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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 announcement of the Company dated 10 July 2018 in relation to the continuing connected transactions and the revision of annual caps for the tenancy agreements in respect of the office premises situate at GDI Tower.

On 30 August 2019, Global Head, a wholly-owned subsidiary of the Company, and GDH, a controlling shareholder of the Company, entered into the GDH 2019 Tenancy whereby Global Head has let and GDH has taken the office premises known as Office B on 5th Floor of GDI Tower.

Save for the GDH 2019 Tenancy, Global Head had entered into the GDH 2018 Tenancy and GD Tannery Tenancy with GDH and GD Tannery, respectively. A summary of the particulars of the Tenancy Agreements are set out in this announcement.

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. GD Tannery (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 both the Company and GD Tannery. 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 amount receivable by the Group under the GDH 2019 Tenancy are less than 0.1%, the transaction as contemplated under the GDH 2019 Tenancy 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 previous announcement of the Company dated 10 July 2018, the aggregate annual amounts received and to be received for the years of 2018, 2019, 2020 and 2021 amounted to approximately HK\$11,115,165, HK\$12,294,000, HK\$11,812,173 and HK\$6,860,000, respectively. The aggregate annual amounts received and to be received by the Group under the Tenancy Agreements, as calculated with reference to rents received/receivable accounted for on actual cash basis, for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to approximately HK\$12,554,000, HK\$13,372,447, HK\$8,420,000 and HK\$1,040,000, 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 HK\$13,000,000, HK\$14,000,000, HK\$9,000,000 and HK\$1,200,000, respectively. As the highest annual cap for the aforesaid four calendar years, which amounts to HK\$14,000,000, exceeds 0.1% but is less than 5% of the applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the Tenancy Agreements 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.

GDH 2019 TENANCY

On 30 August 2019, Global Head and GDH entered into the GDH 2019 Tenancy whereby Global Head has let and GDH has taken the office premises known as Office B on 5th Floor of GDI Tower on the following terms:

Parties:	Landlord — Global Head Tenant — GDH
Premises:	Office B on 5th Floor of GDI Tower
Term:	A fixed term of three years from 1 September 2019 to 31 August 2022
Rent:	HK\$130,000 per calendar month payable on the first day of each calendar month, exclusive of rates and management fees
Rent Free Period:	Two months from 1 September 2019 to 31 October 2019

GDH 2018 TENANCY

Pursuant to the GDH 2018 Tenancy, Global Head has let and GDH has taken the office premises known as 26th Floor, 27th Floor and 30th Floor, and Office B1 on 29th Floor of GDI Tower on the following terms:

- Parties: Landlord — Global Head
Tenant — GDH
- Premises: The whole floor on each of 26th Floor, 27th Floor and 30th Floor, and Office B1 on 29th Floor of GDI Tower
- Term: A fixed term of three years from 1 August 2018 to 31 July 2021
- Rent: HK\$980,000 per calendar month payable on the first day of each calendar month, exclusive of rates and management fees
- Rent Free Period: One month from 1 August 2018 to 31 August 2018

GD TANNERY TENANCY

Pursuant to the GD Tannery Tenancy, Global Head has let and GD Tannery has taken the office premises known as Office A2 on 19th Floor of GDI Tower on the following terms:

- Parties: Landlord — Global Head
Tenant — GD Tannery
- Premises: Office A2 on 19th Floor of GDI Tower
- Term: A fixed term of three years from 6 February 2017 to 5 February 2020
- Rent: HK\$44,500 per calendar month payable on the first day of each calendar month, exclusive of rates and management fees
- Rent Free Period: One month from 1 March 2017 to 31 March 2017

REASONS FOR ENTERING INTO THE GDH 2019 TENANCY

The GDH 2019 Tenancy will provide the Group with a stable rental income, and to maintain the occupancy rate of GDI Tower.

The annual caps for the annual total amounts receivable by the Group under the Tenancy Agreements, as calculated with reference to the aforesaid historical amounts and the rents received/receivable accounted for on actual cash basis, for the years of 2019, 2020, 2021 and 2022 will be revised as follows:

<u>Tenancy Agreements</u>	<u>Monthly Rent</u> (HK\$)	<u>Approximate Annual Amount Receivable</u>			
		<u>2019</u> (HK\$)	<u>2020</u> (HK\$)	<u>2021</u> (HK\$)	<u>2022</u> (HK\$)
GDH 2019 Tenancy	130,000	260,000	1,560,000	1,560,000	1,040,000
GDH 2018 Tenancy	980,000	11,760,000	11,760,000	6,860,000	—
GD Tannery Tenancy	44,500	534,000	52,447	—	—
Total		12,554,000	13,372,447	8,420,000	1,040,000
Annual Caps		13,000,000	14,000,000	9,000,000	1,200,000

The terms of the GDH 2019 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. The Directors (including the independent non-executive Directors) are of the view that the GDH 2019 Tenancy was entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and that the terms of the GDH 2019 Tenancy (including the respective maximum aggregate annual rents for the years from 2019 to 2022 as agreed 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. HOU Wailin and Mr. CAI Yong, Directors of the Company, are also directors of both Guangdong Holdings and GDH. Both of the abovenamed Directors present at the Board meeting were not counted in the quorum and did not vote on the Directors' resolutions approving, *inter alia*, the entering into of the GDH 2019 Tenancy and the annual caps of the aggregate annual amounts receivable by the Group under the Tenancy Agreements for the four years from 2019 to 2022. Save as disclosed above, no other Directors have any material interest in the GDH 2019 Tenancy.

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. GD Tannery (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 both the Company and GD Tannery. 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 amount receivable by the Group under the GDH 2019 Tenancy are less than 0.1%, the transaction as contemplated under the GDH 2019 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 amounts received and to be received by the Group under the Tenancy Agreements, as calculated with reference to the aforesaid historical amounts and the rents received/receivable accounted for on actual cash basis, for the years ending 31 December 2019, 2020, 2021 and 2022 will be revised to approximately HK\$12,554,000, HK\$13,372,447, HK\$8,420,000 and HK\$1,040,000, 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 HK\$13,000,000, HK\$14,000,000, HK\$9,000,000 and HK\$1,200,000, respectively. As the highest annual cap for the aforesaid four calendar years, which amounts to HK\$14,000,000, exceeds 0.1% but is less than 5% of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the Tenancy Agreements 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 GROUP 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, investment in energy projects and road and bridge operation.

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

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;
“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;
“GD Tannery”	Guangdong Tannery Limited 粵海制革有限公司, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“GD Tannery Tenancy”	a tenancy agreement dated 28 November 2016 entered into between Global Head as the landlord and GD Tannery as the tenant in respect of leasing of Office A2 on 19th Floor of GDI Tower;
“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;
“GDH 2018 Tenancy”	a tenancy agreement dated 10 July 2018 entered into between Global Head as the landlord and GDH as the tenant in respect of leasing of the whole floor on each of 26th Floor, 27th Floor and 30th Floor, and Office B1 on 29th Floor of GDI Tower;
“GDH 2019 Tenancy”	a tenancy agreement dated 30 August 2019 entered into between Global Head as the landlord and GDH as the tenant in respect of leasing of Office B on 5th Floor of GDI Tower;
“GDI Tower”	Guangdong Investment Tower, No. 148 Connaught Road Central, Hong Kong;
“Global Head”	Global Head Developments Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
“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 both the Company and GD Tannery;
“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;
“PRC”	the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	the GDH 2019 Tenancy, the GDH 2018 Tenancy and the GD Tannery Tenancy; and
“%”	per cent.

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.