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GUANGDONG LAND HOLDINGS LIMITED
粤海置地控股有限公司

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

Announcement

Continuing Connected Transactions
in relation to
Property Management Services Agreements

BACKGROUND

On 10 May 2021, GDL Zhuhai (an indirect wholly-owned subsidiary of the Company) and the Guangdong Holdings Group entered into the Property Management Services Agreements in relation to the provision of property management services by the Guangdong Holdings Group to GDL Zhuhai.

LISTING RULES IMPLICATIONS

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

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

BACKGROUND

On 10 May 2021, GDL Zhuhai and the Guangdong Holdings Group entered into the Property Management Services Agreements in relation to the provision of property management services by the Guangdong Holdings Group to GDL Zhuhai.

THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

1. Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement

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

Date: 10 May 2021

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

Term: 10 May 2021 to 31 December 2021

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

Service fees and payment terms: (i) GDL Zhuhai shall pay monthly service fees to Yuehai Property Management which comprises labour costs, other staff costs, outsourcing service fees and property management service fees on a monthly basis within one month after receiving the relevant invoice issued by Yuehai Property Management.

The labour costs shall be calculated based on the actual labour costs incurred in the relevant month, and the outsourcing service fees shall be calculated based on the estimated labour costs. Other staff costs shall be calculated based on the actual number of staff and expenses related to work clothes laundry, meal and dormitory. The property management service fees shall be charged by Yuehai Property Management at approximately RMB42,263 (equivalent to approximately HK\$51,000) per month and may be deducted by 5-10% depending on the service satisfaction rating rated by GDL Zhuhai.

- (ii) GDL Zhuhai shall pay one-off service fees to Yuehai Property Management within one month from the date of the agreement, which includes one-off material input fees (for example computers, walkie-talkies, fire extinguishers and other equipment, and staff uniforms, etc.) and initial cleaning fees, which includes cleaning fee of approximately RMB25 (equivalent to approximately HK\$30.1) per square metre and formaldehyde removal fee of approximately RMB25 (equivalent to approximately HK\$30.1) per square metre.

The total service fees to be received by Yuehai Property Management under the Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement for the period from 10 May 2021 to 31 December 2021 are expected to be approximately RMB3,719,185 (equivalent to approximately HK\$4,483,000).

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

Annual cap: RMB4,200,000 (equivalent to approximately HK\$5,063,000) for the period from 10 May 2021 to 31 December 2021.

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

2. Zhuhai Jinwan Project Preliminary Property Services Agreement

A summary of the salient terms of the Zhuhai Jinwan Project Preliminary Property Services Agreement is set out below:

Date: 10 May 2021

Parties: (a) GDL Zhuhai
(b) Yuehai Property Management Zhuhai Branch

Term: 10 May 2021 to 9 May 2024

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

Service fees and payment terms: Pursuant to the Zhuhai Jinwan Project Preliminary Property Services Agreement:

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

Property service fees for (1) owners of high-rise residential properties shall be charged at RMB3 (equivalent to approximately HK\$3.6) per square metre per month; (2) owners of office premises shall be charged at RMB29 (equivalent to approximately HK\$35.0) per square metre per month; (3) owners of commercial properties shall be charged at RMB8 (equivalent to approximately HK\$9.6) per square metre per month; and (4) owners of car parking spaces shall be charged at RMB70 (equivalent to approximately HK\$84.4) per parking space per month; and

- (ii) the respective owners of (1) and (3) above shall share and pay the actual water and electricity charges for the public areas, the amounts of which shall be calculated according to the charging standards of relevant water and power supply enterprises.

The aforesaid fees shall be payable by the relevant owners before the 10th day of each month.

The service fees for the owners of properties completed but not delivered shall be payable by GDL Zhuhai. (For the avoidance of doubt, the relevant owners shall be responsible for the payment of service fees for the properties once the properties are delivered to the relevant owners.) GDL Zhuhai shall pay the property service fees of the prevailing month to Yuehai Property Management Zhuhai Branch before the 10th day of each month.

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

Annual caps:

RMB0 (equivalent to HK\$0) for the period from 10 May 2021 to 31 December 2021;

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

RMB6,600,000 (equivalent to approximately HK\$7,956,000) for the period from 1 January 2023 to 31 December 2023; and

RMB400,000 (equivalent to approximately HK\$482,000) for the period from 1 January 2024 to 9 May 2024.

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

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

As (i) Yuehai Property Management and (ii) Yuehai Property Management Zhuhai Branch have extensive property management experience in the PRC, by (i) entering into the Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement with Yuehai Property Management; and (ii) entering into the Zhuhai Jinwan Project Preliminary Property Services Agreement with Yuehai Property Management Zhuhai Branch, respectively, the Group will be able to enjoy the quality property management services provided to it by Yuehai Property Management and Yuehai Property Management Zhuhai Branch.

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

INFORMATION ON PARTIES TO THE PROPERTY MANAGEMENT SERVICES AGREEMENTS

Information on GDL Zhuhai

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

Information on the Group

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

Information on Yuehai Property Management

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

Information on Yuehai Property Management Zhuhai Branch

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

Information on Guangdong Holdings

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

LISTING RULES IMPLICATIONS

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

On a standalone basis, as the highest applicable percentage ratio in respect of each of the continuing connected transactions under the Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement and the Zhuhai Jinwan Project Preliminary Property Services Agreement is more than 0.1% but all of the ratios are less than 5%, the aforementioned transactions are subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

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

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

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“GDL Zhuhai”	珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the PRC with limited liability and the ultimate controlling shareholder of the Company
“Guangdong Holdings Group”	Guangdong Holdings and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Property Management Services Agreements”	(i) Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement and (ii) Zhuhai Jinwan Project Preliminary Property Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Yuehai Property Management”	粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Guangdong Holdings
“Yuehai Property Management Zhuhai Branch”	粵海物業管理有限公司珠海分公司 (Yuehai Property Management Co., Ltd. Zhuhai Branch), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Guangdong Holdings
“Zhuhai Jinwan Project”	the property development project of the Group in Jinwan District, Zhuhai City, the PRC

“Zhuhai Jinwan Project Preliminary Property Services Agreement”	珠海市粵海拾桂苑項目前期物業服務合同 (Zhuhai City Yuehai Shiguiyuan Project Preliminary Property Services Agreement) dated 10 May 2021 entered into between GDL Zhuhai and Yuehai Property Management Zhuhai Branch in relation to the provision of property management services for the Zhuhai Jinwan Project by Yuehai Property Management Zhuhai Branch to GDL Zhuhai
“Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement”	珠海金灣（粵海拾桂苑）項目案場（營銷中心及樣板房）物業服務協議 (Zhuhai Jinwan (Yuehai Shiguiyuan) Project Site (Sales Centre and Sample Units) Property Services Agreement) dated 10 May 2021 entered into between GDL Zhuhai and Yuehai Property Management in relation to the provision of property management services for the sales centre and sample units of the Zhuhai Jinwan Project site by Yuehai Property Management to GDL Zhuhai
“%”	per cent.

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

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.8296 (if applicable). No representation is made that any amount in HK\$ and RMB could be converted at such rate.

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

Hong Kong, 10 May 2021

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