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GUANGDONG LAND HOLDINGS LIMITED
粤海置地控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00124)

Announcement

Connected Transaction in relation to the Tenancy Agreement

On 30 December 2022, Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as tenant) and GD Teem (as landlord) entered into the Tenancy Agreement pursuant to which GD Teem has agreed to lease the Premises located in Tianhe District, Guangzhou, Guangdong Province, PRC to Guangdong Yuehai Land for use as commercial offices for a term of 24 months from 1 January 2023 to 31 December 2024 (both days inclusive).

GDI is the immediate controlling shareholder of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. GD Teem (a non-wholly owned subsidiary of GDI) is an associate of GDI and hence a connected person of the Company. Accordingly, the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the Company shall recognise the Premises leased by Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as tenant) under the Tenancy Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Tenancy Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules. As at the date of the Tenancy Agreement, the unaudited value of the right-of-use asset recognised under the Tenancy Agreement is approximately RMB24,000,000 (equivalent to approximately HK\$26,795,000).

As one of the applicable percentage ratios in respect of the value of the right-of-use asset under the Tenancy Agreement is more than 0.1% but all of the applicable ratios are less than 5%, the Tenancy Agreement is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement.

TENANCY AGREEMENT

On 30 December 2022, Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as tenant) and GD Teem (as landlord) entered into the Tenancy Agreement pursuant to which GD Teem has agreed to lease the Premises located in Tianhe District, Guangzhou, Guangdong Province, the PRC to Guangdong Yuehai Land for a term of 24 months from 1 January 2023 to 31 December 2024 (both days inclusive).

A summary of the salient terms of the Tenancy Agreement is set out below:

<i>Date:</i>	30 December 2022
<i>Parties:</i>	(a) GD Teem (as landlord) (b) Guangdong Yuehai Land (as tenant)
<i>Premises:</i>	Units 01, 02, 03 and 08 on the 42nd Floor, Unit 05-1 on the 43rd Floor, and the whole of the 44th and 45th Floors of Teem Tower
<i>Gross floor area:</i>	Approximately 6,038.23 square metres
<i>Term:</i>	A term of 24 months from 1 January 2023 to 31 December 2024 (both days inclusive)
<i>Rent:</i>	(i) In respect of the period from 1 January 2023 to 31 March 2023, the monthly rent shall be in the amount of RMB395,075.70 (equivalent to approximately HK\$441,000) (inclusive of the value-added tax of 5%); and (ii) in respect of the period from 1 April 2023 to 31 December 2024, the monthly rent shall be in the amount of RMB1,185,227.10 (equivalent to approximately HK\$1,323,000) (inclusive of the value-added tax of 5%). The monthly rent is exclusive of property management service fees, utility charges and other outgoings. The rent (i) for the period from 1 January 2023 to 31 March 2023 shall be payable within seven days from the date of the Tenancy Agreement, and (ii) thereafter shall be payable monthly in advance before the seventh day of each calendar month in cash.
<i>Use of Premises:</i>	Commercial offices
<i>Deposit:</i>	RMB2,370,454.20 (equivalent to approximately HK\$2,646,000) shall be payable in cash within seven days from the date of the Tenancy Agreement

Basis of determination

The monthly rent payable by Guangdong Yuehai Land to GD Teem under the Tenancy Agreement was determined after arm's length negotiation between Guangdong Yuehai Land and GD Teem, having taken into account: (i) the prevailing market rent of comparable premises for use as commercial offices in similar office buildings in the vicinity of the Premises; (ii) the appraised rental value per month in respect of the Premises in the amount of RMB1,201,790 (equivalent to approximately HK\$1,342,000) for the period of one year since 30 November 2022 (i.e. the valuation benchmark date) according to the valuation report based on market

approach prepared by the independent property valuer in the PRC engaged by Guangdong Yuehai Land; and (iii) that Guangdong Yuehai Land will carry out fitting out works in respect of the Premises for a period of two months from 1 January 2023 to 28 February 2023 and therefore, Guangdong Yuehai Land and GD Teem agreed that the monthly rent for the first three months (i.e. 1 January 2023 to 31 March 2023) shall be only one-third of the monthly rent thereafter during the term of the Tenancy Agreement.

The rent payable under the Tenancy Agreement will be financed by the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Considering (i) the Group's business in Guangzhou and the Guangdong Province has expanded in recent years, and therefore more office space and enhanced facilities are required for the expanding workforce and businesses of Guangdong Yuehai Land, which is a major subsidiary of the Company; (ii) by entering into the Tenancy Agreement, Guangdong Yuehai Land is able to lease more than two floors of premises in an A-grade commercial building situated in a prime location in Tianhe District, Guangzhou, Guangdong Province, the PRC for the upcoming two years, and (iii) the quality of the maintenance and property management services in respect of Teem Tower are considered as outstanding among the commercial buildings in the vicinity, the Company is of the view that the entering into of the Tenancy Agreement is beneficial to the Group.

Having taken into account of the above reasons and benefits, the Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON GUANGDONG YUEHAI LAND AND THE COMPANY

Information on Guangdong Yuehai Land

Guangdong Yuehai Land is a company established in the PRC with limited liability. It is principally engaged in property development and investment businesses in the PRC and is an indirect wholly-owned subsidiary of the Company.

Information on the Company

The Company is a company incorporated in Bermuda with limited liability and is principally engaged in investment holding. The Group is principally engaged in property development and investment businesses. The immediate controlling shareholder and the ultimate controlling shareholder of the Company are GDI and Guangdong Holdings respectively.

INFORMATION ON GD TEEM, GDI AND GUANGDONG HOLDINGS

Information on GD Teem

GD Teem is a company established in the PRC with limited liability and a non-wholly owned subsidiary of Guangdong Holdings. GD Teem and its subsidiaries are principally engaged in

investment holding, shopping centre and commercial property operation, providing property leasing services, property investment and development, department store operation, hotel ownership and operation. GD Teem is held as to:

- (i) approximately 85% by Teem Holdings Limited, which is in turn owned (a) as to approximately 76.018% by GDI, (b) as to approximately 12.978% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Holdings Ltd.), which is ultimately controlled by 廣州市人民政府 (the Guangzhou Municipal Government), (c) as to approximately 5.927% by 廣東潤達資產經營有限公司 (Guangdong Runda Assets Management Co., Ltd.), which is ultimately controlled by the Guangdong Government, (d) as to approximately 3.244% by 廣州市設計院集團有限公司 (Guangzhou Design Institute Group Company Limited), which is ultimately controlled by 廣州市人民政府辦公廳 (the Office of Guangzhou Municipal Government), (e) as to approximately 1.375% by 廣東省工業設備安裝有限公司 (Guangdong Industrial Equipment Installation Co., Ltd.), which is ultimately controlled by the Guangdong Government, and (f) as to approximately 0.458% by Mr. ZHANG Ping on behalf of certain employees or ex-employees of GD Teem;
- (ii) approximately 11.51% by GDI;
- (iii) approximately 2.975% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Holdings Ltd.) (see paragraph (i) for details); and
- (iv) approximately 0.515% by 廣州市設計院集團有限公司 (Guangzhou Design Institute Group Company Limited) (see paragraph (i) for details).

Information on GDI

GDI is the immediate controlling shareholder of the Company and is a company incorporated in Hong Kong with limited liability. GDI and its subsidiaries are principally engaged in investment holding, water resources, property investment and development, department store operation, hotel ownership, operation and management, investment in energy projects and road and bridge operation. The ultimate controlling shareholder of GDI is Guangdong Holdings.

Information on Guangdong Holdings

Guangdong Holdings is the ultimate controlling shareholder of the Company and is principally engaged in investment holding. The Guangdong Holdings Group's business activities include public utilities and infrastructure, manufacturing, real estate, hotel, property management, retail and wholesale, finance, etc. The Guangdong Holdings Group takes capital investment as its core business, and invests mainly in business sectors including water and water environment management, urban complex development and related services, modern industrial park development and investment. Guangdong Holdings is held as to 90% by the Guangdong Government and as to 10% by the Department of Finance of the Guangdong Government while the State-owned Assets Supervision and Administration Commission of the Guangdong Government has been performing ownership and control functions in respect of Guangdong Holdings with the authorisation of the Guangdong Government.

LISTING RULES IMPLICATIONS

GDI is the immediate controlling shareholder of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. GD Teem (a non-wholly owned subsidiary of GDI) is an associate of GDI and hence a connected person of the Company. Accordingly, the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the Company shall recognise the Premises leased by Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as tenant) under the Tenancy Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Tenancy Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules. As at the date of the Tenancy Agreement, the unaudited value of the right-of-use asset recognised under the Tenancy Agreement is approximately RMB24,000,000 (equivalent to approximately HK\$26,795,000).

As one of the applicable percentage ratios in respect of the value of the right-of-use asset under the Tenancy Agreement is more than 0.1% but all of the applicable ratios are less than 5%, the Tenancy Agreement is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement.

As Mr. LAN Runing, Mr. LI Yonggang and Mr. LI Wenchang, being the Directors, are directors of certain subsidiaries of Guangdong Holdings, they have abstained from voting on the relevant board resolutions approving the Tenancy Agreement and the transactions contemplated thereunder. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Tenancy Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“GD Teem”	廣東粵海天河城（集團）股份有限公司 (GDH Teem (Holdings) Limited), a company established in the PRC with limited liability. It is a non-wholly owned subsidiary of GDI and therefore an indirect non-wholly owned subsidiary of Guangdong Holdings

“GDI”	Guangdong Investment Limited (粵海投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, and is the immediate controlling shareholder of the Company
“Group”	the Company and its subsidiaries from time to time
“Guangdong Government”	廣東省人民政府 (the People’s Government of Guangdong Province)
“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the PRC with limited liability and the ultimate controlling shareholder of GDI and the Company
“Guangdong Holdings Group”	Guangdong Holdings and its subsidiaries from time to time
“Guangdong Yuehai Land”	廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Teem Tower”	Teem Tower, No. 208 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC
“Tenancy Agreement”	a tenancy agreement and its ancillary agreement both entered into on 30 December 2022 between GD Teem (as landlord) and Guangdong Yuehai Land (as tenant) in respect of the Premises
“PRC”	the People’s Republic of China
“Premises”	Units 01, 02, 03 and 08 of the 42nd Floor, Unit 05-1 of the 43rd Floor, and the whole of the 44th and 45th Floors of Teem Tower
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.8957. 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
JIAO Li
Executive Director

Hong Kong, 30 December 2022

As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. LAN Runing, Mr. KUANG Hu, Mr. LI Yonggang, Mr. WU Mingchang, Mr. LI Wenchang and Mr. JIAO Li; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.