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GUANGDONG INVESTMENT LIMITED
(粵 海 投 資 有 限 公 司)

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00270)

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS FOR TENANCY AGREEMENTS

Reference is made to the Previous Announcements in relation 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.

On 29 August 2019, Guangdong Teem and Guangdong Holdings entered into the New 31F Teem Tower Tenancy in respect of the Premises for the period of 35 months from 1 September 2019 to 31 July 2022 (both days inclusive).

Save for the New 31F Teem Tower Tenancy, Guangdong Teem had also entered into the Existing 35F Teem Tower Tenancy with GDH Finance, the Existing 20F Teem Tower Tenancy and the Existing 42F and 45F Teem Tower Tenancy with Guangdong Holdings, respectively. A summary of the particulars of the Tenancy Agreements is set out in this announcement.

Guangdong Holdings is the ultimate holding company of the Company and therefore 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.

As all the applicable percentage ratios of the Listing Rules in respect of the annual revenue income receivable by the Group under the New 31F Teem Tower Tenancy are less than 0.1%, the transaction as contemplated under the New 31F Teem Tower Tenancy is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

The aggregate annual revenue income received and to be received for the years of 2019, 2020, 2021 and 2022 as disclosed in the Previous Announcement amounted to approximately RMB17,440,189, RMB16,596,098, RMB4,978,522 and RMB1,671,149, respectively. The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to approximately RMB17,817,089, RMB18,217,685, RMB6,600,109 and RMB2,535,260, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to RMB18,500,000, RMB19,000,000, RMB7,000,000 and RMB2,800,000, respectively. The highest annual cap for the aforementioned four calendar years, which is estimated to be RMB19,000,000 (equivalent to approximately HK\$21,595,400), exceeds 0.1% but is less than 5% of the applicable percentage ratios 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 31F Teem Tower Tenancy

On 29 August 2019, Guangdong Teem entered into the New 31F Teem Tower Tenancy with Guangdong Holdings whereby Guangdong Teem has agreed to let and Guangdong Holdings has agreed to take the Premises for office use at the monthly rent of RMB 81,814.20 for the period of 35 months commencing on 1 September 2019 and expiring on 31 July 2022 (both days inclusive) with a rent free period of three months from 1 September 2019 to 31 October 2019 and from 1 July 2022 to 31 July 2022. Guangdong Holdings is also required to pay management fees and other expenses (which principally consist of water, electricity and other utilities fees, parking fees and overtime air conditioning fees) every month in relation to the Premises to GD Teem Property Management, which provides property management services to the Teem Tower. The rent and management fees for the current month and other expenses for the previous month shall be payable before the seventh day of each calendar month.

EXISTING TENANCIES

Existing 20F Teem Tower Tenancy

Pursuant to the Existing 20F Teem Tower Tenancy, Guangdong Teem lets and Guangdong Holdings takes the premises situate at units 04, 05 and 06 of 20th Floor of Teem Tower for office use at the monthly rent of RMB185,191.50 for a fixed term of three years commencing on 1 August 2019 to 31 July 2022 with a rent free period of three months from 1 August 2019 to 30 September 2019 and from 1 July 2022 to 31 July 2022. Guangdong Holdings is also required to pay management fees and other expenses (which principally consist of water, electricity and other utilities fees, parking fees and overtime air conditioning fees) every month in relation to the above premises to GD Teem Property Management. The rent and management fees for the current month and other expenses for the previous month shall be payable before the seventh day of each calendar month.

Existing 35F Teem Tower Tenancy

Pursuant to the Existing 35F Teem Tower Tenancy, Guangdong Teem lets and GDH Finance takes the premises situate at units 01, 02A, 07B and 08 of 35th Floor of Teem Tower for office use at the monthly rent of RMB161,332.95 for a fixed term of three years commencing on 21 July 2018 and expiring on 20 July 2021. The Existing 35F Teem Tower Tenancy has no rent free period. GDH Finance is also required to pay management fees and other expenses (which principally consist of water, electricity and other utilities fees, parking fees and overtime air conditioning fees) every month in relation to the above premises to GD Teem Property Management. The rent and management fees for the current month and other expenses for the previous month shall be payable before the seventh day of each calendar month.

Existing 42F and 45F Teem Tower Tenancy

Pursuant to the Existing 42F and 45F Teem Tower Tenancy, Guangdong Teem lets and Guangdong Holdings takes the premises situate at the whole of 42nd and 45th Floors of Teem Tower 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) was RMB442,583.05 and the monthly rent for the rest of the lease term shall be RMB885,166.10. The Existing 42F and 45F Teem Tower Tenancy has no rent free period Guangdong Holdings is also required to pay management fees and other expenses (which principally consist of water, electricity and other utilities fees, parking fees and overtime air conditioning fees) every month in relation to the above premises to GD Teem Property Management. The rent and management fees for the current month and other expenses for the previous month shall be payable before the seventh day of each calendar month.

BASIS AND REASONS FOR THE TRANSACTION AND THE ANNUAL CAPS

The New 31F Teem Tower Tenancy will provide the Group with a stable rental income and will maintain the high occupancy rate of Teem Tower. The Annual Caps for the aggregate annual revenue income (comprising the rental income, management fees and other expenses) receivable by the Group under the Tenancy Agreements for the years ending 31 December 2019, 2020, 2021 and 2022 are as follows:

	2019 (RMB)		2020 (RMB)		2021 (RMB)		2022 (RMB)	
	Rental	Management fees and other expenses	Rental	Management fees and other expenses	Rental	Management fees and other expenses	Rental	Management fees and other expenses
New 31F Teem Tower Tenancy	163,628	213,272	981,770	639,817	981,770	639,817	490,885	373,226
20/F, 35F, 42F and 45F Teem Tower Tenancies	13,113,564	4,326,625	12,124,788	4,471,310	3,294,382	1,684,140	1,111,149	560,000
	13,277,192	4,539,897	13,106,558	5,111,127	4,276,152	2,323,957	1,602,034	933,226
Total:	17,817,089		18,217,685		6,600,109		2,535,260	
Annual Caps	18,500,000		19,000,000		7,000,000		2,800,000	

The rent of the New 31F Teem Tower Tenancy is determined with reference to the market rate of similar office buildings and the current market rent of the Premises as opined by an independent property valuer having taken into account of the prevailing market conditions. The current management fee is charged at the rate of RMB32 per month per square meter (including tax). The charging rate of the management fee is determined with reference to the market rate of similar office buildings and relevant costs. The other expenses are determined by reference to the charging rates of the respective utilities as set by the government or the utilities suppliers, the market rates of the water, electricity and other utilities fees, parking fees and overtime air conditioning fees.

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 received 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 and GDH Finance in connection with their occupation of the respective premises and the estimated inflation of both the charging rates and consumption level under each of the Tenancy Agreements in the future financial years.

The terms of the New 31F Teem Tower Tenancy 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; whereas the management fees and other expenses are determined based on the same charging rates of the respective services or utilities for all the other tenants of Teem Tower being independent third parties to the Group. As such, the Directors (including the independent non-executive Directors) are of the view that the New 31F Teem Tower Tenancy was 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 New 31F Teem Tower Tenancy and the aggregate annual revenue income (comprising the rental income, management fees and other expenses) receivable by the Group under the Tenancy Agreements for the four years from 2019 to 2022 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. HOU Wailin and Mr. CAI Yong, Directors of the Company, are also directors of Guangdong Holdings. The abovenamed two Directors were not counted in the quorum and did not vote on the Directors' resolutions approving, *inter alia*, the entering into of the New 31F Teem Tower Tenancy and the Annual Caps for the aggregate annual revenue income (comprising the rental income, management fees and other expenses) receivable by the Group under the Tenancy Agreements for the four years from 2019 to 2022. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Tenancy Agreements and as such they were not required to abstain from voting on the board resolution approving the entering into of the New 31F Teem Tower Tenancy and the Annual Caps.

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 31F Teem Tower Tenancy are less than 0.1%, pursuant to Rule 14A.76(1) of the Listing Rules, the transaction as contemplated under the New 31F Teem Tower Tenancy is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

The aggregate annual revenue income received and to be received for the years of 2019, 2020, 2021 and 2022 disclosed in the Previous Announcement amounted to approximately RMB17,440,189, RMB16,596,098, RMB4,978,522 and RMB1,671,149, respectively. The aggregate annual revenue income received and to be received by the Group under the Tenancy Agreements for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to approximately RMB17,817,089, RMB18,217,685, RMB6,600,109 and RMB2,535,260, respectively. The annual caps for the aforementioned continuing connected transactions for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to RMB18,500,000, RMB19,000,000, RMB7,000,000 and RMB2,800,000, respectively. The highest annual cap for the aforementioned four calendar years, which is estimated to be RMB19,000,000 (equivalent to approximately HK\$21,595,400), exceeds 0.1% but is less than 5% of the applicable percentage ratios 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 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 Teem is principally engaged in investment holding, property investment and development, department store operation, hotel ownership and operation.

GD Teem Property Management is principally engaged in property management services.

Guangdong Holdings is principally engaged in investment holding.

GDH Finance is a non-banking financial institution approved and regulated by the China Banking and Insurance Regulatory Commission. It is principally engaged in providing financial services including but not limited to settlement services, deposit services, entrustment loan services and guarantee services to Guangdong Holdings and, inter alia, its subsidiaries.

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;
“Board”	the board of directors of the Company;
“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 20F 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 units 04, 05 and 06 on 20th Floor of Teem Tower;
“Existing 35F Teem Tower Tenancy”	the existing tenancy agreement and/or its supplemental tenancy agreements entered into between Guangdong Teem as landlord and GDH Finance as tenant in respect of leasing of the units 01, 02A, 07B and 08 on 35th Floor of Teem Tower;
“Existing 42F and 45F Teem Tower Tenancy”	the existing tenancy agreement and/or its supplemental tenancy agreement entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of leasing the whole of 42nd and 45th Floors of Teem Tower;
“Existing Tenancies”	the existing 20F Teem Tower tenancy, 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 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;
“GD Teem Property Management”	廣東天河城物業運營管理有限公司 (Guangdong Teem Property Operation Management Limited*), a subsidiary of Guangdong Teem, 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 31F Teem Tower Tenancy”	the new tenancy agreement and/or its supplemental tenancy agreement dated 29 August 2019 entered into between Guangdong Teem as landlord and Guangdong Holdings as tenant in respect of the leasing of the Premises;
“PRC”	the People’s Republic of China;
“Premises”	Units 07-1 and 08 on 31st Floor of Teem Tower;
“Previous Announcements”	the announcement and the supplemental announcement of the Company dated 4 July 2019 and 16 July 2019, respectively, in relation to the (i) Existing 20F Teem Tower Tenancy, (ii) Existing 35F Teem Tower Tenancy and (iii) 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 31F 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\$1.1366 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 August 2019

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HOU Wailin, Mr. WEN Yinheng, Mrs. HO LAM Lai Ping, Theresa and Mr. TSANG Hon Nam; four Non-Executive Directors, namely, Mr. CAI Yong, 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.