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## **GUANGDONG LAND HOLDINGS LIMITED**

### **粵海置地控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0124)**

#### **MAJOR TRANSACTION**

#### **CONSTRUCTION AGREEMENT IN RELATION TO THE NORTHWESTERN LAND UNDER THE BUXIN PROJECT**

#### **THE AGREEMENT**

The Board is pleased to announce that, upon the conclusion of a tender process for the selection of the main contractor for the development of the Northwestern Land, on 26 May 2017, Guangdong Land Shenzhen (a wholly-owned subsidiary of the Company) entered into the Agreement with the Contractor in relation to the Construction of the Northwestern Land under the Buxin Project at the Consideration of RMB412,701,950.38 (equivalent to approximately HK\$468,075,000), subject to adjustments (if any) as set out below.

#### **LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Agreement exceeds 25% but all of them are under 100%, the transactions contemplated under the Agreement will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. Since no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement and the transactions contemplated thereunder, and the Company has obtained a written approval for the Agreement and the transactions contemplated thereunder from Guangdong Investment Limited (the controlling shareholder of the Company holding 1,263,494,221 Shares, representing approximately 73.82% of the issued share capital of the Company as at the date of this announcement), a special general meeting of the Company to approve the Agreement and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

A circular containing further details of the Agreement is expected to be despatched to the Shareholders on or before 19 June 2017.

## A. INTRODUCTION

Reference is made to the circular of the Company dated 22 June 2016 in relation to the conversion of the Buxin Land for the Buxin Project, which set out the details of the Buxin Project. As disclosed in the announcement of the Company dated 25 April 2017 in respect of its unaudited financial information for the three months ended 31 March 2017, the Northwestern Land was under development pursuant to phase I of the development of the Buxin Project and the Group was undergoing the tender process to select the main constructor for the development of the Northwestern Land.

The Board is pleased to announce that on 26 May 2017, Guangdong Land Shenzhen (a wholly-owned subsidiary of the Company) entered into the Agreement with the Contractor, being the successful bidder for the Construction, in relation to the Construction as more particularly set out below.

## B. THE AGREEMENT

A summary of the principal terms of the Agreement is set out below:

### *Parties*

Principal (發包人) : Guangdong Land Shenzhen, a wholly-owned subsidiary of the Company

Contractor (承攬人) : The Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor is not a connected person of the Company and thus it is a third party independent of the Group.

### *Subject matter*

The Contractor shall be appointed as the main contractor for the Construction undertaking, *inter alia*, the earthworks, foundation pit support works, foundation works, main structure works, steel structure engineering, roofs and waterproofing works, construction of drainage works, construction of electrical works, fire engineering, civil air defence works, decoration works, and outdoor works (excluding exterior door and window works) in relation to the Construction as specified in the Agreement.

### *Consideration and basis of determination of Consideration*

The total consideration (“**Consideration**”) payable to the Contractor for the Construction shall be RMB412,701,950.38 (equivalent to approximately HK\$468,075,000), subject to adjustments (if any) in relation to change of works after on-site inspections, concrete and steel cost and labour cost (as described below).

The Consideration comprises (i) sub-project fees (分部分項工程費) (“**Sub-project Fees**”), including construction fees, management fees and other relevant fees for sub-projects of the works under the Construction as set out in the paragraph headed “Subject matter” above; (ii) measure fees (措施項目費) (“**Measure Fees**”), including safety and civilization measures fees (安全文明施工措施費) (“**Safety Measure Fees**”), concrete moulding and framework

fees (混凝土模板及支架費) (“**Concrete Moulding and Framework Fees**”) and other measure fees (“**Other Measure Fees**”) (including, *inter alia*, vertical transportation work fees (垂直運輸工程費) and scaffolding fees (腳手架費)); (iii) other fees involved in the Construction, including, *inter alia*, the management fees (“**Management Fees**”) for the management of individual professional works (including, *inter alia*, intelligentisation and curtain wall works in relation to the Construction), material custody fees (材料保管費) and occupational injury insurance premium (工傷保險費) (“**Occupational Injury Insurance Premium**”); and (iv) levies and taxes (“**Levies and Taxes**”) in relation to the Construction under the applicable rules and regulations in the PRC.

The Consideration shall be settled by Guangdong Land Shenzhen in cash in the manner set out below:

(i) *Prepayment*

as to RMB3,176,359.03 (equivalent to approximately HK\$3,603,000), comprising (a) RMB2,831,489.54 (equivalent to approximately HK\$3,212,000), being 30% of the Safety Measure Fees, subject to the passing of inspection and implementation of the relevant proposal; and (b) RMB344,869.49 (equivalent to approximately HK\$391,000), being the Occupational Injury Insurance Premium, subject to the obtaining of the relevant work permit (施工許可證), shall be paid within 30 days from the delivery of the performance guarantee, insurance policy and payment application by the Contractor to Guangdong Land Shenzhen and the Contractor shall issue the relevant tax invoices in respect of such amounts to Guangdong Land Shenzhen prior to the relevant payment;

(ii) *Construction Fees*

the Sub-project Fees, Concrete Moulding and Framework Fees and the relevant Levies and Taxes (together, the “**Construction Fees**”) (after deduction of the relevant expenses) shall be paid in the following manner:

- (1) 75% of the Construction Fees in respect of the works completed during the relevant month as approved by Guangdong Land Shenzhen shall be paid after the approval of the relevant application for work progress fees (工程進度款申請書) by Guangdong Land Shenzhen and the relevant engineer (any adjustments (if any) to the Construction Fees in respect of change of works after on-site inspections by Guangdong Land Shenzhen shall be settled in the next following payment of the Construction Fees);
- (2) a further 5% of the Construction Fees shall be paid after the topping out of the structure (結構封頂) of the relevant building;
- (3) a further 5% of the Construction Fees shall be paid after the completion of the removal of external wall scaffolding (外牆腳手架拆除); and
- (4) a further 5% of the Construction Fees shall be paid after the completion of the works, passing of inspection, obtaining of the construction works completion inspection filing notice (工程竣工驗收備案通知書) and the delivery of the complete information on the completion of works to Guangdong Land Shenzhen, and

in the event there is any adjustment to the concrete and steel cost and labour cost, such adjustment (if any) shall be settled in the next following payment of the relevant part of Construction Fees following the topping out of the structure (結構封頂) of the second tower under the Construction;

(iii) *Safety Measure Fees and Other Measure Fees*

(a) *Safety Measure Fees*

- (1) 15% of the Safety Measure Fees shall be paid after the topping out of the structure (結構封頂);
- (2) a further 15% of the Safety Measure Fees shall be paid after the completion of the curtain wall works (幕牆工程);
- (3) a further 15% of the Safety Measure Fees shall be paid after the completion of the electrical and mechanical construction (機電工程施工) and joint testing (聯合調試); and
- (4) a further 25% of the Safety Measure Fees shall be paid after the completion of the works, passing of inspection, obtaining of the construction works completion inspection filing notice (工程竣工驗收備案通知書) and the delivery of the complete information on the completion of works to Guangdong Land Shenzhen,

provided that no safety issue shall occur prior to each of the above payment;

(b) *Other Measure Fees*

- (1) an amount equal to 10% of the Sub-project Fees for the relevant month shall be paid on a monthly basis provided that such payment shall not exceed 80% of the aggregate of the Other Measure Fees; and
- (2) an aggregate of 85% of the Other Measure Fees shall have been paid after the completion of the works, passing of inspection, obtaining of the construction works completion inspection filing notice (工程竣工驗收備案通知書) and the delivery of the complete information on the completion of works to Guangdong Land Shenzhen;

(iv) *Management Fees*

the Management Fees for each of the individual professional works (after deduction of the relevant expenses) shall be paid in the following manner:

- (1) 20% of such Management Fees as initially agreed shall be paid after the commencement of the relevant works;
- (2) a further 20% of such Management Fees as initially agreed shall be paid after the relevant works are completed as to 50%;

- (3) a further 35% of such Management Fees as initially agreed shall be paid after the relevant works are completed; and
  - (4) a further 10% of such Management Fees as initially agreed shall be paid after passing of inspection of the relevant works; and
- (v) *Remainder of Consideration*
- (1) an aggregate of 95% of the Consideration (in accordance with the final accounts of the works) shall have been paid within 60 days after the settlement of the final accounts for the works (工程竣工結算) under the Construction; and
  - (2) the remaining 5% of the Consideration shall be retained as maintenance fees for the works for a construction deficiency responsibility period (工程缺陷責任期) of up to two years from the completion and passing of inspection of the Construction.

For each of the payments under items (ii) to (v) above, such payment shall be made within 30 days from the receipt of the tax invoice for the relevant payment by Guangdong Land Shenzhen from the Contractor.

The Consideration is expected to be funded by the internal resources of the Group.

The Consideration was determined based on the bidding price offered by the Contractor.

#### ***Other terms***

The Agreement has become effective on the date hereof.

The Construction shall be completed on the 790<sup>th</sup> day from the commencement of works according to the instruction of Guangdong Land Shenzhen.

#### ***Guarantee***

The Contractor shall give an irrevocable guarantee in favour of Guangdong Land Shenzhen in respect of the performance of the duties under the Agreement by the Contractor, up to a maximum amount of RMB37,044,195.04 (equivalent to approximately HK\$42,015,000), for the period from the date of the relevant bank guarantee (銀行保函) to one year after the completion and passing of inspection of the Construction.

Guangdong Land Shenzhen shall give an irrevocable guarantee in favour of the Contractor in respect of the payment of the Consideration under the Agreement by Guangdong Land Shenzhen, up to a maximum amount of RMB37,044,195.04 (equivalent to approximately HK\$42,015,000), for the period to be stipulated in the relevant bank guarantee (銀行保函).

## **C. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

As disclosed in the circular of the Company dated 22 June 2016, the Group has acquired the Buxin Land with an aggregate consideration of approximately RMB2,267 million (equivalent to approximately HK\$2,571 million) in June 2016 with a purpose to develop the Buxin Project, being a multi-functional commercial complex with jewellery as the main theme. Guangdong Land Shenzhen selected the Contractor as the main constructor for the Construction through open tender.

The Company understands that the Contractor has extensive experience in the construction business in the PRC. The Directors believe that engaging the Contractor to carry out the Construction would allow the Group to successfully leverage on the technical expertise and experience of the Contractor and believe that the Construction will be completed up to the standard as required by the Company, without devoting the manpower and internal resources of the Group to the Construction, thereby minimising the management and operational costs of the Company.

Based on the above, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **D. INFORMATION ON THE GROUP**

The Group is principally engaged in property development and investment.

## **E. INFORMATION ON THE CONTRACTOR**

The Company understands that the Contractor is principally engaged in contracting of building constructions and municipal public engineering, etc.

## **F. LISTING RULES IMPLICATIONS**

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Agreement exceeds 25% but all of them are under 100%, the transactions contemplated under the Agreement will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval by the Shareholders. Since no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Agreement and the transactions contemplated thereunder, and the Company has obtained a written approval for the Agreement and the transactions contemplated thereunder from Guangdong Investment Limited (the controlling shareholder of the Company holding 1,263,494,221 Shares, representing approximately 73.82% of the issued share capital of the Company as at the date of this announcement), a special general meeting of the Company to approve the Agreement and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

## **G. DESPATCH OF CIRCULAR**

A circular containing further details of the Agreement is expected to be despatched to the Shareholders on or before 19 June 2017.

## H. DEFINITIONS

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

“Agreement”	the Yuecai City Northwestern Land Works Main Contractor Construction Agreement (悅彩城西北地塊施工總承包工程合同) dated 26 May 2017 between Guangdong Land Shenzhen and the Contractor in respect of the Construction
“Board”	the board of Directors of the Company
“Buxin Land”	a plot of land located in the Buxin Area (布心片區), Luohu District, Shenzhen, the PRC to be developed under the Buxin Project (for details, please refer to the circular of the Company dated 22 June 2016)
“Buxin Project”	the development of a multi-functional commercial complex with the jewellery as the main theme (for details, please refer to the circular of the Company dated 22 June 2016)
“Company”	Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Concrete Moulding and Framework Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Construction”	the construction of the Northwestern Land undertaken by the Contractor pursuant to the Agreement
“Construction Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Contractor”	中建三局第一建設工程有限責任公司 (China Construction Third Bureau First Construction Engineering Co. Ltd.), a company established in the PRC
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guangdong Land Shenzhen”	粵海置地(深圳)有限公司 (Guangdong Land (Shenzhen) Limited), a company established in the PRC and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Levies and Taxes”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Management Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Measure Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Northwestern Land”	the northwestern part of the Buxin Land (designated as land number H409-0078(1)) (for details, please refer to the circular of the Company dated 22 June 2016)
“Occupational Injury Insurance Premium”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Other Measure Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Safety Measure Fees”	has the meaning ascribed to it under the section headed “B. The Agreement – Consideration and basis of determination of Consideration” in this announcement
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



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

*For the purpose of this announcement, unless otherwise specified, conversion of Renminbi, the lawful currency of the PRC, into Hong Kong dollars, the lawful currency of Hong Kong, is based on the approximate exchange rate of HK\$1 to RMB0.8817. 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**  
**HUANG Xiaofeng**  
Chairman

Hong Kong, 26 May 2017

*As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HUANG Xiaofeng; four Executive Directors, namely Ms. ZHAO Chunxiao, Mr. LI Wai Keung, Mr. WU Mingchang and Mr. ZENG Yi; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.*