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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 continuing connected transactions of the Company and the revision of annual caps for the tenancy agreements in respect of the office premises situate at Teem Tower (as set out in the Previous Announcement).

The Existing 35F Teem Tower Tenancy will expire on 20 July 2018. In anticipation thereof, Guangdong Teem and GDH Finance have on 29 May 2018 entered into the New 35F Teem Tower Tenancy in respect of the Premises for a fixed term of three years from 21 July 2018 to 20 July 2021.

Save for the Existing 35F Teem Tower Tenancy, Guangdong Teem had also entered into the Existing 42F and 45F Teem Tower 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 and thus a connected person of the Company. GDH Finance (being a subsidiary and thus an associate of Guangdong Holdings as defined in the Listing Rules) is also a connected person of the Company. Therefore, each of the transactions contemplated under the Tenancy Agreements constitutes a continuing connected transaction of the Company under the Listing Rules.

As all the applicable percentage ratios of the Listing Rules in respect of the annual revenue income to be received by the Group under the New 35F Teem Tower Tenancy are less than 0.1%, the transaction as contemplated under the New 35F Teem Tower Tenancy is fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

The aggregate annual revenue income received and to be received for the years of 2017, 2018, 2019 and 2020 disclosed in the Previous Announcement amounted to approximately RMB15,529,189, RMB15,188,723, RMB13,541,929 and RMB10,333,515, respectively. The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2018, 2019, 2020 and 2021 will be revised to approximately RMB16,452,185, RMB16,484,614, RMB13,413,800 and RMB1,796,224, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2018, 2019, 2020 and 2021 will be revised to RMB17,000,000, RMB17,000,000, RMB14,000,000 and RMB2,000,000, respectively. The highest annual cap for the aforementioned four calendar years, which is estimated to be RMB17,000,000 (equivalent to approximately HK\$21,044,300), 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 circular (including independent financial advice) and shareholders' approval requirements 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 AGREEMENT

On 29 May 2018, Guangdong Teem entered into the New 35F Teem Tower Tenancy with GDH Finance whereby Guangdong Teem has agreed to let and GDH Finance has agreed to rent the Premises for office use at a monthly rent of RMB161,332.95 for a fixed term of three years commencing on 21 July 2018 and expiring on 20 July 2021. GDH Finance 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.

EXISTING TENANCY AGREEMENTS

Existing 35F Teem Tower Tenancy

Pursuant to the Existing 35F Teem Tower Tenancy, the Premises are leased at the monthly rent of RMB161,332.95 for a fixed term expiring on 20 July 2018. The tenant 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.

Existing 42F and 45F Teem Tower Tenancy

Pursuant to the Existing 42F and 45F Teem Tower Tenancy, the said office premises are leased for a fixed term 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) is RMB442,583.05 and the monthly rent for the rest of the lease term is RMB885,166.10. The tenant is also required to pay management fees and other expenses in relation to the said premises to a

wholly-owned subsidiary of Guangdong Teem which provides property management services to the above premises.

BASIS AND REASONS FOR THE TRANSACTION AND THE ANNUAL CAPS

The entering into of the New 35F Teem Tower Tenancy is in the ordinary and usual course of business of the Group. The terms of the New 35F Teem Tower Tenancy 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 New 35F Teem Tower Tenancy will provide the Group with a 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) receivable by the Group under the Tenancy Agreements for the years ending 31 December 2018, 2019, 2020 and 2021 are revised as follows:

	Estimated Total Revenue Income			
	2018 (RMB)	2019 (RMB)	2020 (RMB)	2021 (RMB)
New 35F Teem Tower Tenancy	1,263,462	2,942,685	3,080,285	1,796,224
Existing Tenancies	15,188,723	13,541,929	10,333,515	-
Total:	16,452,185	16,484,614	13,413,800	1,796,224
Annual Caps (each an “Annual Cap”)	17,000,000	17,000,000	14,000,000	2,000,000

The above estimated total revenue income and the related Annual Caps are calculated based on the total 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 the tenants in connection with its occupation of the relevant premises and the estimated inflation of both the charging rates and consumption level under the New 35F Teem Tower Tenancy 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 2018 to 2021 under the New 35F Teem Tower Tenancy 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 and GDH. Mr. ZHANG Hui, Ms. ZHAO Chunxiao and Mr. LAN Runing are also directors of GDH. Mr. Li Wai Keung is also a director of both of GDH and GDH Finance. All of the abovenamed Directors present at the relevant board meeting of the Company were not counted in the quorum and did not vote on the Directors' resolutions approving, *inter alia*, the

entering into of the New 35F Teem Tower Tenancy and the Annual Caps of the aggregate annual revenue income of the Group under the Tenancy Agreements for the four years from 2018 to 2021. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no other Directors had any material interest in the New 35F Teem Tower Tenancy.

CONNECTED PERSONS

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

Accordingly, Guangdong Holdings is a connected person (as defined in the Listing Rules) of the Company. GDH Finance (being a subsidiary and thus an associate of Guangdong Holdings as defined in the Listing Rules) is also a connected person of the Company. Therefore, each of the transactions contemplated under the Tenancy Agreements constitutes a continuing connected transaction of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios of the Listing Rules in respect of the annual revenue income to be received by the Group under the New 35F Teem Tower Tenancy are less than 0.1%, the transaction as contemplated under the New 35F Teem Tower Tenancy is fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

The aggregate annual revenue income received and to be received for the years of 2017, 2018, 2019 and 2020 disclosed in the Previous Announcement amounted to approximately RMB15,529,189, RMB15,188,723, RMB13,541,929 and RMB10,333,515, respectively. The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2018, 2019, 2020 and 2021 will be revised to approximately RMB16,452,185, RMB16,484,614, RMB13,413,800 and RMB1,796,224, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2018, 2019, 2020 and 2021 will be revised to RMB17,000,000, RMB17,000,000, RMB14,000,000 and RMB2,000,000, respectively. The highest annual cap for the aforementioned four calendar years, which is estimated to be RMB17,000,000 (equivalent to approximately HK\$21,044,300), 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 circular (including independent financial advice) and shareholders' approval requirements 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 PERSONS

The 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.

Guangdong Holdings is principally engaged in investment holding.

GDH Finance is principally engaged in finance businesses.

DEFINITIONS

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

“associate ”	has the meaning ascribed to it under the Listing Rules;
“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 35F Teem Tower Tenancy”	the existing tenancy agreement and/or its supplemental tenancy agreements entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of leasing of the Premises;
“Existing 42F and 45F Teem Tower Tenancy”	the existing tenancy agreement and/or its supplemental tenancy agreements entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of leasing of the whole of 42nd and 45th Floors of Teem Tower;
“Existing Tenancies”	the Existing 35F Teem Tower Tenancy and the Existing 42F and 45F Teem Tower Tenancy;
“GDH”	GDH Limited (粵海控股集團有限公司), a wholly-owned subsidiary of Guangdong Holdings incorporated in Hong Kong with limited liability;
“GDH Finance”	粵海集團財務有限公司 (GDH Finance Co., Ltd.), a wholly-owned subsidiary of Guangdong Holdings established under the laws of the PRC;

“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 controlling shareholder 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;
“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 35F Teem Tower Tenancy”	the new tenancy agreement and/or its supplemental tenancy agreement both dated 29 May 2018 entered into between Guangdong Teem as landlord and GDH Finance as tenant in respect of the leasing of the Premises;
“PRC”	the People’s Republic of China;
“Premises”	Units 01, 02A, 07B and 08 of 35th Floor of Teem Tower;
“Previous Announcement”	the announcement of the Company dated 28 September 2017 in relation to the Existing 42F and 45F Teem Tower Tenancy;
“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 Tenancies and the New 35F Teem Tower Tenancy; 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\$1.2379 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, 29 May 2018

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.