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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: 0124)

Discloseable Transaction

Works Agreement and Supplemental Agreement for Foundation Pit Support as well as Earth-and-Stone and Piling in relation to the Southern Land under the GDH City Project

THE ORIGINAL AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

Upon the conclusion of a tender process for the selection of the contractor for the foundation pit support as well as earth and stone and piling works for the Southern Land, on 6 September 2018, Guangdong Land Shenzhen (a wholly-owned subsidiary of the Company) entered into the Original Agreement with the Contractor in relation to the Works for the Southern Land at the Consideration of RMB93,012,030.78 (equivalent to approximately HK\$105,516,000). In view of the new policy of the local government for earth-and-stone transportation vehicles, Guangdong Land Shenzhen entered into the Supplemental Agreement with the Contractor in relation to the Works for the Southern Land on 4 July 2019, pursuant to which, both parties agreed upon, *inter alia*, an increase of RMB38,137,328.78 (equivalent to approximately HK\$43,264,000) of the total consideration, which amounts to RMB131,149,359.56 (equivalent to approximately HK\$148,780,000) upon the increase.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Original Agreement and the Supplemental Agreement in aggregate exceeds 5% but all of them are less than 25%, the transactions contemplated under the Original Agreement and the Supplemental Agreement will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A. INTRODUCTION

Reference is made to the circular of the Company dated 22 June 2016 in relation to the conversion of the GDH City Land for the Buxin Project (currently known as the GDH City Project), which set out the details of the GDH City Project. As disclosed in the announcement of the Company dated 25 April 2019 in respect of the unaudited financial information of the Group for the three months ended 31 March 2019, the Southern Land is under the second phase of the development of the GDH City Project and based on the current plan, the filing in respect of the completion of construction (竣工備案) of the properties on the Southern Land is expected to be made in 2023.

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B. THE ORIGINAL AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

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

Parties

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

Contractor (承包人): The Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are not connected persons of the Company and thus it is a third party independent of the Group.

Subject matter

On 6 September 2018, the Contractor was appointed as the contractor for the works in respect of foundation pit support as well as earth-and-stone and piling works ("**Works for the Southern Land**") for properties on the Southern Land including, *inter alia*, earth-and-stone works, foundation pit support works, piling works etc. In view of the new policy of the local government for earth-and-stone transportation vehicles, Guangdong Land Shenzhen entered into the Supplemental Agreement with the Contractor on 4 July 2019 for the purpose of, *inter alia*, additional payment for works and extension of tentative completion date for 2 months (the completion date of the Original Agreement is 11 December 2019, which is changed to 11 February 2020 as amended by the Supplemental Agreement).

Consideration and basis of determination of Consideration

After the Original Agreement has been amended by the Supplemental Agreement, the total consideration (“**Consideration**”) payable to the Contractor for the Works for the Southern Land shall be RMB131,149,359.56 (equivalent to approximately HK\$148,780,000) in aggregate. If the price volatility of steel bar and commodity concrete exceeds the percentage as stipulated under the Original Agreement or the value-added tax rate is subject to adjustments due to national policy, the Consideration may be subject to adjustments (if any) based on the relevant mechanism under the Original Agreement and the Supplemental Agreement.

The Consideration comprises (i) sub-project fees (分部分項工程費) (“**Sub-project Fees**”), including the sub-projects fees of the Works for the Southern Land (inclusive of our disposal fees for the remaining volume (餘方棄置費)) as set out in the paragraph headed “Subject matter” above; (ii) measure fees (措施項目費) (“**Measure Fees**”), including safety and civilisation measures fees (安全文明施工措施費) (“**Safety Measure Fees**”), concrete moulding and frame fees (“**Concrete Moulding and Formwork Fees**”) and other measure fees (“**Other Measure Fees**”); (iii) levies and taxes (“**Levies and Taxes**”) in relation to the works under the applicable rules and regulations in the PRC; and (iv) fees accepted by earth disposal site (棄土場受納處置費) (“**Fees Accepted by Earth Disposal Site**”).

After the Original Agreement has been amended by the Supplemental Agreement, the Consideration shall be settled by Guangdong Land Shenzhen in cash in the manner set out below:

(i) Prepayment

After the Original Agreement was signed, the Contractor provided the performance guarantee issued by the bank and submitted the works prepayment application; Guangdong Land Shenzhen has paid RMB9,103,213.27 (equivalent to approximately HK\$10,327,000), being 10% of the aggregate of Sub-project Fees, Other Measure Fees and the relevant Levies and Taxes within 42 days from such application. The Contractor shall issue the relevant tax invoices in respect of each of the said amounts to Guangdong Land Shenzhen prior to the relevant payment;

(ii) Works Fees

The Sub-project Fees, Concrete Moulding and Framework Fees and Fees Accepted by Earth Disposal Site as well as the relevant Levies and Taxes (together, “**Works Fees**”) (after deduction of the relevant expenses) shall be paid in the following manner:

- (1) The Contractor shall submit the work progress payment application to the engineers and Guangdong Land Shenzhen at the agreed time on a monthly basis according to the supplementary provisions of the Original Agreement, and after approval and confirmation of the progress payment application by the engineers and Guangdong Land Shenzhen, Guangdong Land Shenzhen shall make the progress payment to the Contractor based on 85% completed construction price (approved and confirmed by Guangdong Land Shenzhen) of the month and upon deduction of other deductible payment;

- (2) Guangdong Land Shenzhen has confirmed the increase/decrease in construction price for the on-site permit and works change in writing and shall subsequently make payment or deduction out of the latest progress payment based on 85% construction price approved by Guangdong Land Shenzhen;
- (3) Guangdong Land Shenzhen shall pass all work completion inspection within the scope of the Original Agreement, deliver the site to the construction party(ies) that will subsequently enter the site, relocate all equipment, machineries, materials and other articles of the Contractor from the work site, and after obtaining the work completion inspection certificate under the seal of the engineers and Guangdong Land Shenzhen and delivering the complete work completion information to Guangdong Land Shenzhen, Guangdong Land Shenzhen shall pay to the Contractor the work progress payment of 90% of the accrued completed construction price (the aggregate of Sub-project Fees, Concrete Moulding and Framework Fees, construction price for the on-site permit and works change, consequential processing fees and tax payables) as approved and confirmed by Guangdong Land Shenzhen after deduction of other deductible payment;
- (4) The Fees Accepted by Earth Disposal Site (adjusted after signing the Supplemental Agreement shall be incorporated into the Sub-project Fees, the payment of which shall be made in accordance with the work image progress (工程形象進度);
- (5) Upon the signing of the Supplemental Agreement, the subsequent work progress payment shall be on demand according to the work progress payment application as agreed upon in the Original Agreement. The comprehensive unit price for entire cost specified in the Supplemental Agreement for application for work progress payment shall be paid in the proportion of the Original Agreement; and
- (6) For the accumulative completed work volume for the disposal for the remaining volume and to earth disposal site prior to the signing of the Supplemental Agreement, the progress payment of the remaining work volume is calculated based on the difference between the comprehensive unit price for entire cost specified in the Supplemental Agreement and the comprehensive unit price for entire cost specified in the corresponding Original Agreement, the payment of which shall be made in proportion of the Original Agreement. When applying for the next work progress payment upon the signing of the Supplemental Agreement, the Contractor shall tender application for the completed work volume and all amounts increased under the Supplemental Agreement;

(iii) Safety Measure Fees and Other Measure Fees

(1) Safety Measure Fees

- (a) 50% of the Safety Measure Fees shall be paid by Guangdong Land Shenzhen after approval of the safety and civilization measures proposal and construction organization planning by the engineers and Guangdong Land Shenzhen upon the signing of the Original Agreement;

- (b) 30% of the Safety Measure Fees shall be paid by Guangdong Land Shenzhen upon commencement of piling construction piling of the Works for the Southern Land. The payment shall be made provided that the piling construction commencement order and the corresponding safety and civilisation measures injection list as well as the documents evidencing the passing of inspection of the safety and civilisation measures injection works shall be provided and no occurrence of and safety issue shall occur; and
- (c) the remaining 20% of the Safety Measure Fees shall be paid by Guangdong Land Shenzhen after delivering the work inspection information and passing the inspection and no safety issue shall occur;

(2) Other Measure Fees

- (1) 10% of sub-project progress payment confirmed on a monthly basis shall be paid by Guangdong Land Shenzhen and the accrued amount of the progress payment of Other Measure Fees shall not exceed 85% of total Other Measure Fees; and
- (2) 90% of total Other Measure Fees shall be paid by Guangdong Land Shenzhen to the Contractor after passing completion inspection of the works, obtaining the work completion inspection certificate under the seal of the engineers and Guangdong Land Shenzhen and the delivering of the complete information to Guangdong Land Shenzhen;

The Levies and Taxes corresponding to the relevant Measure Fees shall be paid in conjunction with the said relevant payments pursuant to the relevant policies and requirements;

(iv) Other Costs

the other costs shall be paid in such manner as further agreed by the parties;

(v) Remainder of Consideration

- (1) Upon confirmation of the passing of completion inspection of the works by both parties, the Contractor requests reporting the accounting information in accordance with the relevant clauses under the Original Agreement. After approval and written confirmation of the payment of the construction price of the Works for the Southern Land by Guangdong Land Shenzhen, the Contractor shall apply to Guangdong Land Shenzhen for payment of the accounting price of the works and Guangdong Land Shenzhen shall pay to the Contractor 97% of the settlement amount (confirmed by Guangdong Land Shenzhen in writing); and
- (2) The remaining 3% of the Consideration is work quality warranty which shall be paid to the Contractor after deduction of deductible payment upon expiry of the construction quality deficiency maintenance period or the passing of completion inspection of the Works for the Southern Land, whichever is later.

For each of the payments of the said Works Fees and Measure Fees, 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 (as amended by the Supplemental Agreement) offered by the Contractor.

Other terms

The Supplemental Agreement has become effective on the date hereof.

The Works for the Southern Land are expected to be completed in February 2020.

Guarantee

The Contractor shall give an irrevocable guarantee in favour of Guangdong Land Shenzhen in respect of the performance of the duties under the Original Agreement by the Contractor, up to a maximum amount of 10% of the contractual tentative total price (subject to the deduction of the estimated costs and the provisional amounts) under the Original Agreement, being RMB9,301,203.08 (equivalent to approximately HK\$10,327,000), for the period from the date of the Original Agreement to 28 days after the date of passing of specific inspection of the Works for the Southern Land, submission of all work completion information and issue of proof of delivery of the Works for the Southern Land.

C. REASONS FOR AND BENEFITS OF ENTERING INTO THE ORIGINAL AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

As disclosed in the circular of the Company dated 22 June 2016, the Group has acquired the GDH City Land in June 2016 with a view to developing the GDH City Project, being a multi-functional commercial complex with jewellery as the main theme. Guangdong Land Shenzhen selected the Contractor as the contractor for the Works for the Southern Land through open tender.

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

After the Original Agreement has become effective, Housing and Construction Bureau of Shenzhen Municipality, Transportation Commission of Shenzhen Municipality and Residential and Environmental Commission of Shenzhen Municipality jointly published the Updated Reform Work Plan for Dump Truck, Mixer Truck and Off-road Mobil Construction Machinery in Shenzhen Municipality (深圳市泥頭車、攪拌車和非道路移動工程機械更新改造工作方案) on 24 August 2018, which requires many districts to disuse the traditional dump trucks and to use the new dump truck to transport the earth and stone in Shenzhen

Municipality; affected by the said policy, the market price of transportation of the earth and stone rises, resulting in an increase in price of the Works for the Southern Land and a delay of such works. Through amicable negotiation between Guangdong Land Shenzhen and the Contractor, the Supplemental Agreement is entered into for the purpose of the relevant policy subject to adjustments to the terms of the total Consideration of the Works for the Southern Land and the work completion period.

Based on the above, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Original Agreement and the Supplemental 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 the businesses related to municipal utility construction, housing construction works, highway construction, foundation works, bridge construction and urban rail transit construction.

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 transactions contemplated under the Original Agreement and the Supplemental Agreement in aggregate exceeds 5% but all of them are less than 25%, the transactions contemplated under the Original Agreement and the Supplemental Agreement will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

G. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability, 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 Original Agreement and the Supplemental 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 Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement
“Contractor”	上海市基礎工程集團有限公司 (Shanghai Foundation Engineering Group Co., Ltd.) , a company established in the PRC
“Director(s)”	the director(s) of the Company
“Fees Accepted by Earth Disposal Site”	has the meaning ascribed to it under the section headed “B. The Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement
“GDH City Land”	a plot of land located in the Buxin Area (布心片區), Luohu District, Shenzhen, the PRC to be developed under the GDH City Project (for details, please refer to the circular of the Company dated 22 June 2016)
“GDH City Project”	the development project 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), which is a marketing name used by the Group for promoting the Buxin Project
“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 Original Agreement and the Supplemental 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
“Measure Fees”	has the meaning ascribed to it under the section headed “B. The Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement

“Original Agreement”	the Professional Contractor Agreement for Foundation Pit Support as well as Earth and Stone and Piling Works Implementation in relation to Guangdong Land Building (粵海置地大廈基坑支護與土石方及樁基礎工程專業承包合同) entered into between Guangdong Land Shenzhen and the Contractor on 6 September 2018 in respect of the Works for the Southern Land
“Other Measure Fees”	has the meaning ascribed to it under the section headed “B. The Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding 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 Original Agreement and the Supplemental 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 the Share(s)
“Southern Land”	the southern part of the GDH City Land (designated as land number H409-0011) (for details, please refer to the circular of the Company dated 22 June 2016)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-project Fees”	has the meaning ascribed to it under the section headed “B. The Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement
“Supplemental Agreement”	the supplemental agreement entered into between Guangdong Land Shenzhen and the Contractor on 4 July 2019 in respect of the Original Agreement
“Works Fees”	has the meaning ascribed to it under the section headed “B. The Original Agreement and the Supplemental Agreement – Consideration and basis of determination of Consideration” in this announcement

“Works for the Southern
Land”

has the meaning ascribed to it under the section headed
“B. The Original Agreement and the Supplemental
Agreement – Subject matter” in this announcement

“0%”

per cent.

In this announcement, the English names of the PRC entities and PRC laws and regulations are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names 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 RMB0.8815. 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
HOU Wailin
Chairman

Hong Kong, 4 July 2019

As at the date of this announcement, the Board comprises one Non-Executive Director, namely Mr. HOU Wailin; 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.