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# 長城環亞控股有限公司\*

## GREAT WALL PAN ASIA HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 583)**

### **CONTINUING CONNECTED TRANSACTIONS PROPOSED RENEWAL OF TENANCIES**

References are made to the announcement of the Company dated 8 March 2019 and the circular of the Company dated 4 April 2019 in relation to the Existing Tenancies. Pursuant to the two existing tenancy agreements dated 31 May 2019, Landlord 1 (being indirect wholly-owned subsidiary of the Company) leased to the Tenant Premises 1A and Premises 1B and Landlord 2 (being indirect wholly-owned subsidiary of the Company) leased to the Tenant Premises 2A and Premises 2B for a term commenced from 1 May 2019 and expiring on 31 December 2021.

On 25 October 2021, each of the Landlords received the Letters of Offer from the Tenant which offered to renew the Existing Tenancies for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

Each of the Landlords is indirectly wholly-owned by the Company. As at the date of this announcement, the Tenant is a controlling Shareholder of the Company by virtue of the Tenant's approximate 74.89% indirect shareholding in the Company. The Tenant is accordingly a connected person of the Company. Hence, the Proposed Renewal of Tenancies constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios of the Proposed Renewal of Tenancies (other than profits ratio) calculated by using the highest proposed Annual Cap for the Proposed Renewal of Tenancies, the Proposed Renewal of Tenancies does not qualify for the de minimis transactions set out in Rule 14A.76(1) or Rule 14A.76(2) of the Listing Rules. Hence, the Proposed Renewal of Tenancies is subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules. The Company will convene the Special General Meeting, at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Proposed Renewal of Tenancies (including the proposed Annual Caps). The Tenant and its wholly-owned subsidiary(ies) holding Shares in the Company are required to abstain from voting on such resolution at the Special General Meeting.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Proposed Renewal of Tenancies and the proposed Annual Caps. The Independent Financial Adviser has also been appointed to give its opinion and recommendations to the Independent Board Committee and the Independent Shareholders. The Independent Board Committee will, after receiving and considering the advice of the Independent Financial Adviser, advise and make recommendations to the Independent Shareholders on how to vote on the resolution approving the Proposed Renewal of Tenancies (including the proposed Annual Caps) at the Special General Meeting.

A circular containing, among other things, further information on the Proposed Renewal of Tenancies, the letters of advice from the Independent Board Committee and the Independent Financial Adviser and other information as required under the Listing Rules together with a notice convening the Special General Meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The Company expects to despatch the circular together with the notice of the Special General Meeting on or before 15 November 2021.

## **PROPOSED RENEWAL OF TENANCIES**

References are made to the announcement of the Company dated 8 March 2019 and the circular of the Company dated 4 April 2019 in relation to the Existing Tenancies. Pursuant to the two existing tenancy agreements dated 31 May 2019, Landlord 1 (being indirect wholly-owned subsidiary of the Company) leased to the Tenant Premises 1A and Premises 1B and Landlord 2 (being indirect wholly-owned subsidiary of the Company) leased to the Tenant Premises 2A and Premises 2B for a term commenced from 1 May 2019 and expiring on 31 December 2021.

On 25 October 2021, each of the Landlords received the Letters of Offer from the Tenant which offered to renew the Existing Tenancies for a term of three years commencing on 1 January 2022 and expiring on 31 December 2024.

### **Principal Terms of the Proposed Renewal of Tenancies**

The principal terms of the Proposed Renewal of Tenancies as set out in each of the Letters of Offer dated 25 October 2021 are similar to each other and are summarized below:

Landlords	:	Landlord 1 – Sunny Bright Development Limited 新利輝發展有限公司, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Its principal business activity is holding of investment properties for rental.
		Landlord 2 – Sunny Success Development Limited 新利成發展有限公司, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Its principal business activity is holding of investment properties for rental.
Tenant	:	China Great Wall AMC (International) Holdings Company Limited 中國長城資產(國際)控股有限公司, a company incorporated in Hong Kong and a controlling Shareholder of the Company. The principal business activities of the Tenant are money lending, property investment and financial assets investment.
Premises	:	Premises 1A – Portion of 20th Floor of Bank of America Tower with saleable area of approximately 6,028 sq. ft..
		Premises 1B – Carpark BA21 on the 4th Floor of Bank of America Tower.

Premises 2A – Portion of 21st Floor of Bank of America Tower with saleable area of approximately 6,028 sq. ft..

Premises 2B – Carpark BA22 on the 4th Floor of Bank of America Tower.

Premises 1A and Premises 2A are for office use while Premises 1B and Premises 2B are for car parking use.

Monthly Rents : in respect of Premises 1A and Premises 1B, HK\$574,500.00 per calendar month, exclusive of rates, Government rent and Service Charges.

in respect of Premises 2A and Premises 2B, HK\$577,500.00 per calendar month, exclusive of rates, Government rent and Service Charges.

Service Charges : in respect of Premises 1A and Premises 1B, air-conditioning and management charges of HK\$35,327.50 per calendar month at present, which will be adjusted proportionately according to the actual amount of service charges chargeable to the relevant premises by the building manager from time to time.

in respect of Premises 2A and Premises 2B, air-conditioning and management charges of HK\$35,327.50 per calendar month at present, which will be adjusted proportionately according to the actual amount of service charges chargeable to the relevant premises by the building manager from time to time.

Commencement Date : The Proposed Renewal of Tenancies will commence on the Commencement Date (that is, 1 January 2022) following the Landlords' acceptance of the Tenant's offers of the Proposed Renewal of Tenancies.

In compliance with Chapter 14A of the Listing Rules, the Landlords will accept the Tenant's offers only if the Independent Shareholders approve the Proposed Renewal of Tenancies at the Special General Meeting. If the approval is not granted on or before 31 December 2021 (or such later date as may be agreed by the Landlords and the Tenant in writing prior to that date), the Tenant's offers will lapse automatically.

Term of Proposed Renewal of Tenancies : Commencing on the Commencement Date and expiring on 31 December 2024, both dates inclusive.

Rent-free Period : The Tenant shall not be entitled to any rent-free period.

Deposit payable by the Tenant : in respect of Premises 1A and Premises 1B, HK\$1,829,482.50.  
in respect of Premises 2A and Premises 2B, HK\$1,838,482.50.

The rental deposit currently held by the Landlords in accordance with the terms of the existing tenancy agreements made between the Tenant and the Landlords in respect of the Premises in the amount of HK\$3,667,965.00 shall be transferred as the abovementioned deposit payable by the Tenant to the Landlords upon the acceptance of the offers of renewal of tenancies by the Landlords, and the Landlords shall return to the Tenant HK\$525,480.00 as surplus of the existing rental deposit within 14 calendar days after its acceptance of the offers and in any event on or before the Commencement Date.

### Annual Caps

The annual caps for the Existing Tenancies are HK\$11,182,520.00, HK\$16,858,566.00 and HK\$16,951,831.00 for each of the financial year ended 31 December 2019, the financial year ended 31 December 2020 and the financial year ending 31 December 2021 respectively. The actual transaction amounts (comprising the monthly rents and service charges paid/payable by the Tenant under the Existing Tenancies) are HK\$11,182,520.00, HK\$16,773,780.00 and HK\$12,580,335.00 for each of the financial year ended 31 December 2019, the financial year ended 31 December 2020 and the period from 1 January 2021 to 30 September 2021 respectively, which are within/is expected to be not exceeding the respective annual caps set for the Existing Tenancies.

The following table sets out the proposed Annual Caps in respect of the Proposed Renewal of Tenancies for each of the three financial years ending 31 December 2022, 2023 and 2024. The amount of each proposed Annual Cap is calculated by aggregating the Monthly Rents and Service Charges (on the assumption that there will be a 10% increment in the Service Charges in each of the years starting from 1 January 2023 and 1 January 2024) payable by the Tenant in each financial year.

<b>Proposed Annual Cap for the financial year ending 31 December 2022</b>	<b>Proposed Annual Cap for the financial year ending 31 December 2023</b>	<b>Proposed Annual Cap for the financial year ending 31 December 2024</b>
HK\$14,671,860.00	HK\$14,756,646.00	HK\$14,849,911.00

### REASONS FOR AND BENEFITS OF THE PROPOSED RENEWAL OF TENANCIES

The terms of the Proposed Renewal of Tenancies (including, in particular, the Monthly Rents and Service Charges) as set out in the Letters of Offer were negotiated between the Landlords and the Tenant after arm's length negotiations with reference to, among other things, the prevailing monthly rent chargeable for other comparable office units/car parking spaces. The Group has engaged an independent property valuer to assess the fair market rent of the Premises. The Monthly Rents of the Proposed Renewal of Tenancies are in line with the indicative open market rent appraised by the independent property valuer, which are estimated to be approximately HK\$188.80 per sq. ft. for Premises 1A and HK\$189.80 per sq. ft. for Premises 2A and HK\$5,500.00 for each of Premises 1B and Premises 2B. The Service Charges are to reimburse the Landlords for the outgoings payable to the management company/building manager for management services rendered in respect of the Premises and the air-conditioning charges during the term of the Proposed Renewal of Tenancies.

The Board believes that the Proposed Renewal of Tenancies will continue to bring a stable stream of income to the Group by charging the Tenant a monthly rent which is in line with the indicative open market rent. Moreover, since half of each of the 20th Floor and the 21st Floor of the Bank of America Tower are being used as the head office of the Group, the Group will continue to benefit by leasing out its unused office capacity, being Premises 1A and Premises 2A, to the Tenant and receiving rental income in return. The Proposed Renewal of Tenancies for the Premises will enable the Group to secure a stable stream of rental income without incurring additional costs and expenses in identifying alternative tenant(s) and ensure that there will be no disruption to the operation of its business in the Group's head office.

The Directors (excluding the independent non-executive Directors whose views will be expressed in the letter from the Independent Board Committee to be included in the circular) consider that the terms of the Proposed Renewal of Tenancies (i) have been reached after arm's length negotiations among the parties; (ii) are fair and reasonable, (iii) are on normal commercial or better terms to, and in the ordinary and usual course of business of, the Group, and (iv) are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Each of the Landlords is indirectly wholly-owned by the Company. As at the date of this announcement, the Tenant is a controlling Shareholder of the Company by virtue of the Tenant's approximate 74.89% indirect shareholding in the Company. The Tenant is accordingly a connected person of the Company. Hence, the Proposed Renewal of Tenancies constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Proposed Renewal of Tenancies (other than profits ratio) calculated by using the highest proposed Annual Cap for the Proposed Renewal of Tenancies, the Proposed Renewal of Tenancies does not qualify for the de minimis transactions set out in Rule 14A.76(1) or Rule 14A.76(2) of the Listing Rules. Hence, the Proposed Renewal of Tenancies is subject to the announcement, circular, independent shareholders' approval, annual review and reporting requirements under Chapter 14A of the Listing Rules. The Company will convene the Special General Meeting, at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Proposed Renewal of Tenancies (including the proposed Annual Caps). The Tenant and its wholly-owned subsidiary(ies) holding Shares in the Company are required to abstain from voting on such resolution at the Special General Meeting.

Dr. Song Ming, Dr. Sun Mingchun and Ms. Liu Yan are independent non-executive Directors. None of them has any interests in the Proposed Renewal of Tenancies. They have been appointed to establish the Independent Board Committee to advise the Independent Shareholders in respect of the Proposed Renewal of Tenancies and the proposed Annual Caps. The Independent Financial Adviser has also been appointed to give its opinion and recommendations to the Independent Board Committee and the Independent Shareholders on the matters in Rules 14A.45(1) to (4) of the Listing Rules, including its opinion as to whether the terms of the Proposed Renewal of Tenancies are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee will, after receiving and considering the advice of the Independent Financial Adviser, advise and make recommendations to the Independent Shareholders on how to vote on the resolution approving the Proposed Renewal of Tenancies (including the proposed Annual Caps) at the Special General Meeting.

Mr. Wang Hai and Mr. Xu Yongle, the executive Directors, are also directors of the Tenant, and thus had abstained from voting on the resolution of the Board in respect of the Proposed Renewal of Tenancies and the proposed Annual Caps. Save as disclosed above, none of the Directors has any material interest in the Proposed Renewal of Tenancies and the proposed Annual Caps.

A circular containing, among other things, further information on the Proposed Renewal of Tenancies, the letters of advice from the Independent Board Committee and the Independent Financial Adviser and other information as required under the Listing Rules together with a notice convening the Special General Meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The Company expects to despatch the circular together with the notice of the Special General Meeting on or before 15 November 2021.

## **GENERAL**

The Company was incorporated in Bermuda on 30 April 1990 as an exempted company with limited liability and is listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) property investment and (ii) provision of financial services.

The principal business activity of Landlord 1 is holding of investment property for rental.

The principal business activity of Landlord 2 is holding of investment property for rental.

The principal business activity of the Tenant is money lending, property investment and financial assets investment.

## **DEFINITIONS**

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

“Annual Cap(s)”	the maximum amount of the Monthly Rents and Service Charges payable by the Tenant to the Landlords in each of the three financial years ending 31 December 2022, 2023 and 2024 under the Proposed Renewal of Tenancies;
“Board”	the board of Directors;
“Commencement Date”	subject to the approval of the Independent Shareholders at the Special General Meeting, the date on which the Proposed Renewal of Tenancies will commence, being 1 January 2022;
“Company”	Great Wall Pan Asia Holdings Limited (長城環亞控股有限公司)*, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board (Stock Code: 583);
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	(a) director(s) of the Company;

“Existing Tenancies”	the tenancies granted by the Landlords to the Tenant in respect of the Premises in accordance with the two existing tenancy agreements made between the Landlords and the Tenant on 31 May 2019;
“Group”	the Company and its subsidiaries from time to time;
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely, Dr. Song Ming, Dr. Sun Mingchun and Ms. Liu Yan, formed for the purpose of advising the Independent Shareholders in respect of, among other things, the Proposed Renewal of Tenancies;
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to, among other matters, the fairness and reasonableness of the Proposed Renewal of Tenancies and the proposed Annual Caps;
“Independent Shareholders”	Shareholders who are not interested in the Proposed Renewal of Tenancies and other than those who are required to abstain from voting at the Special General Meeting in accordance with the Listing Rules and the applicable law;
“Landlord 1”	Sunny Bright Development Limited 新利輝發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Landlord 2”	Sunny Success Development Limited 新利成發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Landlords”	collectively, Landlord 1 and Landlord 2;
“Letter(s) of Offer”	the irrevocable letter(s) of offer from the Tenant to each of Landlord 1 and Landlord 2 offering to renew the Existing Tenancies for a term of three years;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the GEM of the Stock Exchange;
“Monthly Rent(s)”	(i) in respect of Premises 1A and Premises 1B, HK\$574,500.00 per calendar month, exclusive of rates, Government rent and Service Charges; and (ii) in respect of Premises 2A and Premises 2B, HK\$577,500.00 per calendar month, exclusive of rates, Government rent and Service Charges;

“Premises”	collectively, Premises 1A, Premises 1B, Premises 2A and Premises 2B;
“Premises 1A”	Portion of 20th Floor of Bank of America Tower with saleable area of approximately 6,028 sq. ft.;
“Premises 1B”	Carpark BA21 on the 4th Floor of Bank of America Tower;
“Premises 2A”	Portion of 21st Floor of Bank of America Tower with saleable area of approximately 6,028 sq. ft.;
“Premises 2B”	Carpark BA22 on the 4th Floor of Bank of America Tower;
“Proposed Renewal of Tenancies”	the proposed renewal of tenancies of the Premises to the Tenant by the Landlords upon the principal terms set out in the Letters of Offer, subject to the approval of the Independent Shareholders at the Special General Meeting;
“Service Charges”	(i) in respect of Premises 1A and Premises 1B, air-conditioning and management charges of HK\$35,327.50 per calendar month at present, which will be adjusted proportionately according to the actual amount of service charges chargeable to the relevant premises by the building manager from time to time; and (ii) in respect of Premises 2A and Premises 2B, air-conditioning and management charges of HK\$35,327.50 per calendar month at present, which will be adjusted proportionately according to the actual amount of service charges chargeable to the relevant premises by the building manager from time to time;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) from time to time;
“Special General Meeting”	the special general meeting of the Company to be held and convened for the Independent Shareholders, at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Proposed Renewal of Tenancies (including the proposed Annual Caps);
“sq. ft.”	square foot or square feet;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“Tenant”

China Great Wall AMC (International) Holdings Company Limited 中國長城資產(國際)控股有限公司, a company incorporated under the laws of Hong Kong with limited liability and a controlling Shareholder of the Company.

By order of the Board of  
**Great Wall Pan Asia Holdings Limited**  
**WANG Hai**  
*Chairman*

Hong Kong, 25 October 2021

*As at the date of this announcement, the Board consists of Mr. Wang Hai and Mr. Xu Yongle as executive Directors of the Company, Mr. Yu Xianqing as non-executive Director of the Company, and Dr. Song Ming, Dr. Sun Mingchun and Ms. Liu Yan as independent non-executive Directors of the Company.*

\* *For identification purpose only*