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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

**Continuing connected transactions
in relation to the Lease Agreement**

On 16 September 2022, Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as lessor) and Shenzhen GDH Teem (as lessee) entered into the Lease Agreement, pursuant to which Guangdong Yuehai Land has agreed to lease the Premises to Shenzhen GDH Teem for a term of 240 months (i.e. 20 years) from the date of the Lease Agreement.

Guangdong Holdings is the ultimate controlling shareholder of the Company, hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Shenzhen GDH Teem (an indirect non-wholly owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings and, therefore, it is a connected person of the Company. Accordingly, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps set for the transactions under the Lease Agreement calculated pursuant to the Listing Rules are more than 0.1% but all of them are less than 5%, the transactions under the Lease Agreement are therefore subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

INTRODUCTION

On 16 September 2022, Guangdong Yuehai Land (an indirect wholly-owned subsidiary of the Company) (as lessor) and Shenzhen GDH Teem (as lessee) entered into the Lease Agreement, pursuant to which Guangdong Yuehai Land has agreed to lease the Premises to Shenzhen GDH Teem for a term of 240 months (i.e. 20 years) from the date of the Lease Agreement.

A. LEASE AGREEMENT

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

Date: 16 September 2022

Parties: (a) Guangdong Yuehai Land (as lessor)
(b) Shenzhen GDH Teem (as lessee)

Premises: The shopping centre (the “**Shopping Centre**”) and the carparks (the “**Carparks**”) situated at the Northern Land and the Southern Land, and a four-storey building (the “**Old Factory Building**”, which was previously used for the operation of the Group’s former brewery business, and will be leased out for the type of operation as permitted by the relevant government authorities) situated at the land lot number H409-0093 (which is adjacent to the Northern Land), with a total gross floor area of approximately 186,001 sq. m. and their ancillary facilities and amenities (such as engine rooms, fire services pump rooms, etc.) (the “**Premises**”)

Use: Shenzhen GDH Teem shall use the Shopping Centre for commercial operation, and use the Carparks and the Old Factory Building for operation. Shenzhen GDH Teem has the right to operate the Premises by itself, sublet the whole or part of the Premises, or cooperate or make any joint arrangements with other parties for their operation.

Term: 240 months from the date of the Lease Agreement

Rent

The rent (the “**Rent**”) payable by Shenzhen GDH Teem to Guangdong Yuehai Land for each year during the term of the Lease Agreement shall be calculated as follows:

$$\text{Rent} = \text{Net Income} \times 75\%$$

whereas: $\text{Net Income} = \text{Revenue} - \text{Deductible Items}$

In the event that the Net Income is a negative figure, the difference between the Revenue and the Deductible Items shall form part of the Deductible Items in the following year (which can be further carried forward) for calculating the Net Income.

The revenue (the “**Revenue**”) represents the actual annual income generated through the operation of the Premises by Shenzhen GDH Teem, including the rent and the property management service fees paid by any Sub-lessees, the car parking fees and fees from renting advertising spaces (the “**Advertising Spaces**”) of the Premises.

The deductible items (the “**Deductible Items**”) comprise the actual expenses of Shenzhen GDH Teem in respect of the Premises each year as follows:

- (i) the taxes (excluding enterprise income tax) in respect of the operation of the Premises paid by Shenzhen GDH Teem;
- (ii) the premiums for the insurance in respect of the Premises, including but not limited to property all risks insurance, public liability insurance, etc.;
- (iii) the operating expenses of Shenzhen GDH Teem, including but not limited to labour costs, utilities charges and daily expenses, etc.;
- (iv) the opening preparation expenses in respect of the Premises, including but not limited to the labour costs and purchase costs of office assets before the opening of the Northern Land Shopping Centre. It is estimated that such expenses for the period from 16 January 2022 (i.e. the date on which Guangdong Yuehai Land commenced

- the opening preparation and promotion in respect of the Premises) to 31 October 2022 will amount to RMB13,000,000 (equivalent to approximately HK\$14,723,000) in aggregate (subject to adjustment to be agreed by the Parties if the opening of the Northern Land Shopping Centre is delayed to a date after 1 November 2022);
- (v) the promotion expenses in respect of the Premises. It is estimated that the promotion expenses for the period from 16 January 2022 (i.e. the date on which Guangdong Yuehai Land commenced the opening preparation and promotion in respect of the Premises) to 31 October 2022 will be RMB7,000,000 (equivalent to approximately HK\$7,928,000) in aggregate (subject to adjustment to be agreed by the Parties if the opening of the Northern Land Shopping Centre is delayed to a date after 1 November 2022) and the promotion expenses for the period from 1 November 2022 to 31 December 2022 will be RMB1,800,000 (equivalent to approximately HK\$2,039,000) in aggregate;
 - (vi) the property management service expenses in respect of the Premises;
 - (vii) the shop modification work expenses (the “**Shop Modification Expenses**”), including the expenses for the modification work carried out for the purposes of leasing and solicitation of sub-lessees by Shenzhen GDH Teem. The expenses for the modification work carried out before the handover of the relevant parts of the Premises as agreed by the Parties shall be borne by Guangdong Yuehai Land, and in the event that the aggregate amount of the aforementioned expenses for the modification work before the handover exceeds RMB22,000,000 (equivalent to approximately HK\$24,915,000), the excess amount shall be paid by Shenzhen GDH Teem to Guangdong Yuehai Land and be regarded as part of the Shop Modification Expenses; and
 - (viii) the repair expenses in respect of the Premises (excluding structural repair and any changes to major facilities and equipment of the Premises).

Prior to the date of the Lease Agreement, Guangdong Yuehai Land had entered into 7 agreements (the “**Promotion Services Agreements**”) in relation to the promotion of the Premises with certain service providers who are Independent Third Parties (the “**Promotion Service Providers**”). The Parties and each of the Promotion Service Providers will enter into novation agreements, pursuant to which Guangdong Yuehai Land will transfer all its obligations and rights under the Promotion Services Agreements to Shenzhen GDH Teem. The Parties have agreed that (a) the expenses paid by Guangdong Yuehai Land under the Promotion Services Agreements prior to the effective date of the aforementioned novation agreements, and (b) the opening preparation expenses paid by Guangdong Yuehai Land (such as labour costs and administrative expenses) to the relevant employees of the Group and other suppliers (all of them being Independent Third Parties) prior to the date of the Lease Agreement ((a) and (b) are collectively referred to as the “**Paid Expenses**”) shall be included as part of the Deductible Items (iv) and (v) above, respectively; and Shenzhen GDH Teem shall pay the Paid Expenses to Guangdong Yuehai Land. In the event that the amount of cash and cash equivalents of Shenzhen GDH Teem less the share capital of Shenzhen GDH Teem and the deposits from the Sub-lessees paid to Shenzhen GDH Teem, as shown in the management accounts of Shenzhen GDH Teem as at the end of any quarter exceeds RMB5,000,000 (equivalent to approximately HK\$5,663,000), Shenzhen GDH Teem shall pay the excess amount to Guangdong Yuehai Land before the 10th day of the following month, and shall continue to pay such excess amount until the Paid Expenses have been paid by Shenzhen GDH Teem to Guangdong Yuehai Land in full.

For Deductible Items (iii) to (viii) above, save as otherwise disclosed above, Shenzhen GDH Teem shall prepare the relevant annual budget, and the annual budget shall be agreed by the Parties. If any Deductible Item exceeds the amount in such annual budget, the written consent of Guangdong Yuehai Land is required for inclusion of such excess amount as part of the total amount of the Deductible Items.

Payment terms

The Rent payable by Shenzhen GDH Teem to Guangdong Yuehai Land pursuant to the Lease Agreement shall be settled in the following manner:

- (i) within 15 days after the end of each quarter, Shenzhen GDH Teem shall submit the breakdown of the Revenue and the Deductible Items in respect of the previous quarter to Guangdong Yuehai Land and calculate the Rent in respect of the quarter (the “**Estimated Quarterly Rent(s)**”) in the same manner as set out under the section headed “A. Lease Agreement - Rent” in this announcement. Shenzhen GDH Teem shall pay the Estimated Quarterly Rent to Guangdong Yuehai Land within 30 days after the end of the quarter. In the event that the amount of the Deductible Items is higher than the Revenue for the relevant quarter, Shenzhen GDH Teem is not required to pay any Estimated Quarterly Rent, and the excess amount (i.e. the Deductible Items less the Revenue) shall be regarded as a Deductible Item for calculating the Estimated Quarterly Rent in the following quarter(s); and
- (ii) before 15 April of each year, Shenzhen GDH Teem shall submit the breakdown of the Revenue and the Deductible Items in respect of the previous year to Guangdong Yuehai Land and calculate the Rent for the previous year (the “**Actual Annual Rent**”) for Guangdong Yuehai Land’s verification and confirmation. If the Actual Annual Rent is higher than the aggregate amount of the Estimated Quarterly Rents for the relevant year (the “**Aggregate Paid Amount**”), then Shenzhen GDH Teem shall pay the shortfall (i.e. the Actual Annual Rent less the Aggregate Paid Amount) to Guangdong Yuehai Land; or if the Actual Annual Rent is less than the Aggregate Paid Amount, then Guangdong Yuehai Land shall refund the excess amount (i.e. the Aggregate Paid Amount less the Actual Annual Rent) to Shenzhen GDH Teem. Such shortfall or excess amount shall be paid within 15 business days after the date of the confirmation of Actual Annual Rent by Guangdong Yuehai Land.

The Rent was determined based on arm’s length negotiations between the Parties and after having taking into account the following factors by the Group:

- (i) the report in relation to the fairness of the transactions contemplated under the Lease Agreement dated 16 September 2022 prepared by Cushman & Wakefield, an independent professional valuer in the PRC engaged by Guangdong Yuehai Land (the “**Report**”). As per the Report, the Valuer is of the view that (a) the method adopted for calculating the Rent (i.e. Net Income x 75%) under the Lease Agreement is a normal business practice, (b) the Deductible Items are ordinary expenses for commercial operation of properties, and the inclusion of them are reasonable and on normal commercial term for those types of lease agreements similar to the Lease Agreement, (c) the market rates for calculating the rent payable by the lessee to the lessor under leases similar to the Lease Agreement range from 40% to 80% and, (d) the relevant rate of the Net Income (i.e. 75%) to be received by Guangdong Yuehai Land under the Lease Agreement is reasonable and on normal commercial terms as those of similar type of lease agreements;
- (ii) the Net Income sharing model as adopted for calculating the Rent under the Lease Agreement is a common commercial term for the leasing of shopping centres and carparks for operation purposes in the PRC;
- (iii) the Premises are located in a prime location in Shenzhen, Guangdong Province, the PRC and thus the Group has negotiated for a rate (i.e. 75%) in the higher end of the market rates for calculating the Rent under the Lease Agreement; and
- (iv) the Rent to be received by Guangdong Yuehai Land under the Lease Agreement is estimated to be higher than the estimated operating profits to be obtained by Guangdong Yuehai Land if the Group were to operate the Premises by itself.

Handover of the Premises

The relevant dates for Guangdong Yuehai Land to hand over the relevant parts of the Premises to Shenzhen GDH Teem (for the avoidance of doubt, in any event, such handover dates shall be no earlier than the date of the Lease Agreement) are set out below:

Relevant parts of the Premises	Date of handover
The part of the Shopping Centre situated at the Northern Land (the “ Northern Land Shopping Centre ”)	On the date of the Lease Agreement
The relevant Carparks situated at the Northern Land	Before the date of the opening of the Northern Land Shopping Centre and the exact date to be confirmed by the Parties. It is expected that Guangdong Yuehai Land will hand-over the relevant Carparks situated at the Northern Land to Shenzhen GDH Teem on or before 1 November 2022.
The part of the Shopping Centre (the “ Southern Land Shopping Centre ”) and the relevant Carparks situated at the Southern Land	On a date to be agreed between Guangdong Yuehai Land and Shenzhen GDH Teem (Based on the current construction work schedule of the Southern Land Shopping Centre and the relevant Carparks, it is expected that Guangdong Yuehai Land will hand-over the Southern Land Shopping Centre and the relevant Carparks to Shenzhen GDH Teem in or about June 2023.)
The 1 st and 2 nd floor of the Old Factory Building	After the end of the Biennale Exhibition (as the 1 st and 2 nd floor of the Old Factory Building will be used as part of the venue for the Biennale Exhibition), and the exact date to be confirmed by the Parties. It is expected that the end date of the Biennale Exhibition will fall within the year 2023.
The 3 rd and 4 th floor of the Old Factory Building	On a date no later than 31 December 2023 (subject to the confirmation by the Parties)

Naming rights

Shenzhen GDH Teem has the naming rights to the Premises and is entitled to use such name for promotion of the Premises.

Termination

Subsequent to the Northern Land Shopping Centre having opened for three years, if the relevant actual Net Income in respect of the Premises (the “**Actual Net Income**”) is lower than the amount (the “**Target Net Income**”) equivalent to 88% of the estimated net income in the annual budget (as agreed between Guangdong Yuehai Land and Shenzhen GDH Teem) for two consecutive years, Guangdong Yuehai Land is entitled to terminate the Lease Agreement by giving a written notice six months in advance and without compensation to Shenzhen GDH Teem. Within 20 business days from the date of receiving Guangdong Yuehai Land’s notice, Shenzhen GDH Teem may give written notice (“**Notice of Continuation**”) to Guangdong Yuehai Land that it chooses to continue with the Lease Agreement, and in such circumstance, within 30 business days after giving the Notice of Continuation, Shenzhen GDH Teem must pay

the shortfall between (i) the Rent being calculated based on the Target Net Income (instead of the Actual Net Income) and (ii) the Rent paid, for the two preceding years.

Unless otherwise provided in the Lease Agreement (such as the default of a Party), the Party who terminates the Lease Agreement shall pay a compensation to the other Party for an amount equivalent to three times of the average monthly Rent for the 12 months immediately preceding the date of termination of the Lease Agreement.

Other terms

Shenzhen GDH Teem has acknowledged that, prior to the entering into of the Lease Agreement, Guangdong Yuehai Land (as lessor) had entered into certain lease agreements in respect of certain shops in the Premises. The Parties and each of the relevant lessees will enter into relevant novation agreements, pursuant to which Guangdong Yuehai Land will transfer all its obligations and rights under the aforementioned lease agreements to Shenzhen GDH Teem (i.e. Shenzhen GDH Teem will become the lessor in place of Guangdong Yuehai Land). In the event that any aforementioned novation agreements cannot be entered into, Guangdong Yuehai Land shall entrust Shenzhen GDH Teem to exercise its rights and carry out its obligations under the relevant lease agreements, and the revenue (including the rent and property management service fees payable by the aforementioned lessees) shall be received by Shenzhen GDH Teem and included in the Revenue.

B. ANNUAL CAPS AND BASIS OF DETERMINATION

There is no historical transaction amount for the transactions in respect of the letting of the Premises under the Lease Agreement.

The annual caps set for the transactions contemplated under the Lease Agreement (the “**Annual Caps**”) are as follows:

Period / Year	Annual Caps (RMB)
For the period from 16 September 2022 to 31 December 2022	0
For the year ending 31 December 2023	0
For the year ending 31 December 2024	0
For the year ending 31 December 2025	0
For the year ending 31 December 2026	100,000 (equivalent to approximately HK\$113,000)
For the year ending 31 December 2027	140,000 (equivalent to approximately HK\$159,000)
For the year ending 31 December 2028	170,000 (equivalent to approximately HK\$193,000)
For the year ending 31 December 2029	980,000 (equivalent to approximately HK\$1,110,000)
For the year ending 31 December 2030	8,320,000 (equivalent to approximately HK\$9,422,000)
For the year ending 31 December 2031	13,530,000 (equivalent to approximately HK\$15,323,000)
For the year ending 31 December 2032	18,550,000 (equivalent to approximately HK\$21,008,000)

Period / Year	Annual Caps (RMB)
For the year ending 31 December 2033	24,550,000 (equivalent to approximately HK\$27,803,000)
For the year ending 31 December 2034	30,800,000 (equivalent to approximately HK\$34,881,000)
For the year ending 31 December 2035	35,050,000 (equivalent to approximately HK\$39,694,000)
For the year ending 31 December 2036	38,170,000 (equivalent to approximately HK\$43,228,000)
For the year ending 31 December 2037	40,750,000 (equivalent to approximately HK\$46,149,000)
For the year ending 31 December 2038	43,500,000 (equivalent to approximately HK\$49,264,000)
For the year ending 31 December 2039	45,840,000 (equivalent to approximately HK\$51,914,000)
For the year ending 31 December 2040	46,890,000 (equivalent to approximately HK\$53,103,000)
For the year ending 31 December 2041	47,360,000 (equivalent to approximately HK\$53,635,000)
For the period from 1 January 2042 to 15 September 2042	40,110,000 (equivalent to approximately HK\$45,425,000)

The Annual Caps have been determined after taking into account:

- (1) the estimated amount of the Revenue calculated with reference to (i) the aggregate gross floor area of the Shopping Centre and the Old Factory Building, and the expected average rent per sq. m. and the expected property management service fees per sq. m. to be received, (ii) the number of car parking spaces of the Carparks and the expected hourly parking fee, (iii) the expected number of Advertising Spaces and the expected advertising fees, (iv) the expected occupancy rates of the Shopping Centre and the Old Factory Building, and the expected utilisation rate of the Carparks and the Advertising Spaces during the term of the Lease Agreement, with reference to the market rate or fees in respect of the premises similar to the Premises in Shenzhen;
- (2) the estimated amount of the Deductible Items calculated with reference to (i) the aggregate gross floor area of the Premises, (ii) the applicable tax rates prescribed by the relevant government authorities, (iii) the annual insurance premiums with reference to the market rates of the types of insurances required, (iv) the property management services fees per sq. m., (v) the estimated operating costs, promotion expenses, opening preparation expenses, shop modification expenses and repair expenses in respect of the Premises after considering the expenses incurred for similar type of premises operated by the GD Teem Group;
- (3) the current general inflation rates and the estimated increment rate of the rental to be received from the Sub-lessees; and
- (4) that pursuant to the Report, for a shopping centre in the PRC to reach the operational maturity stage, it usually has to go through the introduction stage (three to five years) and the growth stage (five to ten years). The Group expects that, the expenses in respect of the Premises (i.e. the Deductible Items) during the introduction stage, and in particular, opening preparation expenses and promotion expenses, will be much higher than those of the years after the growth stage, while the occupancy rates of the Shopping Centre and the Old Factory Building and the utilisation rate of Advertising Spaces, and the relevant rates of rental, and the utilisation rate of the Carparks during the introduction stage will be lower than those of the following years. Therefore, the estimated Net Income for the first eight

years (up to the year ending 31 December 2029) will be negative or much lower than those of the following years, and accordingly, the Annual Caps set for the years up to the year ending 31 December 2029 are lower than those of the following years,

and having considered that pursuant to the Report, the Valuer is of the view that the Annual Caps set by Guangdong Yuehai Land are reasonable.

C. OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

As the term of the Lease Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Ballas Capital as the independent financial adviser to explain why the Lease Agreement requires a term longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of the Lease Agreement to be longer than three years, Ballas Capital considered the following factors:

1. as disclosed in this announcement, the entering into of the Lease Agreement will enable the Group to lower its operational risks as it is not required to build a professional team for operating the Premises, as well as lower its financial risks as most of the expenses in respect of the Premises are first paid by Shenzhen GDH Teem (as opposed to Guangdong Yuehai Land if Guangdong Yuehai Land was to operate the Premises by itself) even before the breakeven point. The Group also believes that the Premises operated under the brand “天河城” by Shenzhen GDH Teem will attract high quality businesses to the Premises and will maximize the Revenue during the term of the Lease Agreement;
2. the commitment of Shenzhen GDH Teem and the long term nature of the Lease Agreement will help the Group to obtain a long period of income to be generated from the Group’s property development and investment business and better ensure smooth and stable operation, so that the Group could better plan the long-term strategy in relation to the business; and
3. the long duration of the Lease Agreement allows the Group to benefit from the reduced administrative and marketing burdens of finding new suitable tenant after expiration of leases, whilst enjoying long-term rental income.

In considering whether it is normal business practice for agreements of a similar nature to the Lease Agreement to have a term of such duration, Ballas Capital has on a best-effort basis, identified and reviewed the public information of the transactions of five companies (the “**Comparable Transactions**”) listed on the Main Board of the Stock Exchange involving the leasing or operating of shopping centres or similar retail facilities, having considered that Shenzhen GDH Teem will use the Premises for operation purposes under the Lease Agreement. Based on their findings, Ballas Capital noted that the duration of the agreements of the Comparable Transactions range from 5 years to 20 years. Therefore, Ballas Capital is of the view that it is normal business practice for the Lease Agreement to have a duration of 20 years.

D. REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The GD Teem Group is principally engaged in, among other things, shopping centre and commercial property operation, providing property leasing services, property investment and development. The GD Teem Group is experienced in shopping centre and commercial property operation with an established professional team and has developed the name “天河城” (“Teem”) over the years into a reputable brand for the properties managed or operated by it. Shenzhen GDH Teem was newly set up by GD Teem for the specific purpose of operating the Premises with the full support from the experienced staff of the GD Teem Group.

Having taken into account that:

- (i) the Group does not have a professional team for operating shopping centres and commercial shops and does not own any commercial property brands;
- (ii) the Shopping Centre and the Old Factory Building are newly built or revamped, and as per the Report, for a shopping centre in the PRC to reach the operational maturity stage, it has to go through the introduction stage (three to five years) and the growth stage (five to ten years), and changing the operator of the Premises after a short period or too frequently is not favourable to Guangdong Yuehai Land because it will affect the growth and development plan in respect of the Premises; and the Valuer, after taking into account six market comparables (including three companies listed on the Stock Exchange and three private companies, all of which have their principal business operation in the PRC and the premises involves are shopping centres or similar retail facilities), is of the opinion that the term of 20 years under the Lease Agreement is normal business practice;
- (iii) Shenzhen GDH Teem has an experienced and professional team for operating the Premises and have established relationship with well-known brands, and it intends to name the Premise with the reputable brand name “天河城” (“Teem”); and
- (iv) as disclosed above, Ballas Capital is of the view that it is normal business practice for the Lease Agreement to have a duration of 20 years,

the Company considers that, by entering into the Lease Agreement, the Group (i) will be able to lower its operational risks as it is not required to build a professional team for operating the Premises, (ii) lower its financial risks as most of the expenses in respect of the Premises are first paid by Shenzhen GDH Teem (as opposed to Guangdong Yuehai Land if Guangdong Yuehai Land was to operate the Premises by itself) even before the breakeven point, (iii) the Group believes that the Premises operated under the brand “天河城” by Shenzhen GDH Teem will attract high quality businesses to the Premises and will maximize the Revenue during the term of the Lease Agreement, and will also help attract tenants for renting office units in the office tower situated on the Southern Land and customers for the purchase of the office units in the officer tower situated on the Northern Land and the business apartments situated on the Northwestern Land, and (iv) the lease term of 20 years will ensure the continual and stable operation of the Premises and enable the Group to capture the profits generated in the long run.

In light of the above reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Lease Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, 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.

E. 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 ultimate controlling shareholder of the Company is Guangdong Holdings.

F. INFORMATION ON SHENZHEN GDH TEEM, GDI AND GUANGDONG HOLDINGS

Information on Shenzhen GDH Teem

Shenzhen GDH Teem is a company established in the PRC with limited liability. It is principally engaged in operating the Premises and is a direct wholly-owned subsidiary of 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. The GDI Group is 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.

G. LISTING RULES IMPLICATIONS

Guangdong Holdings is the ultimate controlling shareholder of the Company, hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Shenzhen GDH Teem (an indirect non-wholly owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings and, therefore, it is a connected person of the Company. Accordingly, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps set for the transactions under the Lease Agreement calculated pursuant to the Listing Rules are more than 0.1% but all of them are less than 5%, the transactions under the Lease Agreement are therefore subject to the annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

As Mr. LAN Runing, Mr. LI Yonggang, Mr. LI Wenchang and Mr. JIAO Li, being the Directors, are directors of certain subsidiaries of Guangdong Holdings, they have abstained from voting on the relevant Board resolutions approving the Lease Agreement and the transactions contemplated thereunder at the relevant Board meeting. 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 Lease Agreement and the transactions contemplated thereunder.

H. DEFINITIONS

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

“Actual Annual Rent”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent – Payment terms” in this announcement
“Actual Net Income”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Termination” in this announcement
“Advertising Spaces”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Annual Caps”	has the meaning ascribed to it under the section headed “B. Annual Caps and basis of determination” in this announcement
“Aggregate Paid Amount”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent – Payment terms” in this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Ballas Capital”	Ballas Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed for the purposes of Rule 14A.52 of the Listing Rules

“Biennale Exhibition”	the 9th Bi-City Biennale of Shenzhen-Hong Kong Urbanism / Architecture (Shenzhen) for 2022, organised by the People’s Government of Shenzhen Municipal
“Board”	the board of Directors
“Carparks”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Premises” in this announcement
“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
“Comparable Transactions”	has the meaning ascribed to it under the section headed “C. Opinion from the Independent Financial Adviser” in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cushman & Wakefield” or “Valuer”	戴德梁行房地產顧問（廣州）有限公司 (Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd.), an independent professional valuer in the PRC appointed by Guangdong Yuehai Land
“Deductible Items”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Director(s)”	the director(s) of the Company
“Estimated Quarterly Rent(s)”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent – Payment terms” in this announcement
“GDH City Land”	a plot of land located in the Buxin Area (布心片區), Luohu District, Shenzhen, the PRC under development (for details, please refer to the circular of the Company dated 22 June 2016)
“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 and an indirect non-wholly owned subsidiary of Guangdong Holdings
“GD Teem Group”	GD Teem and its subsidiaries (including Shenzhen GDH Teem)
“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
“GDI Group”	GDI and its subsidiaries

“Guangdong Government”	中國廣東省人民政府 (the People’s Government of Guangdong Province, the PRC)
“Group”	the Company and its subsidiaries from time to time
“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 the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Lease Agreement”	the lease agreement dated 16 September 2022 and entered into between Guangdong Yuehai Land (as lessor) and Shenzhen GDH Teem (as lessee) in respect of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Net Income”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Northern Land”	the northern part of the GDH City Land (designated as land lot number H409-0092) (for details, please refer to the circular of the Company dated 22 June 2016)
“Northwestern Land”	the northwestern part of the GDH City Land (designated as land lot number H409-0078(1)) (for details, please refer to the circular of the Company dated 22 June 2016)
“Northern Land Shopping Centre”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Handover of the Premises” in this announcement
“Notice of Continuation”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Termination” in this announcement
“Old Factory Building”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Premises” in this announcement
“Paid Expenses”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement

“Parties”	Guangdong Yuehai Land and Shenzhen GDH Teem, which are the parties to the Lease Agreement
“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
“Premises”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Premises” in this announcement
“Promotion Service Providers”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Promotion Services Agreements”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Rent”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Report”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent – Payment terms” in this announcement
“Revenue”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Shenzhen GDH Teem”	深圳粵海天河城購物中心有限公司 (Shenzhen GDH Teem Shopping Center Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of Guangdong Holdings
“Shop Modification Expenses”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Rent” in this announcement
“Shopping Centre”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Premises” in this announcement
“Southern Land”	the southern part of the GDH City Land (designated as land lot number H409-0011) (for details, please refer to the circular of the Company dated 22 June 2016)
“Southern Land Shopping Centre”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Handover of the Premises” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Sub-lessee(s)”	the lessee(s) who rent all or part of the Premises from Shenzhen GDH Teem
“Target Net Income”	has the meaning ascribed to it under the section headed “A. Lease Agreement – Termination” in this announcement
“%”	per cent.

In this announcement, the English names of the PRC entities 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 into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.8830. 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, 16 September 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.