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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 PROPERTY MANAGEMENT AGREEMENTS**

Reference is made to the announcement of the Company dated 31 May 2019 in relation to the continuing connected transactions on property management agreements.

The Laurel House Property Management Agreement will expire on 31 August 2019. On 30 August 2019, Guangdong Property Development and Yuehai Property Management entered into the Laurel House Supplemental Agreement pursuant to which and under the terms of the Laurel House Property Management Agreement, Yuehai Property Management has agreed to continue to provide certain property management services in respect of the Laurel House Properties for the period from 1 September 2019 to 31 December 2020 (both days inclusive).

Except the Laurel House Property Management Agreement and the Laurel House Supplemental Agreement, Guangdong Property Development and Yuehai Property Management had also entered into the Laurel House New Sales Centre Property Services Agreement in respect of the Laurel House Project, details of which are set out in the GD Land Renewal Announcement.

Besides, Wanye and Yuehai Property Management had also entered into the Panyu Property Management Agreement, the Old Property Sales and Exhibition Services Agreement and the New Property Sales and Exhibition Services Agreement, details of which are set out in the announcement of the Company dated 31 May 2019.

GDH is holding approximately 56.49% of the issued shares of the Company. By virtue of this shareholding interest, GDH is a controlling shareholder and thus a connected person of the Company. Yuehai Property Management (being a subsidiary and thus an associate of GDH as defined in the Listing Rules) is also a connected person of the Company. Guangdong Holdings is the ultimate controlling shareholder of the Company. Guangdong Property Development (being an indirect wholly-owned subsidiary of GD Land) and Wanye are subsidiaries of the Company. Therefore, each of the transactions contemplated under the Agreements and the Laurel House Supplemental Agreement 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 fee payable by the Group under the Laurel House Supplemental Agreement are less than 0.1%, the transaction as contemplated under the Laurel House Supplemental Agreement is fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

As disclosed in the announcement of the Company dated 31 May 2019, the aggregate annual caps under the Transactions for the years of 2019, 2020, 2021 and 2022 were set as RMB14,394,400, RMB19,000,000, RMB9,000,000 and RMB2,100,000, respectively. The aggregate annual caps for the Transactions together with the transaction under the Laurel House Supplemental Agreement for the years of 2019, 2020, 2021 and 2022 will be revised to RMB17,354,400, RMB25,000,000, RMB9,000,000 and RMB2,100,000, respectively. Since the highest annual cap (when aggregated) is estimated to be RMB25,000,000 (equivalent to approximately HK\$27,677,500), which exceeds 0.1% but is less than 5% of the applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules, the Transactions and the transaction under the Laurel House Supplemental Agreement (when aggregated) 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 Agreements and the Laurel House Supplemental Agreement.

## **THE LAUREL HOUSE SUPPLEMENTAL AGREEMENT**

On 30 August 2019, Guangdong Property Development and Yuehai Property Management entered into the Laurel House Supplemental Agreement pursuant to which and under the terms of the Laurel House Property Management Agreement, Yuehai Property Management has agreed to continue to provide certain property management services in respect of the Laurel House Properties on the following terms:-

**Parties** : Guangdong Property Development  
Yuehai Property Management

- Term** : 1 September 2019 to 31 December 2020 (both days inclusive)
- Services** : Yuehai Property Management shall continue to provide certain property management services (including property management, centralized air-conditioning, entrusted collection and payment of water and electricity charges, restaurant sewage treatment for the shops in the restaurant area and other miscellaneous services) in respect of the commercial shopping buildings, a sky garden, residential buildings, common facilities, a central garden, and the underground levels (including carpark and equipment rooms), etc. of the Laurel House Properties
- Service Fees** : The service fees for the abovementioned services shall be paid by Guangdong Property Development to Yuehai Property Management according to the relevant properties held, on a monthly basis and shall be calculated at the following monthly rates on a pro rata basis:

- (1) Management of residential properties: RMB2.8 per sq. m.;
- (2) Management of commercial and shopping units: RMB28 per sq. m. for property management fees of anchor tenants (that is, a tenancy with gross floor area of more than 2,800 sq. m. or for the entire floor) (including shared water and electricity charges in common shopping areas, excluding energy costs of centralized air-conditioning supply in shops); RMB35 per sq. m. for property management fees of other tenants (other than anchor tenants) (both rates are lower than such management fees of the Laurel House Property Management Agreement (before amendment) of RMB45.5 per sq. m.);
- (3) Management of underground carpark: RMB180 per car-parking space; and
- (4) Restaurant sewage treatment for shops in the restaurant area: RMB4.5 per tonne.

Regarding the vacant residential properties, Yuehai Property Management shall continue to charge Guangdong Property Development the following entrusted collection and payment of water and electricity charges according to the Laurel House Property Management Agreement. Yuehai Property Management shall collect the relevant fees from Guangdong Property Development on a monthly basis according to the following requirements: electricity shall be charged at 1.1 times the electricity fee as stipulated by the PRC Government and water shall be charged at 1.05 times the water fee as stipulated by the PRC Government, taking into account the relevant wear and tear in the provision of such utilities by Yuehai Property Management.

## **BASIS AND REASONS FOR THE LAUREL HOUSE SUPPLEMENTAL AGREEMENT AND THE ANNUAL CAP**

Pursuant to the Laurel House Supplemental Agreement, the estimated service fees payable by the Group and the annual caps for the years of 2019 and 2020 are as follows:

	<b>2019</b> <b>(RMB)</b>	<b>2020</b> <b>(RMB)</b>
Estimated service fees payable	2,604,884	5,819,070
<b>Annual Cap</b>	<b>2,960,000</b>	<b>6,000,000</b>

The abovementioned annual caps are determined after arm's length negotiation and based on (1) historical transaction amounts; (2) the gross floor area of residential properties pending for sale; (3) the gross floor area of the commercial and shopping units pending for lease; (4) the number of car-parking spaces; (5) the relevant sales and leasing plans of Guangdong Property Development for the Laurel House Properties; and (6) the estimated sewage treatment fees by reference to the designated restaurant area and the sewage treatment fees incurred in other property projects.

Yuehai Property Management is a national Grade-A property management company and has ample experience in property management and a high-quality and professional working team. It has received many national, provincial and municipal honours as the best property managers for the properties it has managed. In order to better manage the Laurel House Properties, Guangdong Property Development has decided to work with Yuehai Property Management.

In addition, since October 2016, Yuehai Property Management has been providing property services for the Laurel House Project. Yuehai Property Management's brand and standard of service have been unanimously recognized by the existing owners of the properties. It is also of high importance for establishing the brand image of the Laurel House Project to maintain a stable property management. With reference to the statistics from market research on property management fees of other projects in the same district, the Directors consider that the charging standards of Yuehai Property Management for the management services fees and the entrusted collection and payment of charges of the Laurel House Project are reasonable.

Having taken into account the above factors, the Directors (including the independent non-executive Directors) are of the view that the Laurel House Property Management Agreement (as amended by the Laurel House Supplemental Agreement) 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 Laurel House Property Management Agreement (as amended by the Laurel House Supplemental Agreement) are fair and reasonable 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 both GDH and Guangdong Holdings. Both of the abovementioned Directors present at the Board Meeting of the Company were not counted in the quorum and did not vote on the Directors' resolutions approving, among others, the entering into of the Laurel House Supplemental Agreement and the aggregate annual caps for the Agreements and the Laurel House Supplemental Agreement. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no other Directors have any material interest in the Laurel House Supplemental Agreement.

## AGGREGATE ANNUAL CAPS

As disclosed in the announcement of the Company dated 31 May 2019, the Transactions have been aggregated, for the Listing Rules purpose, on the basis that these are agreements where Yuehai Property Management provides property management and/or related services to the Group. The aggregate annual caps under the Agreements together with the Laurel House Supplemental Agreement for the years of 2019, 2020, 2021 and 2022 are revised as follows:

	<b>Annual Cap</b>			
	<b>2019</b> <b>(RMB)</b>	<b>2020</b> <b>(RMB)</b>	<b>2021</b> <b>(RMB)</b>	<b>2022</b> <b>(RMB)</b>
Laurel House Property Management Agreement	7,040,000	-	-	-
Laurel House New Sales Centre Property Services Agreement	1,354,400	-	-	-
Laurel House Project Existing Agreements	8,394,400	-	-	-
Panyu Project Agreements	6,000,000	19,000,000	9,000,000	2,100,000
Aggregate Annual Cap (disclosed)	14,394,400	19,000,000	9,000,000	2,100,000
Laurel House Supplemental Agreement	2,960,000	6,000,000	-	-
<b>Aggregate Annual Cap (revised)</b>	<b>17,354,400</b>	<b>25,000,000</b>	<b>9,000,000</b>	<b>2,100,000</b>

## CONNECTED PERSONS

GDH is holding approximately 56.49% of the issued shares of the Company. By virtue of this shareholding interest, GDH is a controlling shareholder and thus a connected person of the Company. Yuehai Property Management (being a subsidiary and thus an associate of GDH as defined in the Listing Rules) is also a connected person of the Company. Guangdong Holdings is the ultimate controlling shareholder of the Company. Guangdong Property Development (being an indirect wholly-owned subsidiary of GD Land) and Wayne are subsidiaries of the Company. Therefore, each of the transactions contemplated under the Agreements and the Laurel House Supplemental Agreement 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 fee payable by the Group under the Laurel House Supplemental Agreement are less than 0.1%, the transaction as contemplated under the Laurel House Supplemental Agreement is fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

As disclosed in the announcement of the Company dated 31 May 2019, the aggregate annual caps under the Transactions for the years of 2019, 2020, 2021 and 2022 were set as RMB14,394,400, RMB19,000,000, RMB9,000,000 and RMB2,100,000, respectively. The aggregate annual caps for the Transactions together with the transaction under the Laurel House Supplemental Agreement for the years of 2019, 2020, 2021 and 2022 will be revised to RMB17,354,400, RMB25,000,000, RMB9,000,000 and RMB2,100,000, respectively. Since the highest annual cap (when aggregated) is estimated to be RMB25,000,000 (equivalent to approximately HK\$27,677,500), which exceeds 0.1% but is less than 5% of the applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules, the Transactions and the transaction under the Laurel House Supplemental Agreement (when aggregated) 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 Agreements and the Laurel House Supplemental Agreement.

## **PRINCIPAL BUSINESSES OF THE GROUP 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, investments in energy projects and road and bridge operation.

The principal business of each of Guangdong Holdings and GDH is investment holding.

Yuehai Property Management is principally engaged in property management.

## DEFINITIONS

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

“Agreements”	the Laurel House Project Existing Agreements and the Panyu Project Agreements;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“GDH”	GDH Limited (粵海控股集團有限公司), a company incorporated in Hong Kong with limited liability and the holding company of the Company;
“GD Land”	Guangdong Land Holdings Limited (粵海置地控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, is a subsidiary of the Company;
“GD Land Announcement”	the announcement of GD Land dated 18 July 2018 in respect of the continuing connected transactions on Property Management Agreements;
“GD Land Renewal Announcement”	the announcement of GD Land dated 31 January 2019 in respect of the renewal of the continuing connected transaction on the Sales Centre Property Services Agreement;
“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 Property Development”	廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of GD Land;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;

“Laurel House New Sales Centre Property Services Agreement”	粵海珠光路項目樣板房及銷售場所物業服務協議 (Yuehai Laurel House Project Sample Units and Sales Centre Property Services Agreement) dated 31 January 2019 entered into between Guangdong Property Development and Yuehai Property Management, details of which are set out in the GD Land Renewal Announcement;
“Laurel House Project”	the construction and development of the Laurel House Properties undertaken by Guangdong Property Development, formerly known as the Zhuguanglu Project;
“Laurel House Project Existing Agreements”	the Laurel House Property Management Agreement and the Laurel House New Sales Centre Property Services Agreement;
“Laurel House Properties”	the residential and commercial properties located at 43-79 Zhuguang Road, Yuexiu District (越秀區珠光路 43-79 號) in Guangzhou, the PRC;
“Laurel House Property Management Agreement”	粵海拾桂府 (原稱粵海珠光雅舍小區) 前期物業管理服務合同 (Preliminary Property Management Services Agreement of Yuehai Laurel House (originally known as Yuehai Zhuguang Yashe District)) dated 26 October 2016 entered into between Guangdong Property Development and Yuehai Property Management, details of which are set out in the GD Land Announcement;
“Laurel House Supplemental Agreement”	the supplemental agreement dated 30 August 2019 entered into between Guangdong Property Development and Yuehai Property Management for the purpose of amending the Laurel House Property Management Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“New Property Sales and Exhibition Services Agreement”	番禺粵海廣場項目營銷示範區物業服務協議 (Panyu Project Property Sales and Exhibition Services Agreement) dated 31 May 2019 entered into between Wanye and Yuehai Property Management, details of which are set out in the announcement of the Company dated 31 May 2019 ;
“Old Property Sales and Exhibition Services Agreement”	番禺粵海廣場項目營銷示範區物業服務協議 (Panyu Project Property Sales and Exhibition Services Agreement) dated 16 November 2018 entered into between Wanye and Yuehai Property Management, details of which are set out in the announcement of the Company dated 31 May 2019 ;
“Panyu Projects Agreements”	the Panyu Property Management Agreement, the Panyu Old Property Sales and Exhibition Services Agreement and the Panyu New Property Sales and Exhibition Services Agreement;

“Panyu Property Management Agreement”	番禺粵海廣場前期物業管理服務合同 (Panyu Project Preliminary Property Management Services Agreement) dated 31 May 2019 entered into between Wanye and Yuehai Property Management, details of which are set out in the announcement of the Company dated 31 May 2019 ;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Reminbi, the legal currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Agreements;
“Wanye”	廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Limited*), a company established in the PRC and a subsidiary of the Company;
“Yuehai Property Management”	粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.*), a company established in the PRC and a non-wholly owned subsidiary of GDH; and
“%”	per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1071 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.*

*\* In this announcement, the English name of the PRC entity marked with an asterisk(\*) is translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

By Order of the Board  
**TSANG Hon Nam**  
*Director*

Hong Kong, 30 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.*