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恒隆地產有限公司

HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00101)

CONTINUING CONNECTED TRANSACTION MANAGEMENT AGREEMENT

On September 21, 2022, HLP (China), an indirect wholly-owned subsidiary of the Company, entered into the Management Agreement with Country Link regarding the provision of Management Services for Grand Gateway to Country Link.

Country Link is a connected person of the Company as it is an indirect non-wholly-owned subsidiary of HLG, a substantial shareholder of the Company. Accordingly, the entering into of the Management Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Management Agreement exceeds 0.1% but is below 5%, the transactions contemplated under the Management Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE MANAGEMENT AGREEMENT

The principal terms of the Management Agreement are set out below:

Date

The Management Agreement is dated September 21, 2022 and is deemed to have taken effect on January 1, 2022.

Parties

- (a) HLP (China) (as Management Services provider); and
- (b) Country Link (as Management Services recipient).

Term

The term for provision of the Management Services is from January 1, 2022 to December 31, 2024.

Management Services

Since January 1, 2022, HLP (China) has been providing the Management Services to Country Link and will continue to provide the Management Services to Country Link throughout the Term. As at the date of this announcement, Country Link has not paid any Management Fees to HLP (China).

The scope of the Management Services to be provided by HLP (China) to Country Link includes:

- (1) providing advice and direction on the renting, operation and management of Grand Gateway;
- (2) introducing multinational corporations and companies with famous brands as tenants of Grand Gateway;
- (3) recommending the implementation of retail, marketing and financial strategies for the management and operation of Grand Gateway;
- (4) giving advice on any rules and regulations regulating the use, fit-out, operation, maintenance and management of Grand Gateway;
- (5) obeying, complying with and carrying out all reasonable directions or orders laid down by Country Link;
- (6) doing all such other things as are reasonably incidental to the renting, operation and management of Grand Gateway at the direction of Country Link; and
- (7) carrying out all such other work which, in the reasonable opinion of HLP (China), is necessary or incidental to the implementation of instructions from Country Link given in accordance with the terms of the Management Agreement.

Management Fees

The Management Fees to be paid by Country Link to HLP (China) shall be equal to 2.5% of the annual gross turnover of Grand Gateway, which was determined based on the Group's knowledge of the range of effective rates on similar arrangements in the industry, and shall be payable on an annual basis but shall not exceed the Annual Caps set forth below.

Annual Caps

The Annual Caps for each of the three years ending December 31, 2024 are as follows:

	Year ending December 31,		
	2022	2023	2024
	(HK\$ Million)	(HK\$ Million)	(HK\$ Million)
Annual Caps	67.0	67.0	67.0

The Annual Caps were determined after taking into account (i) the annual gross turnover of Grand Gateway for the year ended December 31, 2021; (ii) the projected annual gross turnover of Grand Gateway for the three years ending December 31, 2024, after considering the ongoing and future asset enhancements at, and also the potential increase in customers and tenants of Grand Gateway; and (iii) the potential appreciation of Renminbi.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE MANAGEMENT AGREEMENT

HLP (China) has extensive knowledge and experience in the management and operation of offices and retail commercial buildings. The entering into of the Management Agreement is in the ordinary course of its business of providing management services and can further improve the competitiveness, strategic market position and development plan of Grand Gateway. The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Management Agreement is in the ordinary and usual course of business of the Group, and the terms of the Management Agreement are on normal commercial terms after arm's length negotiations with reference to the reasons set out above, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Country Link is a connected person of the Company as it is an indirect non-wholly-owned subsidiary of HLG, a substantial shareholder of the Company. Accordingly, the entering into of the Management Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As Mr. Adriel Chan and Mr. Ronnie C. Chan (as father of Mr. Adriel Chan) may be regarded as having a material interest in the Management Agreement, each of them has voluntarily abstained from voting on the Board resolutions approving the Management Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Management Agreement and therefore, was required to abstain from voting on the Board resolutions approving the Management Agreement and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Annual Caps under the Management Agreement exceeds 0.1% but is below 5%, the transactions contemplated under the Management Agreement is subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE COMPANY, HLP (CHINA) AND COUNTRY LINK

The Company is the property arm of its holding company, HLG, being one of the largest property development and investment companies in Hong Kong in terms of its market capitalisation. The principal activities of the Company are investment holding, and through its subsidiaries, property investment for rental income, property development for sales and leasing, car park management and property management, both in Hong Kong and the PRC.

HLP (China) is principally engaged in the provision of management services.

Country Link is an investment holding company, and through its subsidiaries, engaged in the business of property leasing. As at the date of this announcement, Country Link indirectly holds a 94% interest in Grand Gateway and Country Link is held as to 73.68% by Ease Smart, which is in turn a joint venture between HLG via its wholly-owned subsidiary and the Company via its wholly-owned subsidiary, and 26.32% by Hysan Development Company Limited via its wholly-owned subsidiary.

DEFINITIONS

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

“Annual Caps”	maximum aggregate annual amounts of Management Fees to be received by HLP (China) pursuant to the Management Agreement
“Board”	the board of Directors
“Company”	Hang Lung Properties Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00101) and a listed non-wholly-owned subsidiary of HLG
“connected person”	has the meaning as defined in the Listing Rules
“Country Link”	Country Link Enterprises Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly-owned subsidiary of HLG. As at the date of this announcement, it is held as to 73.68% by Ease Smart, and 26.32% by Hysan Development Company Limited (Stock Code: 00014) via its wholly-owned subsidiary
“Director(s)”	the director(s) of the Company

“Ease Smart”	Ease Smart Development Limited, a company incorporated in Hong Kong with limited liability and a joint venture between HLG via its wholly-owned subsidiary and the Company via its wholly-owned subsidiary
“Grand Gateway”	Grand Gateway 66, a property development in Shanghai, PRC which comprises a shopping centre, a block of office building, a few blocks of service apartments and certain other facilities
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HLG”	Hang Lung Group Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00010), holding approximately 59.65% of the issued shares of the Company as at the date of this announcement
“HLP (China)”	HLP (China) Administrative Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	the management agreement dated September 21, 2022 entered into between HLP (China) and Country Link for the provision of Management Services by HLP (China) to Country Link
“Management Fees”	the management fees to be paid by Country Link to HLP (China) pursuant to the Management Agreement, details of which are set out in the subsection headed “Management Fees” in this announcement
“Management Services”	the management services for Grand Gateway to be provided by HLP (China) to Country Link pursuant to the Management Agreement, details of which are set out in the subsection headed “Management Services” in this announcement
“PRC”	the People’s Republic of China (for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as defined in the Listing Rules

“Term” January 1, 2022 to December 31, 2024

“%” per cent

By Order of the Board
Winnie MA
Company Secretary

Hong Kong, September 21, 2022

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. Kenneth K.K. CHIU

Non-Executive Director: Mr. Philip N.L. CHEN

Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Dr. Andrew K.C. CHAN, Prof. H.K. CHANG and Ms. Anita Y.M. FUNG