2016, the details of which are set out in the Announcement; and
"%"	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 RMB into HK$ is based on the approximate exchange rate of HK$1 to RMB0.8546. No representation is made that any amount in HK$ and RMB could be converted at such rate.

By Order of the Board
Guangdong Land Holdings Limited
HUANG Xiaofeng
Chairman

Hong Kong, 31 January 2019

As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HUANG Xiaofeng; 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.