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GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0270)

CONTINUING CONNECTED TRANSACTION

AND

REVISION OF ANNUAL CAPS FOR TENANCY AGREEMENTS

Reference is made to the announcement of the Company dated 20 July 2015 in relation to the continuing connected transaction and the revision of annual caps for the Existing Tenancy Agreements in respect of the office premises situate at Teem Tower.

The Guangdong Teem 2014 Tenancy will expire on 30 September 2017. On 28 September 2017, Guangdong Teem entered into the New Tenancy Agreements with Guangdong Holdings for a fixed term of three years commencing on 1 October 2017 and ending 30 September 2020 in respect of the Premises.

Save for the above tenancies, Guangdong Teem had also entered into the Guangdong Teem 2015 Tenancy with Guangdong Holdings. A summary of the particulars of the Tenancy Agreements is set out in this announcement.

Guangdong Holdings is the ultimate controlling shareholder of the Company. Accordingly, Guangdong Holdings is a connected person of the Company and the transaction as contemplated under each of the Tenancy Agreements constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratio of the Listing Rules in respect of the annual revenue income to be received by the Group under the New Tenancy Agreements exceeds 0.1% but is less than 5%, the transaction as contemplated under the New Tenancy Agreements is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2017, 2018, 2019 and 2020 will be revised to approximately RMB15,529,189, RMB15,188,723, RMB13,541,929 and RMB10,333,515, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2017, 2018, 2019 and 2020 will be revised to RMB16,000,000, RMB16,000,000, RMB14,000,000 and RMB11,000,000, respectively. The highest annual cap is estimated to be RMB16,000,000 (equivalent to approximately HK\$18,966,400), which exceeds 0.1% but is less than 5% of the applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules. Accordingly, the transactions as contemplated under the Tenancy Agreements in aggregate are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The Company will comply with the annual review requirements under Rules 14A.55 to 14A.57 of the Listing Rules in relation to the Tenancy Agreements.

NEW TENANCY AGREEMENTS

Reference is made to the announcement of the Company dated 20 July 2015 in relation to the continuing connected transaction and the revision of annual caps for the Existing Tenancy Agreements in respect of the office premises situate at Teem Tower.

On 28 September 2017, Guangdong Teem entered into the New Tenancy Agreements with Guangdong Holdings whereby Guangdong Teem has agreed to let and Guangdong Holdings has agreed to rent the Premises for office use for a fixed term of three years commencing on 1 October 2017 and expiring on 30 September 2020. The monthly rent of the first two months of the lease term (i.e. from 1 October 2017 to 30 November 2017) shall be RMB442,583.05 and the monthly rent for the rest of the lease term shall be RMB885,166.10. The rent shall be payable in cash within the first 7 days of each calendar month. Guangdong Holdings is also required to pay management fees within the first 7 days of each calendar month and other expenses monthly in arrears in relation to the Premises to a wholly-owned subsidiary of Guangdong Teem which provides property management services to the Premises. Pursuant to the New Tenancy Agreements, Guangdong Holdings will pay a deposit equivalent to two months' rent to Guangdong Teem.

EXISTING TENANCY AGREEMENTS

Guangdong Teem 2014 Tenancy

Pursuant to the Guangdong Teem 2014 Tenancy, Guangdong Teem lets and Guangdong Holdings rents the Premises for office use at the monthly rent of RMB885,166.10 for a fixed term of three years commencing on 1 October 2014 and expiring on 30 September 2017.

Guangdong Holdings is also required to pay management fees and other expenses in relation to the Premises to a wholly-owned subsidiary of Guangdong Teem which provides property management services to the Premises. Pursuant to the Guangdong Teem 2014 Tenancy, Guangdong Holdings paid a deposit equivalent to two months' rent to Guangdong Teem.

Guangdong Teem 2015 Tenancy

Pursuant to the Guangdong Teem 2015 Tenancy, Guangdong Teem lets and Guangdong Holdings rents the office premises situate at Units 01, 02A, 07B and 08 of 35th Floor of Teem Tower at the monthly rent of RMB161,332.95 for a fixed term of three years commencing on 21 July 2015 and expiring on 20 July 2018, with a rent-free period of three months. Guangdong Holdings is also required to pay management fees and other expenses in relation to the above premises to a wholly-owned subsidiary of Guangdong Teem which provides property management services to the above premises. Pursuant to the Guangdong Teem 2015 Tenancy, Guangdong Holdings had paid a deposit equivalent to two months' rent to Guangdong Teem.

BASIS AND REASONS FOR THE TRANSACTION AND THE ANNUAL CAPS

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

The continued leasing of the Premises to Guangdong Holdings will provide the Group with stable rental income and will maintain the occupancy rate of Teem Tower. The annual caps for the aggregate annual revenue income (comprising the above rental income, fees and expenses) under the Tenancy Agreements for the years ending 31 December 2017, 2018, 2019 and 2020 are revised as follows:

	2017 (RMB)	2018 (RMB)	2019 (RMB)	2020 (RMB)
Estimated total revenue income to be generated from:				
(i) New Tenancy Agreements	2,409,208	13,344,587	13,541,929	10,333,515
(ii) Existing Tenancy Agreements	13,119,981	1,844,136	—	—
Total:	15,529,189	15,188,723	13,541,929	10,333,515
Annual Caps (each an “Annual Cap”)	16,000,000	16,000,000	14,000,000	11,000,000

The above estimated total revenue income and the related Annual Caps are calculated based on the agreed rental income, management fees and the estimated total expenses expected to be receivable under the Tenancy Agreements, of which the total expenses are calculated by reference to the latest charging rates and current consumption level for the various services used by Guangdong Holdings in connection with its occupation of the relevant premises and the estimated inflation of both the charging rates and consumption level under the New Tenancy Agreements in the future financial years.

The Directors (including the independent non-executive Directors) are of the view that the Tenancy Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better and that the terms of the Tenancy Agreements (including the respective maximum annual revenue income for the four years from 2017 to 2020 under the New Tenancy Agreements and the respective Annual Caps under the Tenancy Agreements) are fair and reasonable under the then prevailing market conditions and are in the interests of the Company and its shareholders as a whole.

Mr. HUANG Xiaofeng and Mr. CAI Yong are also directors of Guangdong Holdings. The abovementioned Directors present at the relevant board meeting of the Company were not counted in the quorum and did not vote on the relevant Directors' resolutions approving, *inter alia*, the entering into of the New Tenancy Agreements and the Annual Caps of the aggregate annual revenue income of the Tenancy Agreements for the four years from 2017 to 2020. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors have any material interest in the Tenancy Agreements and as such they are not required to abstain from voting on the board resolution approving the entering into of the New Tenancy Agreements and the Annual Caps.

CONNECTED PERSON

Guangdong Holdings holds the entire issued share capital of GDH Limited which is the controlling shareholder of the Company, holding approximately 56.49% of the issued shares of the Company as at the date of this announcement. Guangdong Holdings is therefore the ultimate controlling shareholder of the Company.

Accordingly, Guangdong Holdings is a connected person (as defined in the Listing Rules) of the Company and the transaction as contemplated under each of the Tenancy Agreements constitutes a continuing connected transaction of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio of the Listing Rules in respect of the annual revenue income to be received by the Group under the New Tenancy Agreements exceeds 0.1% but is less than 5%, the transaction as contemplated under the New Tenancy Agreements is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2017, 2018, 2019 and 2020 will be revised to approximately RMB15,529,189, RMB15,188,723, RMB13,541,929 and RMB10,333,515, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2017, 2018, 2019 and 2020 will be revised to RMB16,000,000, RMB16,000,000, RMB14,000,000 and RMB11,000,000, respectively. The highest annual cap is estimated to be RMB16,000,000 (equivalent to approximately HK\$18,966,400), which exceeds 0.1% but is less than 5% of the applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules. Accordingly, the transactions as contemplated under the Tenancy Agreements in aggregate are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The Company will comply with the annual review requirements under Rules 14A.55 to 14A.57 of the Listing Rules in relation to the Tenancy Agreements.

PRINCIPAL BUSINESS OF THE COMPANY AND THE CONNECTED PERSON

The Group is principally engaged in investment holding, water resources, property holding and investment, hotel ownership and operations, hotel management, department stores operation, and investments in other infrastructure projects.

Guangdong Holdings is principally engaged in investment holding.

The principal business of Guangdong Teem includes property leasing, corporate management investment, property agency, hotel investment and hotel management.

DEFINITIONS

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

“Company”	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;
“Director(s)”	the director(s) of the Company;
“Existing Tenancy Agreements”	the Guangdong Teem 2014 Tenancy and the Guangdong Teem 2015 Tenancy;
“Group”	the Company and its subsidiaries;

“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*), a company established in the PRC and the ultimate holding company of the Company;
“Guangdong Teem”	廣東天河城(集團)股份有限公司 (Guangdong Teem (Holdings) Limited*), a subsidiary of the Company established under the laws of the PRC;
“Guangdong Teem 2014 Tenancy”	the tenancy agreement and its supplemental tenancy agreement both dated 30 September 2014 entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of leasing of the Premises;
“Guangdong Teem 2015 Tenancy”	the tenancy agreement and its supplemental tenancy agreement both dated 20 July 2015 entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of leasing of Units 01, 02A, 07B and 08 of 35th Floor of Teem Tower;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“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 Agreements”	the new tenancy agreement and its supplemental tenancy agreement both dated 28 September 2017 entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of the leasing of the Premises;
“Premises”	the whole of 42nd and 45th Floors of Teem Tower;
“PRC”	the People’s Republic of China;
“RMB”	Reminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Teem Tower”	Teem Tower, No. 208 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, PRC;

“Tenancy Agreements” the Existing Tenancy Agreements and the New Tenancy Agreements; and

“%” per cent.

* *The English translation of the Chinese name of the relevant company included in this announcement is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation/version of its Chinese name.*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1854 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By Order of the Board
TSANG Hon Nam
Director

Hong Kong, 28 September 2017

As at the date of this announcement, the board of Directors comprises four Executive Directors, namely, Mr. HUANG Xiaofeng, Mr. WEN Yinheng, Mrs. HO LAM Lai Ping, Theresa and Mr. TSANG Hon Nam; five Non-Executive Directors, namely, Mr. CAI Yong, Mr. ZHANG Hui, Ms. ZHAO Chunxiao, Mr. LAN Runing and Mr. LI Wai Keung; and five Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Dr. the Honourable LI Kwok Po, David, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses and Mr. WU Ting Yuk, Anthony.