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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 2025 MANAGEMENT AGREEMENT

Reference is made to the 2022 Announcement in relation to the 2022 Management Agreement entered between HLP (China), an indirect wholly-owned subsidiary of the Company, and Country Link regarding the provision of management services for Grand Gateway.

The 2022 Management Agreement will expire on December 31, 2024. On December 9, 2024, HLP (China) and Country Link entered into the 2025 Management Agreement to renew the transactions under the 2022 Management Agreement and the annual caps thereunder.

As at the date of this announcement, Country Link is an indirect non-wholly-owned subsidiary of HLG, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the entering into of the 2025 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 2025 Management Agreement exceed 0.1% but are below 5%, the 2025 Management Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the 2022 Announcement in relation to the 2022 Management Agreement entered between HLP (China), an indirect wholly-owned subsidiary of the Company, and Country Link regarding the provision of management services for Grand Gateway.

The 2022 Management Agreement will expire on December 31, 2024. On December 9, 2024, HLP (China) and Country Link entered into the 2025 Management Agreement to renew the transactions under the 2022 Management Agreement and the annual caps thereunder.

THE 2025 MANAGEMENT AGREEMENT

The principal terms of the 2025 Management Agreement are set out below:

Date

December 9, 2024

Parties

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

Term

From January 1, 2025 to December 31, 2027.

Management Services

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

- (a) providing advice and direction on the renting, operation and management of Grand Gateway;
- (b) introducing multinational corporations and companies with famous brands as tenants of Grand Gateway;
- (c) recommending the implementation of retail, marketing and financial strategies for the management and operation of Grand Gateway;
- (d) giving advice on any rules and regulations regulating (without limiting the generality thereof) the use, fit-out, operation, maintenance and management of Grand Gateway;
- (e) obeying, complying with and carrying out all reasonable directions or orders laid down by Country Link;
- (f) 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
- (g) 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 2025 Management Agreement.

Management Fees

The Management Fees shall be equal to 2.5% of the annual gross turnover of Grand Gateway but shall not exceed the Annual Caps set forth below, which was determined based on the Group's knowledge of the range of effective rates on similar arrangements in the industry and the historical management fees under the 2022 Management Agreement and shall be payable on an annual basis.

Annual Caps

The Annual Caps for each of the three years ending December 31, 2025, 2026 and 2027 are as follows:

	Year ending December 31,		
	2025 (HK\$ Million)	2026 (HK\$ Million)	2027 (HK\$ Million)
<i>Annual Caps</i>	67.0	67.0	67.0

The Annual Caps were determined after taking into account:

- (a) the annual caps under the 2022 Management Agreement;
- (b) the management fees paid for the two years ended December 31, 2022 and 2023, and the management fees payable for the ten months ended October 31, 2024 under the 2022 Management Agreement;
- (c) the projected annual gross turnover of Grand Gateway for the year ending December 31, 2024; and
- (d) the projected annual gross turnover of Grand Gateway for the three years ending December 31, 2025, 2026 and 2027, after considering the ongoing and future asset enhancements at, and also the potential increase in customers and tenants of Grand Gateway.

HISTORICAL TRANSACTION AMOUNTS

The annual caps under the 2022 Management Agreement and the management fees paid for the two years ended December 31, 2022 and 2023 and the management fees payable for the ten months ended October 31, 2024 under the 2022 Management Agreement are set out below:

	Year ended December 31,		Ten months ended
	2022 (HK\$ Million)	2023 (HK\$ Million)	October 31, 2024 (HK \$ Million)
Annual caps	67.0	67.0	67.0
Management fee received	48.8	48.3	37.9

Taking into account of the management fees payable by Country Link to HLP (China) for the ten months ended October 31, 2024, and the expected gross turnover of Grand Gateway from November 1, 2024 to December 31, 2024, it is expected that the management fees for the year ending December 31, 2024 will not exceed the relevant annual cap. None of the aforesaid management fees exceeded or are expected to exceed their respective annual caps for the corresponding financial years.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2025 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 2025 Management Agreement 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 2025 Management Agreement are in the ordinary and usual course of business of the Group, and the terms of the 2025 Management Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Country Link is an indirect non-wholly-owned subsidiary of HLG, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the entering into of the 2025 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, an executive Director, may be regarded as having a material interest in the 2025 Management Agreement, he has voluntarily abstained from voting on the Board resolutions approving the 2025 Management Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the 2025 Management Agreement and therefore, was required to abstain from voting on the Board resolutions approving the 2025 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 2025 Management Agreement exceed 0.1% but are below 5%, the 2025 Management Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are 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.

DEFINITIONS

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

“2022 Announcement”	the announcement of the Company dated September 21, 2022
“2022 Management Agreement”	the management agreement dated September 21, 2022 entered into between HLP (China) and Country Link, details of which are set out in the 2022 Announcement
“2025 Management Agreement”	the management agreement dated December 9, 2024 entered into between HLP (China) and Country Link for the provision of Management Services by HLP (China) to Country Link
“Annual Caps”	maximum aggregate annual amounts of Management Fees to be received by HLP (China) pursuant to the 2025 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, Country Link Enterprises Limited indirectly holds 94% interest in Grand Gateway and 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 serviced apartments, which certain of the serviced apartments building is currently intended to be converted into a hotel, 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 63.65% 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 Fees”	the management fees to be paid by Country Link to HLP (China) pursuant to the 2025 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 2025 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 People’s Republic of China and Taiwan)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as defined in the Listing Rules
“%”	per cent

By Order of the Board
Winnie MA
Company Secretary

Hong Kong, December 9, 2024

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

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

Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Philip N.L. CHEN, Dr. Andrew K.C. CHAN, Ms. Anita Y.M. FUNG and Ms. Holly T.F. LI