粵海置地

GUANGDONG LAND HOLDINGS LIMITED
粵 海 置 地 控 股 有 限 公 司
(Incorporated in Bermuda with limited liability)
(Stock Code: 0124)

Connected Transaction

Renewal of Tenancy

Reference is made to the announcement of the Company dated 28 November 2016 in relation to the transaction under the Existing Tenancy Agreement. The Existing Tenancy Agreement will expire on 30 November 2019.

On 18 November 2019, the Company and GD Power International, a direct non-wholly owned subsidiary of GDI, entered into the New Tenancy Agreement in respect of the Premises for a fixed term of three years from 1 December 2019 to 30 November 2022 (both days inclusive).

GDI is the controlling shareholder of the Company. Accordingly, GD Power International is an associate of GDI and hence a connected person of the Company as defined in the Listing Rules. Therefore, the New Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to HKFRS 16, the Company (as tenant) shall recognise the Premises leased under the New Tenancy Agreement as a right-of-use asset in the consolidated balance sheet of the Company. Accordingly, the entering into of the New Tenancy Agreement will 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 New Tenancy Agreement, the value of the right-of-use asset recognised under the New Tenancy Agreement is approximately HK$9,076,000.

As one of the applicable percentage ratios in respect of the value of the right-of-use asset under the New Tenancy Agreement exceeds 0.1% but all of the applicable ratios do not exceed 5%, the New Tenancy Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 November 2016 in relation to the transaction under the Existing Tenancy Agreement. The Existing Tenancy Agreement will expire on 30 November 2019.

NEW TENANCY AGREEMENT

On 18 November 2019, the Company and GD Power International, a direct non-wholly owned subsidiary of GDI, entered into the New Tenancy Agreement in respect of the Premises for a fixed term of three years from 1 December 2019 to 30 November 2022 (both days inclusive). A summary of the key terms of the New Tenancy Agreement is set out below:

Parties:	Landlord — GD Power International Tenant — the Company
Premises:	The whole of 18th Floor of GDI Tower
Gross Floor Area:	Approximately 7,733 square feet
Term:	A fixed term of three years from 1 December 2019 to 30 November 2022 (both days inclusive)
Rent:	HK$271,000 per calendar month payable monthly in advance on the first day of each calendar month in cash (exclusive of rates, service charge and other outgoings)
Use of Premises:	Commercial offices
Deposit:	The equivalent of three calendar months' rent and service charge

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENT

The Group has been using the Premises as its head office and principal place of business in Hong Kong since 1 December 2013. The Company considers that it would be beneficial to renew the tenancy for the Premises for the business operations of the Group, which would also save relocation and related costs.

The entering into of the New Tenancy Agreement is in the ordinary and usual course of business of the Company. The terms of the New Tenancy Agreement are on normal commercial or better terms and were negotiated on an arm's length basis between the parties with reference to the current market rent of the Premises as advised by an independent property valuer having taken into account of the prevailing market rental value.

PRINCIPAL BUSINESSES OF THE GROUP AND THE CONNECTED PERSONS

The principal business of the Company is investment holding. The Group is principally engaged in property development and investment businesses.

The principal business of GD Power International is property investment. GD Power International is directly held as to 51% of its issued shares by GDI and the remaining 49% of its issued shares is held by a subsidiary of a PRC state-owned enterprise which is (apart from its interest in GD Power International) independent of the Group.

GDI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange, and is the controlling shareholder of the Company. GDI and its subsidiaries are principally engaged in investment holding, water resources, property investment and development, department store operation, hotel ownership, operation and management, investments in energy projects and road and bridge operation.

GDH and Guangdong Holdings are the controlling shareholder and the ultimate controlling shareholder of GDI and the Company respectively. The principal business of each of GDH and Guangdong Holdings is investment holding.

LISTING RULES IMPLICATIONS

GDI holds approximately 73.82% of the issued shares of the Company and is therefore the controlling shareholder and a connected person of the Company. GD Power International is an associate of GDI and hence a connected person of the Company as defined in the Listing Rules. Therefore, the New Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules.

Pursuant to HKFRS 16, the Company (as tenant) shall recognise the Premises leased under the New Tenancy Agreement as a right-of-use asset in the consolidated balance sheet of the Company. Accordingly, the entering into of the New Tenancy Agreement will 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 New Tenancy Agreement, the value of the right-of-use asset recognised under the New Tenancy Agreement is approximately HK$9,076,000.

As one of the applicable percentage ratios in respect of the value of right-of-use asset under the New Tenancy Agreement exceeds 0.1% but all of the applicable percentage ratios do not exceed 5%, the New Tenancy Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including all the independent non-executive Directors) are of the view that the New Tenancy Agreement was entered into in the ordinary and usual course of business of the Company, and the terms contained therein are on normal commercial or better terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mr. HOU Wailin, being a Director, is also a director of GDI, GDH and Guangdong Holdings. Ms. ZHAO Chunxiao and Mr. LI Wai Keung, being Directors, are also directors of GDI. All of the abovementioned Directors had abstained from voting on the Directors' resolutions approving, *inter alia*, the entering into of the New Tenancy Agreement. Save as disclosed above, no other Directors have any material interest in the New Tenancy Agreement.

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
"Existing Tenancy Agreement"	a tenancy agreement entered into on 28 November 2016 between GD Power International as landlord and the Company as tenant in respect of the Premises, details of which are set out in the announcement of the Company dated 28 November 2016
"GDH"	GDH Limited (粵海控股集團有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of GDI and the Company
"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, is the controlling Shareholder
"GDI Tower"	Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong
"GD Power International"	Guangdong Power (International) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct non-wholly owned subsidiary of GDI
"Group"	the Company and its subsidiaries
"Guangdong Holdings"	Guangdong Holdings Limited (廣東粵海控股集團有限公司), a company established in the PRC and the ultimate controlling shareholder of GDI and 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
"New Tenancy Agreement"	a tenancy agreement entered into on 18 November 2019 between GD Power International as landlord and the Company as tenant in respect of the Premises, and "Tenancy" means the tenancy thereunder
"PRC"	the People's Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Premises"	whole of 18th Floor of GDI Tower
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

In this announcement, the English name of the PRC entity is a translation of its Chinese name, and is included herein for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.

By Order of the Board
Guangdong Land Holdings Limited
HOU Wailin
Chairman

Hong Kong, 18 November 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 Ms. ZHU Guang; and three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.