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Tsim Sha Tsui Properties Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 247)



Sino Land Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 83)

CONTINUING CONNECTED TRANSACTIONS

JOINT ANNOUNCEMENT

The respective boards of directors of TST Properties and Sino Land wish to announce that on 28th June, 2019, Sino Land Group entered into the New Agreements with the Ng Family in respect of certain existing Continuing Connected Transactions between Sino Land Group and the Ng Family from time to time relating to the provisions of building cleaning services, car park management services, estate management and general administrative services, security services and leasing of properties respectively which were provided for in the Original Agreements. The Original Agreements will expire on 30th June, 2019. The New Agreements have been entered into to, among others, continue the Continuing Connected Transactions provided under the Original Agreements and to provide the new annual caps for the corresponding years. The New Agreements have been entered into for a term of three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive).

Whilst the occurrence of these transactions will depend on the business requirements of the respective parties, it is anticipated that Sino Land Group and the Ng Family will continue to enter into such transactions on a regular basis and the New Agreements have been entered into to provide for such transactions.

The Ng Family is a connected person of each of TST Properties and Sino Land pursuant to Chapter 14A of the Listing Rules. Accordingly, the Continuing Connected Transactions in respect of the New Agreements will constitute continuing connected transactions respectively for TST Properties and Sino Land. As one or more of the applicable percentage ratios of the Annual Caps provided under the respective Continuing Connected Transactions are more than 0.1% but less than 5%, the Continuing Connected Transactions, under Rule 14A.76(2), are subject to the announcement and reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules and the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules, but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement which provided details of the Original Agreements in respect of certain Continuing Connected Transactions entered into between Sino Land Group and the Ng Family in relation to the provisions of building cleaning services, car park management services, estate management and general administrative services, security services and leasing of properties respectively for a term of three years commencing on 1st July, 2016 and expiring on 30th June, 2019 (both dates inclusive).

Sino Land Group has regularly monitored the operations and performance under the Original Agreements. In view of the expiry of the Original Agreements on 30th June, 2019, Sino Land Group considered appropriate to renew the Original Agreements by entering into the New Agreements to continue the Continuing Connected Transactions. In addition, the New Agreements also provide the Annual Caps based on the market conditions and developments. Accordingly, the New Agreements have been entered into by Sino Land Group on 28th June, 2019 for a term of three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive).

TST Properties is the holding company of Sino Land. The Ng Family and its associates are connected persons of TST Properties and Sino Land by virtue of the Ng Family being the controlling shareholder of both TST Properties and Sino Land pursuant to Chapter 14A of the Listing Rules. Accordingly, the Continuing Connected Transactions in respect of the New Agreements will constitute continuing connected transactions respectively for TST Properties and Sino Land. As one or more of the applicable percentage ratios of the Annual Caps provided under the respective Continuing Connected Transactions are more than 0.1% but less than 5%, the Continuing Connected Transactions, under Rule 14A.76(2), are subject to the announcement and reporting requirements under Rules 14A.35 and 14A.49 of the Listing Rules and the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules, but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Continuing Connected Transactions including their respective Annual Caps and their bases of determination are provided in the paragraph headed "The New Agreements" below. TST Properties and/or Sino Land will comply with the requirements under Rule 14A.54 of the Listing Rules if the respective annual aggregate value of any of the Continuing Connected Transactions exceeds its corresponding Annual Cap, during each of the three years ending on 30th June, 2022, or when any of the New Agreements is renewed or there are material changes to the provisions of the New Agreements. TST Properties and Sino Land will also comply with the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules in relation to the Continuing Connected Transactions during each of the three years ending on 30th June, 2022.

THE NEW AGREEMENTS

A summary of the New Agreements and the relevant information of the Continuing Connected Transactions are highlighted below:

(i) **Building cleaning services**

Date of the agreement:	28th June, 2019
Effective period:	Three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive)
Party A:	Best Result Environmental Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services and cleaning consultancy services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family
Consideration:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder.
The Annual Caps:	The aggregate amount payable by the relevant members of the Ng Family under this agreement shall not exceed: (a) HK\$180 million for the period from 1st July, 2019 to 30th June, 2020; (b) HK\$198 million for the period from 1st July, 2020 to 30th June, 2021; and (c) HK\$218 million for the period from 1st July, 2021 to 30th June, 2022.

Basis of the Annual Caps: By reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the potential increase in the cost of staff, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deems reasonable. The values of these transactions for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$89.88 million, HK\$97.39 million and HK\$95.88 million respectively.

(ii) Car park management services

Date of the agreement: 28th June, 2019

Effective period: Three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive)

Party A: Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family

Party B: Sino Land Group

Nature of transactions: Provision of car park management services by Sino Parking Services Limited and/or members of the Ng Family to properties owned/developed or to be owned/developed by Sino Land Group

Consideration: A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of approximately 16% to 20% of the total gross revenue generated from car parking operations in the relevant properties managed by Sino Parking Services Limited and/or the relevant member of the Ng Family, payable in half-yearly instalments in arrears on the last day of each half year. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder.

The Annual Caps: The aggregate amount payable by the relevant members of Sino Land Group under this agreement shall not exceed:

- (a) HK\$57 million for the period from 1st July, 2019 to 30th June, 2020;
- (b) HK\$65 million for the period from 1st July, 2020 to 30th June, 2021; and
- (c) HK\$79 million for the period from 1st July, 2021 to 30th June, 2022.

Basis of the Annual Caps: By reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the potential increase in the cost of staff, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deems reasonable. The values of these transactions for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$34.72 million, HK\$33.22 million and HK\$35.28 million respectively.

(iii) **Estate management and general administrative services**

Date of the agreement: 28th June, 2019

Effective period: Three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive)

Party A: Sino Estates Management Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of estate management services, life-style services, home maintenance services, courtesy services and general administrative services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family

- Consideration: A lump sum fee to be agreed between the parties which shall be a fixed sum or determined by reference to a rate of approximately 2% to 15% of the management expenditure as shown in the annual budget of, or actually incurred by, the relevant member of the Ng Family in respect of the properties managed by Sino Estates Management Limited, payable by periodic instalments (for example, monthly, quarterly or half-yearly) in advance or in arrears. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder.
- The Annual Caps: The aggregate amount payable by the relevant members of the Ng Family under this agreement shall not exceed:
- (a) HK\$52 million for the period from 1st July, 2019 to 30th June, 2020;
 - (b) HK\$57 million for the period from 1st July, 2020 to 30th June, 2021; and
 - (c) HK\$63 million for the period from 1st July, 2021 to 30th June, 2022.
- Basis of the Annual Caps: By reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the potential increase in the cost of staff, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deems reasonable, and with consideration of annual inflation. The values of these transactions for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$24.04 million, HK\$25.31 million and HK\$25.90 million respectively.

(iv) **Security services**

Date of the agreement:	28th June, 2019
Effective period:	Three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive)
Party A:	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of security services by Sino Land Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family
Consideration:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder.
The Annual Caps:	<p>The aggregate amount payable by the relevant members of the Ng Family under this agreement shall not exceed:</p> <ul style="list-style-type: none">(a) HK\$131 million for the period from 1st July, 2019 to 30th June, 2020;(b) HK\$144 million for the period from 1st July, 2020 to 30th June, 2021; and(c) HK\$158 million for the period from 1st July, 2021 to 30th June, 2022.

Basis of the Annual Caps: By reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the potential increase in the cost of staff, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, and additional services to be provided, which management deems reasonable. The values of these transactions for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$66.53 million, HK\$76.00 million and HK\$86.36 million respectively.

(v) Lease of properties

Date of the agreement: 28th June, 2019

Effective period: Three years commencing on 1st July, 2019 and expiring on 30th June, 2022 (both dates inclusive)

Party A: Sino Land Group

Party B: Ng Family

Nature of transactions:

- (i) Sino Land Group (as lessee) leases properties owned or to be owned by the Ng Family (as lessor); and
- (ii) the Ng Family (as lessee) leases properties owned or to be owned by Sino Land Group (as lessor)

Consideration:

- (i) In respect of the lease of properties by Sino Land Group from the Ng Family:

A lump sum rent exclusive of rates, Government rent, management fees and, if any, other outgoings, to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties, payable monthly on the first day of every calendar month.

- (ii) In respect of the lease of properties by the Ng Family from Sino Land Group:

A lump sum base rent exclusive of rates, Government rent, management fees and, if any, other outgoings, with or without a variable turnover rent linked to the gross sales turnover of the lessee of the particular properties to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties. The base rent is payable monthly on the first day of every calendar month and the turnover rent, if any, is payable on terms to be agreed between the parties.

The Annual Caps:

- (i) In respect of the lease of properties by Sino Land Group from the Ng Family, the total rent for the whole tenancy/licence period which shall be recognised as right-of-use assets according to Hong Kong Financial Reporting Standard 16 – Leases relating to those tenancy agreements or licences to be entered into in the corresponding year shall not exceed:
 - (a) HK\$110.4 million for the period from 1st July, 2019 to 30th June, 2020;
 - (b) HK\$209.3 million for the period from 1st July, 2020 to 30th June, 2021; and
 - (c) HK\$140.9 million for the period from 1st July, 2021 to 30th June, 2022; and
- (ii) In respect of the lease of properties by the Ng Family from Sino Land Group, the total rent payable per annum shall not exceed:
 - (a) HK\$61.3 million for the period from 1st July, 2019 to 30th June, 2020;
 - (b) HK\$64.9 million for the period from 1st July, 2020 to 30th June, 2021; and
 - (c) HK\$68.8 million for the period from 1st July, 2021 to 30th June, 2022.

Basis of the Annual Caps: (i) In respect of the lease of properties by Sino Land Group from the Ng Family:

By reference to the estimated total rent for the whole tenancy/licence period which shall be recognised as right-of-use assets according to Hong Kong Financial Reporting Standard 16 – Leases relating to those tenancy agreements or licences to be entered into in the corresponding year. The estimated total rent for the whole tenancy/licence period shall be agreed between the parties by reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deems reasonable.

The values of the transactions in respect of the lease of properties by Sino Land Group for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$41.89 million, HK\$46.21 million and HK\$65.25 million respectively.

(ii) In respect of the lease of properties by the Ng Family from Sino Land Group:

By reference to the nature and value of these transactions for the three years ending 30th June, 2019, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deems reasonable.

The values of the transactions in respect of the lease of properties by the Ng Family for the years ended 30th June, 2017 and 2018, and for the nine months ended 31st March, 2019 were approximately HK\$12.63 million, HK\$11.59 million and HK\$14.82 million respectively.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The New Agreements are renewal of the Original Agreements and were entered into by Sino Land Group in the ordinary course of its businesses of leasing and property management. The Directors consider the Continuing Connected Transactions will be consistent with the business and commercial objectives of TST Properties Group and Sino Land Group.

As Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong (two of the Executive Directors of each of TST Properties and Sino Land) are members of the Ng Family, they are considered to be interested in the New Agreements and therefore have abstained from voting on the respective board resolutions of TST Properties and Sino Land for the approval of the New Agreements.

The Directors (including the Independent Non-Executive Directors) believe that the New Agreements have been entered into (i) in the ordinary and usual course of business of TST Properties and Sino Land; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of TST Properties, Sino Land and their respective shareholders as a whole.

INFORMATION ON TST PROPERTIES AND SINO LAND

TST Properties is the holding company of Sino Land. Both TST Properties and Sino Land are investment holding companies and their principal businesses include property development and investment, investment in securities, financing, hotel and building management and services.

DEFINITIONS

Unless otherwise defined, the following expressions have the following meanings in this announcement:

"Announcement"	the announcement dated 28th June, 2016 made jointly by TST Properties and Sino Land
"Annual Cap(s)"	the maximum aggregate annual value of each of the respective Continuing Connected Transactions under the New Agreements
"associates"	has the meaning ascribed to it under Rule 14A.06 of the Listing Rules
"Continuing Connected Transaction(s)"	continuing connected transaction(s) entered into between Sino Land Group and the Ng Family, from time to time, in relation to the provisions of building cleaning services, car park management services, estate management and general administrative services, security services and leasing of properties respectively
"Directors"	the respective directors of TST Properties and Sino Land
"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 of Hong Kong Limited
"New Agreements"	the agreements respectively dated 28th June, 2019 entered into by the relevant parties providing for the Continuing Connected Transactions
"Ng Family"	Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong, and/or their respective associates
"Original Agreements"	the agreements respectively dated 28th June, 2016 entered into by the relevant parties providing for the Continuing Connected Transactions which will expire on 30th June, 2019
"Sino Land"	Sino Land Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited, and a subsidiary of TST Properties
"Sino Land Group"	Sino Land and its subsidiaries
"TST Properties"	Tsim Sha Tsui Properties Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
"TST Properties Group"	TST Properties and its subsidiaries

By Order of the Board of
Tsim Sha Tsui Properties Limited
Velencia Lee
Company Secretary

By Order of the Board of
Sino Land Company Limited
Velencia Lee
Company Secretary

Hong Kong, 28th June, 2019

As at the date hereof, the Executive Directors of TST Properties are Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong, the Non-Executive Director is The Honourable Ronald Joseph Arculli, and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng.

As at the date hereof, the Executive Directors of Sino Land are Mr. Robert Ng Chee Siong, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong, Mr. Gordon Lee Ching Keung and Mr. Sunny Yeung Kwong, the Non-Executive Director is The Honourable Ronald Joseph Arculli, and the Independent Non-Executive Directors are Dr. Allan Zeman, Mr. Adrian David Li Man-kiu, Mr. Steven Ong Kay Eng and Mr. Wong Cho Bau.