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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

**EXEMPT CONTINUING CONNECTED TRANSACTION
PROPERTY SERVICES FRAMEWORK AGREEMENT**

THE AGREEMENT

Reference is made to the announcement of the Company dated 9 April 2020 in relation to the 2020 Framework Agreement, pursuant to which the Guangzhou Fuxing Group agreed to provide property management and relevant services to the Group for the period from 9 April 2020 to 31 December 2020 (both days inclusive). Since the 2020 Framework Agreement and the existing service agreements between certain members of the Group and the Guangzhou Fuxing Group have expired on 31 December 2020, and it is expected that the Group will continue to procure property management and relevant services from the Guangzhou Fuxing Group. On the date of this announcement, the Company (for itself and on behalf of its subsidiaries) and Guangzhou Fuxing (for itself and on behalf of its subsidiaries) entered into the Agreement in respect of the provision of various types of property management services by the Guangzhou Fuxing Group to the Group for the period from 1 January 2021 to 31 December 2021.

LISTING RULES IMPLICATIONS

Guangzhou Fuxing is owned as to 50% by Dr. Li and as to 50% by Mr. Zhang, each of whom is an executive Director and a substantial shareholder of the Company. Guangzhou Fuxing is an associate of Dr. Li and Mr. Zhang and a connected person of the Company. The transactions under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the transactions under the Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Agreement are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Dr. Li and Mr. Zhang are shareholders of Guangzhou Fuxing, they are respectively considered to have a material interest in the Agreement. Ms. Li Helen and Ms. Zhang Lin are non-executive Directors and the sisters of Dr. Li and Mr. Zhang, respectively. Accordingly, each of Ms. Li Helen and Ms. Zhang Lin is also considered to be interested in the Agreement. Each of Dr. Li, Mr. Zhang, Ms. Li Helen and Ms. Zhang Lin has abstained from voting on the relevant Board resolutions in relation to the Agreement. Save as disclosed, no other Director has a material interest in the Agreement.

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The major terms of the Agreement are summarized as follows:

- Date: 5 February 2021
- Term: 1 January 2021 to 31 December 2021
- Parties: (1) the Company; and
(2) Guangzhou Fuxing

Scope of services: The Guangzhou Fuxing Group is engaged to provide a variety of services to the Group, including basic residential property management services, non-owner value-added services, basic commercial property management services and commercial operation and management services (the “**Services**”). In particular, the Group has engaged the Guangzhou Fuxing Group to provide the following services to the Group, the pricing policies and payment terms of which are set out as follows:

(a) Basic residential property management services

Scope of services: The Guangzhou Fuxing Group will provide a wide range of basic residential property management services, including but not limited to security, cleaning, greening, repair and maintenance, residential parking lot management, etc.

Pricing policy: The service fees for each project may be charged on a lump sum fee basis with reference to the total gross floor area or the number of parking spaces multiplied by an agreed unit price, or such other basis as may be agreed between the parties with reference to the circumstances of such project. The service fees will be determined after taking into account the type of the development project, the market price of relevant services on the market, the standard fees designated by the relevant regulatory authorities (if any), the anticipated operational costs (including labour costs, material costs and administrative costs) and the anticipated increase in such costs due to inflation and other socio-economic factors.

Payment term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the Individual Property Services Agreement to be entered into.

(b) Non-owner value-added services

Scope of services: The Guangzhou Fuxing Group will provide non-owner value-added services for residential properties, including but not limited to sales site services (for assisting developers to display and promote their properties, including visitor reception, display unit cleaning, order control and maintenance, visitor management, and entrustment of engineering maintenance), residential property consulting services (pre-planning, design consulting, construction management services), undertaking of inspections, undertaking of delivery, pre-delivery cleaning services, special entrusted services (freelance services entrusted by developers, installation of smart parking system), etc.

Pricing policy: The service fees for each project may be charged on a lump sum fee basis with reference to the total gross floor area, level of demand or the number of parking spaces multiplied by an agreed unit price, or such other basis as may be agreed between the parties with reference to the circumstances of such project. The service fees will be determined after taking into account the type of the development project, period of the project, market price of relevant services on the market, the standard fees designated by the relevant regulatory authorities (if any), the anticipated operational costs (including labour costs, material costs and administrative costs) and the anticipated increase in such costs due to inflation and other socio-economic factors.

Payment term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) based on the project progress pursuant to the relevant terms in the Individual Property Services Agreement to be entered into.

(c) Basic commercial property management services

Scope of services: The Guangzhou Fuxing Group will provide a wide range of basic commercial property management services, including but not limited to security, cleaning, greening, repair and maintenance, parking lot management as well as other related services for shopping malls, offices, apartments, etc.

Pricing policy: The service fees for each project may be charged on a lump sum fee basis with reference to the total gross floor area or the number of parking spaces multiplied by an agreed unit price, or such other basis as may be agreed between the parties with reference to the circumstances of such project. The service fees will be determined after taking into account the type of the assets, the market price of relevant services on the market, the standard fees designated by the relevant regulatory authorities (if any), the anticipated operational costs (including labour costs, material costs and administrative costs) and the anticipated increase in such costs due to inflation and other socio-economic factors.

Payment term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms in the Individual Property Services Agreement to be entered into.

(d) Commercial operations and management services

Scope of services: The Guangzhou Fuxing Group will provide a wide range of business operations and management services, including but not limited to (1) market research and positioning services, business consulting services (pre-planning, design consulting, construction management services), marketing and promotional services (planning for business opening during the preparation period, services of opening activities), business solicitation services (including contract and agency services during the pre-opening period), etc during the pre-operation period; and (2) business operation basic services, provision of overtime air-conditioning services, marketing and promotional services (provided to owners and tenants during the operation period), business solicitation services (including rental and commission income during the business period), asset management services (tenant management and rent collection services, tenant operation support, contracting and agency services, aftermarket and unsold parking lot consignment service), etc. during the business operation period.

Pricing policy: The service fees will be determined after taking into account the type of the assets, the market price of relevant services on the market, the standard fees designated by the relevant regulatory authorities (if any), the anticipated operational costs (including labour costs, material costs and administrative costs) and the anticipated increase in such costs due to inflation and other socio-economic factors.

Payment term: Payment shall be made annually, half-yearly, quarterly or monthly (as the case may be) based on the sales progress pursuant to the relevant terms in the Individual Property Services Agreement to be entered into.

Individual Property Services Agreement(s) and guiding principles: For each development project of the Group which requires the Services under the Agreement, the relevant member of the Group and the relevant member of the Guangzhou Fuxing Group will enter into one or more individual property services agreements (the “**Individual Property Services Agreement(s)**”) setting out the specific scope of services required, the amount of fees payable and the payment terms thereof.

The terms of an Individual Property Services Agreement shall be negotiated at arm’s length and determined based on normal commercial terms and with reference to the terms and conditions of comparable services offered to the Group by independent third parties with reference to the prevailing terms and conditions of other comparable services in the market within the knowledge of the Company.

The terms of the Individual Property Services Agreements shall be determined in accordance with the conditions and principles set out in the Agreement. In the event that there is any conflict between the Agreement and any Individual Property Services Agreement, the conditions and principles of the Agreement shall prevail.

Termination: The Company has the right to suspend the performance of the Services under the Agreement from time to time if it reasonably determines that the applicable annual cap as may be announced by the Company for the transactions contemplated thereunder may be exceeded.

Historical transaction amounts

For each of the two years ended 31 December 2019 and the ten months ended 31 October 2020, the aggregate amount of the historical service fees paid by the Group to the Guangzhou Fuxing Group for property services amounted to approximately RMB286,696,000, RMB409,394,000 and RMB553,357,000, respectively.

Annual cap and its basis

The annual cap of the service fees payable by the Group for the transactions contemplated under the Agreement for the year ending 31 December 2021 shall not exceed RMB1,350,000,000.

The above annual cap is determined principally with reference to the following factors:

- (a) the aggregate amount of historical service fees paid by the Group to the Guangzhou Fuxing Group for the Services for each of the two years ended 31 December 2019 and the ten months ended 31 October 2020;
- (b) the estimated demand of the Group for the Services for the year ending 31 December 2021 with reference to the estimated transaction amounts of the Agreement entered into with Guangzhou Fuxing Group and the existing and future development projects of the Group; and
- (c) other factors such as the Group’s business plans and inflation.

Internal control

In determining the service fees payable to the Guangzhou Fuxing Group for the Services, the internal control department of the Company will conduct regular research and study on market data such as (i) the prevailing terms and conditions of other comparable services in the market and (ii) the number and type of development projects which require property management services, and review and assess the reasonableness of the quotations and pricing terms provided by the Guangzhou Fuxing Group to the Group.

In addition, the Group will obtain at least two quotations from other independent third parties providing similar services in the market (the “**Independent Quotations**”) and conduct online research in the market in respect of similar services provided by other independent service providers, and make comparison with respect to the Independent Quotations. In the event that the Group is able to obtain a price from comparable independent third party service providers which is more favourable than those offered by the Guangzhou Fuxing Group, the Group will negotiate the pricing terms with the Guangzhou Fuxing Group. The Group will only procure for the Services from the Guangzhou Fuxing Group if the service fees payable to the Guangzhou Fuxing Group will not exceed those offered by other independent third party service providers in the market.

Subject to the general principles disclosed above, the pricing policy will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure the transactions contemplated under the Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole. The finance department of the Company will regularly collect detailed information on the connected transaction, and is responsible for monthly monitoring and review of the balance of the annual cap of the continuing connected transaction. If it is expected that the annual cap for the continuing connected transaction will exceed that year, the financial department of the Company will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Listing Rules. The relevant personnel and management of the Group will also conduct regular checks on a bi-annual basis to review and assess whether the transactions under the Individual Property Services Agreements are conducted in accordance with the terms of the Agreement and in accordance with the aforesaid pricing policy.

The Company’s external auditors will conduct an annual review of the transactions in relation to the Agreement to ensure the transaction amounts are within the annual cap and the transactions are in accordance with the terms of the Agreement and the relevant Individual Property Services Agreement(s).

The independent non-executive Directors will also conduct an annual review of the status of the transactions in relation to the Agreement to ensure that the Group has complied with its internal approval process, the terms of the Agreement and the relevant Individual Property Services Agreement(s), and the relevant requirements under the Listing Rules.

The Directors are of the view that the above internal control measures are appropriate in ensuring that the transactions in relation to the Agreement will be conducted on normal commercial terms, will not be prejudicial to the interests of the Company and the Shareholders, and will be in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in the development and sale of properties, property investment, hotel operation and other property development related services in the PRC.

The Guangzhou Fuxing Group is experienced in providing property management services in the PRC. The Board believes that given its experience, the Guangzhou Fuxing Group can continue to provide reliable support to the Group's property development business.

The Guangzhou Fuxing Group has established a long-term cooperative relationship with the Group and will provide services to the Group in the ordinary and usual course of business. The Guangzhou Fuxing Group has a good track record in providing stable, efficient and satisfactory management services to the Group. Compared with other independent third-party service providers, it maintains generally better and more efficient communication with the Group, and has a more thorough understanding of the service requirements of the Group. As such, the Agreement represents a stable and trustworthy business relationship which the Company can leverage to achieve its business objectives.

The Directors (including the independent non-executive Directors but excluding the Interested Directors) are of the view that the Agreement has been entered into in the ordinary course of business of the Group and on normal commercial terms, and its terms are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Guangzhou Fuxing is owned as to 50% by Dr. Li and as to 50% by Mr. Zhang, each of whom is an executive Director and a substantial shareholder of the Company. Guangzhou Fuxing is an associate of Dr. Li and Mr. Zhang and a connected person of the Company. The transactions under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the transactions under the Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Agreement are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Guangzhou Fuxing is owned as to 50% by Dr. Li and as to 50% by Mr. Zhang, each of Dr. Li and Mr. Zhang is considered to have a material interest in the Agreement. Ms. Li Helen and Ms. Zhang Lin are non-executive Directors and the sisters of Dr. Li and Mr. Zhang, respectively. Accordingly, each of Ms. Li Helen and Ms. Zhang Lin is also considered to be interested in the Agreement. Each of Dr. Li, Mr. Zhang, Ms. Li Helen and Ms. Zhang Lin has abstained from voting on the relevant Board resolutions in relation to the Agreement. Save as disclosed, no other Director has a material interest in the Agreement.

DEFINITIONS

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

“Agreement”	the agreement dated 5 February 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Guangzhou Fuxing (for itself and on behalf of its subsidiaries) in respect of the provision of the Services by the Guangzhou Fuxing Group to the Group
“2020 Framework Agreement”	the framework agreement dated 9 April 2020 entered into between the Company, 大同恒富物業服務有限公司 (Datong Hengfu Property Management Co., Ltd.*), 天津華信物業管理有限公司 (Tianjin Huaxin Property Management Co., Ltd.*) and 廣州天力物業發展有限公司 (Guangzhou Tianli Property Management Co., Ltd.*) (all are subsidiaries of Guangzhou Fuxing) in relation to the provision of services by Guangzhou Fuxing Group to the Group
“Board”	the board of the Company
“Company”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability and the H shares of which are listed on the main board of the Stock Exchange (stock code: 2777)
“Director(s)”	the director(s) of the Company
“Dr. Li”	Dr. Li Sze Lim, an executive Director and a substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Fuxing”	廣州富星投資諮詢有限公司 (Guangzhou Fuxing Investment Consultation Co., Ltd.*), a company established in the PRC with limited liability

“Guangzhou Fuxing Group”	Guangzhou Fuxing and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Quotations”	as defined under the section headed “Internal control” of this announcement
“Individual Property Services Agreement(s)”	as defined under the section headed “THE AGREEMENT” of this announcement
“Interested Directors”	Dr. Li, Mr. Zhang, Ms. Li Helen and Ms. Zhang Lin
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Li, an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	as defined under the section headed “THE AGREEMENT” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Guangzhou R&F Properties Co., Ltd.
Michael Lee
Company Secretary

5 February 2021, Hong Kong

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhang Hui and Mr. Xiang Lijun; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purposes only*