

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**GUANGDONG INVESTMENT LIMITED
(粤 海 投 资 有 限 公 司)**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0270)

CONTINUING CONNECTED TRANSACTION 2019/20 CHANGPING AGREEMENT

Reference is made to the announcement of the Company dated 7 November 2016 in relation to the continuing connected transaction entered into by WaterCo, a subsidiary of the Company.

The 2017/18 Changping Agreement will expire on 31 December 2018. Accordingly, on 21 November 2018, WaterCo and Changping Water entered into the 2019/20 Changping Agreement pursuant to which WaterCo has agreed to supply untreated water to Changping Water for two years commencing on 1 January 2019 and expiring on 31 December 2020.

Changping Water is an indirect wholly-owned subsidiary of Guangdong Holdings (being the ultimate holding company and a connected person of the Company), and, hence, an associate of Guangdong Holdings and therefore a connected person of the Company. The Transaction under the 2019/20 Changping Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

The estimated annual income generated under the 2019/20 Changping Agreement for each of the financial years ending 31 December 2019 and 31 December 2020 is estimated to be up to approximately RMB34,000,000 individually. The said estimated annual incomes are calculated with reference to the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time as well as the amount of water previously and expected to be taken by Changping Water for its re-supply to the township of Changping.

Based on the estimated annual income to be generated under the 2019/20 Changping Agreement, the annual cap for each of the financial years ending 31 December 2019 and 31 December 2020 is RMB34,000,000 (approximately equivalent to HK\$38,301,000) individually. Since the applicable percentage ratio(s) for the purpose of Chapter 14A of the Listing Rules in respect of the Annual Cap exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements, but is exempt from the independent 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 2019/20 Changping Agreement.

BACKGROUND

The 2017/18 Changping Agreement will expire on 31 December 2018. Accordingly, on 21 November 2018, WaterCo and Changping Water entered into the 2019/20 Changping Agreement pursuant to which WaterCo has agreed to supply untreated water to Changping Water for two years commencing on 1 January 2019 and expiring on 31 December 2020.

2019/20 CHANGPING AGREEMENT

The principal terms of the 2019/20 Changping Agreement are set out as follows:

Date:	21 November 2018
Parties:	(1) WaterCo (2) Changping Water
Services to be provided:	The supply of untreated water by WaterCo to Changping Water
Pricing:	The water tariff under the 2019/20 Changping Agreement is determined, which may be adjusted, by reference to the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time in connection with the supply of water to the township of Changping. The current water tariff is RMB0.40 per cubic metre.
Term:	From 1 January 2019 to 31 December 2020 (renewable by agreement of both parties prior to the expiration of the agreement)

Payment Terms: The amount payable by Changping Water to WaterCo each month shall be equal to the tariff multiplied by the amount of water supplied (as recorded by a prescribed water meter) which will be confirmed by both parties. The aggregate amount payable shall be paid by Changping Water to WaterCo via bank transfer on a monthly basis.

The terms of the 2019/20 Changping Agreement were arrived at after arm's length negotiation between WaterCo and Changping Water and are on normal commercial terms or better.

BASIS AND REASONS FOR THE TRANSACTION AND THE ANNUAL CAPS

For the purpose of the 2019/20 Changping Agreement, the annual caps for the total income for years 2019 and 2020 are as follows:

	For the year ending 31 December 2019 (RMB)	For the year ending 31 December 2020 (RMB)
Estimated annual income to be generated under the 2019/20 Changping Agreement	34,000,000	34,000,000
Annual Cap	34,000,000	34,000,000

The annual caps are calculated with reference to the annual cap under the 2017/18 Changping Agreement as well as the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time and the amount of water previously and expected to be taken by Changping Water for its re-supply to the township of Changping.

Having considered the principal terms of the 2019/20 Changping Agreement, the Directors (including the independent non-executive Directors) are of the view that the 2019/20 Changping Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Mr. Huang Xiaofeng and Mr. Cai Yong, being Directors, are also directors of Guangdong Holdings, the ultimate holding company of the Company. Mr. Huang Xiaofeng and Mr. Cai Yong who were present at the aforesaid meeting, were neither counted in the quorum nor did they vote on the Directors' resolutions approving, *inter alia*, the entering into of the 2019/20 Changping Agreement and the annual caps for the 2019/20 Changping Agreement for years 2019 and 2020. Save as disclosed above, no other Directors have any material interest in the Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, WaterCo is an indirect subsidiary of the Company.

Changping Water is an indirect wholly-owned subsidiary of Guangdong Holdings (being the ultimate holding company and a connected person of the Company), and, hence, an associate of Guangdong Holdings and therefore a connected person of the Company. The Transaction under the 2019/20 Changping Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. .

Based on the estimated annual income to be generated under the 2019/20 Changping Agreement, the annual cap for each of the financial years ending 31 December 2019 and 31 December 2020 is RMB34,000,000 (approximately equivalent to HK\$38,301,000) individually. Since the applicable percentage ratio(s) for the purpose of Chapter 14A of the Listing Rules in respect of the Annual Cap exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements, but is 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 2019/20 Changping Agreement.

PRINCIPAL BUSINESS OF THE COMPANY AND CONNECTED PERSONS

The Group is principally engaged in investment holding, water resources, property investment and development, department store operation, hotel ownership, operation and management, investments in energy projects and road and bridge operation.

Guangdong Holdings is principally engaged in investment holding.

WaterCo, a subsidiary of the Company, is engaged in, *inter alia*, the business of extracting natural water; operation, maintenance and construction of water supply projects; and the supply of untreated water to the government of Hong Kong and enterprises in Shenzhen and Dongguan.

Changping Water, a fellow subsidiary of the Company, is primarily engaged in the production and supply of water to the town of Changping, Dongguan City, Guangdong Province in the PRC.

DEFINITIONS

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

“Board”	the board of Directors of the Company;
“2017/18 Changping Agreement”	the agreement entered into between WaterCo and Changping Water on 7 November 2016 in relation to the supply of untreated water by WaterCo to Changping Water;
“Changping Water”	東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Company Limited*), an enterprise established under the laws of the PRC;
“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;
“Group”	the Company and its subsidiaries;
“Guangdong Provincial Development and Reform Commission”	中國廣東省發展和改革委員會 (Guangdong Provincial Development and Reform Commission of the PRC);
“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*), an enterprise established under the laws of the PRC and the ultimate holding company of the Company, holding approximately a 56.49% indirect interest in the Company;
“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;
“2019/20 Changping Agreement”	the new agreement entered into between WaterCo and Changping Water on 21 November 2018 in relation to the supply of untreated water by WaterCo to Changping Water;
“percentage ratios”	has the meaning given to it under Rule 14.07 of the Listing Rules;

“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the provision of water supply by WaterCo to Changping Water pursuant to the 2019/20 Changping Agreement;
“WaterCo”	Guangdong Yue Gang Water Supply Company Limited, a Sino-foreign cooperative joint venture established under the laws of the PRC and a subsidiary of the Company; and
“%”	per cent.

By Order of the Board
TSANG HON NAM
Director

Hong Kong, 21 November 2018

** For identification purposes only. The English translation of the Chinese name of the relevant company included in this announcement is 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\$1.1265 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.

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.