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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)

**CONNECTED TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS**

THE DISPOSAL

On 1 September 2020, the Sellers, being non-wholly owned subsidiaries of the Company, and the Purchaser, being a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), entered into the Sale and Purchase Agreement, pursuant to which the Sellers agreed to sell, and the Purchaser agreed to purchase, the entire equity capital of Teem CommMgt Co at a consideration of RMB97,584,461.37 (equivalent to approximately HK\$110,241,166).

Upon Completion, Teem CommMgt Co will cease to be a subsidiary of the Company and will become a direct wholly-owned subsidiary of the Purchaser. Teem CommMgt Co is principally engaged in property management businesses in the PRC.

The Sellers are non-wholly owned subsidiaries of the Company, while the Purchaser is a direct wholly-owned subsidiary of Guangdong Holdings, which in turn indirectly holds approximately 56.49% of the total issued share capital of the Company as at the date of this announcement and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser (being a subsidiary and thus an associate of Guangdong Holdings) is a connected person of the Company, and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Disposal calculated pursuant to the Listing Rules are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirements.

CONTINUING CONNECTED TRANSACTIONS

The Existing Continuing Transactions

Prior to the date of this announcement, the Group and the Teem CommMgt Co Group had entered into the Existing Agreements concerning certain continuing transactions between the relevant parties.

Upon Completion, Teem CommMgt Co will become a connected person of the Company. Therefore, the Existing Continuing Transactions between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements.

The New Continuing Connected Transactions

Further, following Completion, the Group will renew certain continuing transactions with and/or engage the Teem CommMgt Co Group to provide property management and related services to the Group. As mentioned above, upon Completion, Teem CommMgt Co will become a connected person of the Company and therefore, those continuing transactions between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In order to renew such continuing connected transactions, the Group has entered into the Panyu Yuehai Construction and Property Management Consultancy Agreement, the Teemall Warehouse Property Management Services Agreement and the Teemall Shop Property Management Services Agreement on 1 September 2020, and in order to govern a new continuing connected transaction, the Group has entered into the 18F Teem Tower Property Management Services Agreement on 1 September 2020.

The Property Management Services Agreements have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management or similar services by the Teem CommMgt Co Group to the Group, and the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Property Management Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of the ratios are less than 5%. Further, reference is made to the announcement of the Company dated 31 May 2019, the announcement of the Company dated 31 December 2019, the announcement of GD Land dated 31 January 2019 and the announcement of GD Land dated 30 August 2019 in respect of the Previous Property Management Services Agreements. The Previous Property Management Services Agreements and the Property Management Services Agreements have also been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management or similar services by the Guangdong Holdings Group to the Group. As the highest applicable percentage ratio (on an aggregated

basis) in respect of the relevant transactions under the Previous Property Management Services Agreements and the Property Management Services Agreements calculated pursuant to the Listing Rules is also more than 0.1% but all of the ratios are less than 5%, the Property Management Services Agreements are therefore subject to the reporting and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirements.

A. THE DISPOSAL

On 1 September 2020, the Sellers, being non-wholly owned subsidiaries of the Company, and the Purchaser, being a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company), entered into the Sale and Purchase Agreement, pursuant to which the Sellers agreed to sell, and the Purchaser agreed to purchase, the entire equity capital of Teem CommMgt Co at a consideration of RMB97,584,461.37 (equivalent to approximately HK\$110,241,166). Teem CommMgt Co is principally engaged in property management businesses in the PRC.

A.1 The Sale and Purchase Agreement

Date : 1 September 2020

Parties: (a) the Purchaser, as buyer of the Sale Equity; and
(b)(i) Seller A, as seller of 70% of the Sale Equity; and
(ii) Seller B, as seller of 30% of the Sale Equity.

The Disposal

Pursuant to the Sale and Purchase Agreement, the Sellers agreed to sell, and the Purchaser agreed to purchase, the Sale Equity at an aggregated consideration of RMB97,584,461.37 (equivalent to approximately HK\$110,241,166).

Target of Sale

The Sale Equity represents the entire equity capital of Teem CommMgt Co.

Consideration

The consideration for the sale and purchase of the Sale Equity is RMB97,584,461.37 (equivalent to approximately HK\$110,241,166) (the “**Consideration**”), amongst which, RMB68,309,122.96 (equivalent to approximately HK\$77,168,816) shall be payable by the Purchaser to Seller A, and RMB29,275,338.41 (equivalent to approximately HK\$33,072,350) shall be payable by the Purchaser to Seller B, in cash, within 10 business days upon the execution of the Sale and Purchase Agreement.

Seller A has engaged the Valuer, being an independent professional valuer in the PRC, to conduct a valuation of the equity value of Teem CommMgt Co (the “**Valuation**”). The Valuer used the income approach to determine the appraised value for the determination of the Consideration, and details of the Valuation are disclosed in the section headed “Valuation” below.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Sellers having taken into account, (i) the equity value of Teem CommMgt Co of RMB264,353,800 (equivalent to approximately HK\$298,640,488) as at the Valuation Date, as reflected in the Valuation, less (ii) the accumulated profits of Teem CommMgt Co in the amount of RMB166,769,338.63 (equivalent to approximately HK\$188,399,322), which was the subject of a dividend declared and paid to the Sellers (being the existing shareholders of Teem CommMgt Co as at the Valuation Date) on 31 August 2020.

The sales proceeds in the sum of RMB97,584,461.37 (equivalent to approximately HK\$110,241,166) to be received by the Sellers will be applied towards working capital requirements.

Completion

The Sellers and the Purchaser shall proceed with the registration procedures with the relevant PRC authorities for the equity transfer of Teem CommMgt Co as soon as practicable after the obtaining of the respective internal approvals and signing of the Sale and Purchase Agreement by the parties. Completion shall take place within five (5) business days after the registration of the equity transfer of Teem CommMgt Co has been approved by the relevant PRC authorities.

Upon Completion, Teem CommMgt Co will cease to be a subsidiary of the Company and will become a direct wholly-owned subsidiary of the Purchaser.

A.2 Valuation

The appraised value of Teem CommMgt Co was determined by the Valuer based on the income approach. Accordingly, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Forecast**”).

In compliance with Rule 14A.68(7) of the Listing Rules, the principal assumptions upon which the Forecast was based are set out as follows

1. The Valuation does not consider the impact of possible additional costs and expenses that may be required under special trading methods on the appraised value, nor does it consider the impact of occasional natural forces and other force majeure on the appraised value.
2. The result of the Valuation is based on the authenticity, accuracy, completeness, and objectivity of all documents provided by Seller A.

3. The Valuation does not consider the impact of inflation. Based on the assumptions and the purpose of the Valuation, the prevailing market value methodology is used for the Valuation. All price standards used in the Valuation are valid price standards and valuation systems on the Valuation Date.
4. Assumption of trading: it is assumed that all the assets to be appraised are in trade, and the Valuer performed valuation of the assets by simulating market with conditions such as the transaction conditions of the assets.
5. Assumption of open market: assumption of open market is a hypothetical explanation or limitation on the conditions of the market and the influence on the assets to be valued under such market conditions. The open market means fully developed and improved market conditions, and is a competitive market with voluntary buyers and sellers. In this market, buyers and sellers are equal in status and both have opportunities and time of acquiring ample market information; and all the transactions between them are made on a voluntary, rational, non-compulsory and unrestricted basis.
6. Assumption of continuous use: this assumption first assumes that the assets to be appraised, including existing assets and contingency assets, are in use; secondly, based on the relevant data and information, it is inferred that such assets in use will continue to be used.
7. Assumption of going concern: assumption of going concern assumes that the business operation of Teem CommMgt Co is legal, the business license can be extended after the expiration of its operating period, different business qualifications can successfully be renewed, and there will be no unforeseen factors that will cause it to be unable to continue with its operation. The existing use of the assets of Teem CommMgt Co will remain unchanged and the assets will be continued to be used in place.
8. Assumption of forecast period: according to the current company law of the PRC, as long as an enterprise applies to the administrative department for industry and commerce within the prescribed period before the expiration of its operating period, it can extend its operating period. According to the management of Teem CommMgt Co, there is no reason for terminating the operation of Teem CommMgt Co. Therefore, it is assumed that the future profit period of Teem CommMgt Co is indefinite.
9. The Valuation assumes that the estimated profit period of Teem CommMgt Co is perpetual.
10. It is assumed that the accounting policies adopted in the future by Teem CommMgt Co are in all material aspects generally consistent with the accounting policies adopted in the compilation of the Valuation Report of Teem CommMgt Co.

11. Assumption of continuity in profitability: it is assumed that the operation environment and profitability of Teem CommMgt Co will not change due to any change in equity capital. It is assumed that, on the basis of the existing management approach and standard of Teem CommMgt Co, the business scope, scale, and approach are in line with the current direction.
12. It is assumed that there will be no new or additional investment from third parties that will affect the operational capabilities of Teem CommMgt Co.
13. It is assumed that, in the coming operating period, the level of liability of Teem CommMgt Co will remain at the level on the Valuation Date, and there will be no major fluctuations on the asset structure of Teem CommMgt Co.

The Valuer is of the view that the assumptions above are present as at the Valuation Date based on the requirements of the income approach for valuation of Teem CommMgt Co, and reached the conclusion of the Valuation based on these assumptions. The result of the Valuation will change significantly if there is material change in the future economic environment after the Valuation Date or if other assumptions become invalid.

The Board has reviewed the Valuation Report and is of the view that the Forecast was made after due and careful enquiry.

Ernst & Young, acting as the Company's auditor, has reported on the arithmetical accuracy of the calculations underlying the Forecast as set out in the Valuation Report issued by the Valuer.

A report from Ernst & Young on the arithmetical accuracy of the calculations underlying the Forecast and a letter from the Board in relation to the Forecast are set out as Appendix I and Appendix II, respectively, to this announcement.

The qualifications of the Valuer and Ernst & Young are as follows:

Name	Qualification
Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd.	Professional valuer in the PRC
Ernst & Young	Certified Public Accountants

To the best knowledge, information and belief of the Board after having made all reasonable enquiries, each of the Valuer and Ernst & Young is a third party independent of the Group and is not a connected person of the Company. As at the date of this announcement, neither the Valuer nor Ernst & Young has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the Valuer and Ernst & Young has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it appears in this announcement.

A.3 Information on Teem CommMgt Co

Teem CommMgt Co is a limited liability company established in the PRC on 8 September 1995. Teem CommMgt Co and its subsidiaries are principally engaged in property management businesses in the PRC. As at the date of this announcement, Teem CommMgt Co is owned by Seller A and Seller B as to 70% and 30%, respectively.

Based on the consolidated audited financial statements of Teem CommMgt Co prepared in accordance with the PRC GAAP, the financial information of Teem CommMgt Co for the two years ended 31 December 2018 and 31 December 2019 was as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	(audited)	(audited)
	<i>RMB</i>	<i>RMB</i>
Net profits before taxation	21,080,000	45,928,000
Net profits after taxation	15,754,000	42,181,000

Based on the consolidated audited financial statements of Teem CommMgt Co prepared in accordance with the PRC GAAP, the audited net asset value of Teem CommMgt Co as at 31 December 2019 was approximately RMB168,556,000 (equivalent to approximately HK\$190,417,713).

The market value of Teem CommMgt Co based on the Valuation Report is RMB264,353,800 (equivalent to approximately HK\$298,640,488) as at 31 December 2019. During the year of 2020, a dividend in the amount of RMB166,769,338.63 (equivalent to approximately HK\$188,399,322) was declared and paid to the Sellers (being the existing shareholders of Teem CommMgt Co) and thus the value of Teem CommMgt Co was reduced to RMB97,584,461.37 (equivalent to approximately HK\$110,241,166).

Upon Completion, the potential gain on the Disposal is estimated to be approximately RMB69,000,000 (equivalent to approximately HK\$77,949,300), being the premium of the total consideration for the Disposal over the carrying value of Teem CommMgt Co attributable to the Group.

A.4 Information on the other parties to the Sale and Purchase Agreement

Information on Seller A

Seller A is a limited liability company established in the PRC on 7 August 1992. It is principally engaged in investment holding, property investment and development, department store operation, hotel ownership and operation and is indirectly held as to approximately 76.13% by the Company effectively, as to approximately 14.01% by 廣州市城市建設開發集團有限公司 (Guangzhou City Construction & Development Holdings Ltd.*, which in turn is indirectly wholly owned by the Guangzhou Municipal Government), as to approximately 5.04% by 廣東潤達資產經營有限公司 (Guangdong Runda Assets Management Co., Ltd.*, which in turn is indirectly wholly owned by the Guangzhou Municipal Government), as to approximately 3.26% by 廣州市設計院 (Guangzhou Design Institute*, which in turn is indirectly wholly owned by the Guangzhou Municipal Government), as to approximately 1.17% by 廣東省工業設備安裝有限公司 (Guangdong Industrial Equipment Installation Co., Ltd.*, which in turn is indirectly wholly owned by the Guangzhou Municipal Government), and as to approximately 0.39% by Mr. Zhang Ping on behalf of certain employees or ex-employees of Seller A.

Information on Seller B

Seller B is a limited liability company established in the PRC on 30 June 1994 and is wholly-owned by Seller A. It is principally engaged in wholesale and trading of commercial goods and its business also includes investment holding.

Information on the Purchaser

The Purchaser, being a direct wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Group, is principally engaged in property management business.

Information on Guangdong Holdings

Guangdong Holdings is the ultimate controlling shareholder of the Group and is principally engaged in investment holding.

A.5 Reasons for and benefits of the Disposal

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 Directors are of the view that the Disposal will enable the Group to focus more effectively on one of its core businesses, namely, property investment and development, hence realising and achieving a more focused strategy and efficient resources allocation in this area. It will also allow the management to focus on further developing the Group and capturing any opportunities arising in the property investment and development industry.

In light of the above and having considered the basis of determination of the Consideration, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

A.6 Listing Rules Implications

The Sellers are non-wholly owned subsidiaries of the Company, while the Purchaser is a direct wholly-owned subsidiary of Guangdong Holdings, which in turn indirectly holds approximately 56.49% of the total issued share capital of the Company as at the date of this announcement and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Purchaser (being a subsidiary and thus an associate of Guangdong Holdings) is a connected person of the Company, and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Disposal calculated pursuant to the Listing Rules are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirements.

Mr. Hou Wailin and Mr. Cai Yong, Directors of the Company, are also directors of Guangdong Holdings. Mr. Cai, who was present at the relevant Board meeting, abstained from voting on the relevant Board resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, while Mr. Hou was absent from the relevant Board meeting. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder.

B. CONTINUING CONNECTED TRANSACTIONS

B.1 Existing Continuing Transactions

Prior to the date of this announcement, the Group and the Teem CommMgt Co Group had entered into the Existing Agreements concerning certain continuing transactions between the relevant parties.

Upon Completion, Teem CommMgt Co will become a direct wholly-owned subsidiary of the Purchaser, which is a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company, and, hence, Teem CommMgt Co will be a connected person of the Company). Therefore, the continuing transactions (detailed below) contemplated under the Existing Agreements (the "**Existing Continuing Transactions**") between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Summary of the Existing Continuing Transactions

I. Existing property management services agreements

	Connected person	Connected person's relationship with the Group	Nature of the transaction with the Group
1. Teemall Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services by Teem CommMgt Co to Seller A
2. Teemall Property Management Entrustment Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Entrustment of property management services by Seller A to Teem CommMgt Co
3. Shiqi Warehouse Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services by Teem CommMgt Co to Seller A
4. Guangzhou Exchange Square Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services by Teem CommMgt Co to Guangdong Nanfang
5. Teem Tower Property Management Entrustment Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Entrustment of property management services by Seller A to Teem CommMgt Co

II. Nanhai Teemall Tenancy and Property Management Services Agreement

Connected person	Connected person's relationship with the Group	Nature of the connected transaction with the Group
Guangdong Tiandi	A direct non-wholly owned subsidiary of Teem CommMgt Co, and an indirect non-wholly owned subsidiary of Guangdong Holdings upon Completion	The leasing of and the provision of property management services

III. Teem CommMgt Co Electricity Transaction Agreement

Connected person	Connected person's relationship with the Group	Nature of the connected transaction with the Group
Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Purchase of electricity by Teem CommMgt Co from Zhongshan Energy Service

Details of the Existing Continuing Transactions and the relevant agreements

I. Existing property management services agreements

1. Teemall Property Management Services Agreement

A summary of the salient terms of the Teemall Property Management Services Agreement is set out below: -

<i>Date:</i>	31 May 2017 (supplemented by a supplemental agreement dated 4 July 2018, a second supplemental agreement dated 13 September 2018 and a third supplemental agreement dated 1 June 2020)
<i>Parties:</i>	(a) Seller A (b) Teem CommMgt Co
<i>Term:</i>	1 June 2017 to 30 November 2020
<i>Subject matter:</i>	Teem CommMgt Co shall provide customer services, such as, membership application, membership benefits and sales administration, membership gift exchange administration and carpark discounts at the customer services counter on the 5 th floor of Teemall.

Service fee: The service fee shall be settled on a monthly basis and shall be the amount of actual labour costs incurred by Teem CommMgt Co for the previous month.

Payment terms: The service fee shall be settled by Seller A on the 15th calendar day of each month.

2. *Teemall Property Management Entrustment Agreement*

A summary of the salient terms of the Teemall Property Management Entrustment Agreement is set out below: -

Date: 1 April 2019

Parties: (a) Seller A
(b) Teem CommMgt Co

Term: 1 April 2019 to 31 March 2022

Subject matter: Seller A shall entrust Teem CommMgt Co to provide property management services such as utilities maintenance and management, day-to-day tenant management, day-to-day operation of the shopping mall, cleaning, security and greening at Teemall (excluding the Eastern and Western Towers, but including the carpark of Teemall). Teem CommMgt Co shall collect management fees from individual tenants, calculated in accordance with the standard fees approved by the relevant PRC authorities.

Management fee and payment terms: Seller A shall pay a management fee of RMB3,200,000 (equivalent to approximately HK\$3,615,040) to Teem CommMgt Co annually in respect of carpark management services. Other than the abovementioned carpark management services fee, Seller A is not required to pay any other management fees to Teem CommMgt Co.

The abovementioned annual carpark management services fee payable by Seller A to Teem CommMgt Co was determined based on (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services, and (iii) the prevailing market rates for similar services.

3. *Shiqi Warehouse Property Management Services Agreement*

A summary of the salient terms of the Shiqi Warehouse Property Management Services Agreement is set out below: -

Date: 1 January 2018

Parties: (a) Seller A
(b) Teem CommMgt Co

Term: 1 January 2018 to 31 December 2020

Subject matter: Teem CommMgt Co shall provide property management services such as utilities maintenance and management, day-to-day tenant management, day-to-day operation of the premises, cleaning, security and greening at the warehouse property located at 8 Hanji Road, Dalong Street, Shiqi Town, Panyu District, Guangzhou, the PRC.

Service fee and payment terms:

The service fee shall be charged at RMB4.5 per month per square meter. The floor area of the premises is 9,971 square meters, and hence, the monthly service fee is RMB44,869.5 (equivalent to approximately HK\$50,689), and shall be payable by Seller A to Teem CommMgt Co on a monthly basis.

The abovementioned service fee was determined based on the area of the relevant premises and with reference to (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services and (iii) the prevailing market rates for similar services.

4. *Guangzhou Exchange Square Property Management Services Agreement*

A summary of the salient terms of the Guangzhou Exchange Square Property Management Services Agreement is set out below: -

Date: 28 June 2019

Parties: (a) Guangdong Nanfang
(b) Teem CommMgt Co

Term: 1 July 2019 to 30 June 2022

Subject matter: Teem CommMgt Co shall provide property management services such as cleaning, greening, security, utilities maintenance and management and tenant management, for the common area at 1st to 4th Floors of Guangzhou Exchange Square, located at 268 Dongfeng Middle Road, Yuexiu District, Guangzhou, PRC.

Service fee: The service fee shall be charged at RMB150,000 (equivalent to approximately HK\$169,455) per month.

The service fee was determined based on (i) the salary and fringe benefits of the labour to be engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services, and (iii) the prevailing market rates for similar services.

Payment terms: The service fee shall be paid by Guangdong Nanfang to Teem CommMgt Co before the 10th calendar day of each month (in advance).

5. *Teem Tower Property Management Entrustment Agreement*

A summary of the salient terms of the Teem Tower Property Management Entrustment Agreement is set out below: -

Date: 1 April 2019

Parties: (a) Seller A
(b) Teem CommMgt Co

Term: 1 April 2019 to 31 March 2022

Subject matter: Seller A shall entrust Teem CommMgt Co to provide property management services such as maintenance and management of common areas, utilities management and repair works, traffic control, renovation management, day-to-day tenant management, cleaning and greening at Teem Tower. Teem CommMgt Co shall collect management fees from individual tenants, calculated in accordance with the standard fees approved by the relevant PRC authorities.

Management fee and payment terms: Save for the service fee and the utilities fee under the 18F Teem Tower Property Management Services Agreement as described in detail below, Seller A is not required to pay any management fees to Teem CommMgt Co.

II. Nanhai Teemall Tenancy and Property Management Services Agreement

A summary of the salient terms of the Nanhai Teemall Tenancy and Property Management Services Agreement is set out below: -

Date: 31 December 2018 (supplemented by a supplemental agreement dated 31 December 2018 and a second supplemental agreement dated 17 April 2020)

Parties: (a) Foshan Teem
(b) Guangdong Tiandi

Term: 1 January 2019 to 31 December 2030

Subject matter: Guangdong Tiandi shall lease to Foshan Teem the premises located in Shop 318 on the 3rd Floor of Nanhai Teemall with a floor area of 5,000 square meters for retailing purposes, and also provide the relevant property management services.

Rent: The rent payable by Foshan Teem to Guangdong Tiandi are as follows:

(a) For the period from 1 January 2019 to 8 August 2019:
turnover rent calculated at the revenue of Foshan Teem (excluding tax) x 3%

(b) For the period from 9 August 2019 to 31 December 2030:
the higher of (i) fixed rent of RMB21.00 to RMB35.92 (for the different rental periods) x 5,000 square meters, and (ii) the revenue of Foshan Teem (excluding tax) x 3% to 4% (for the different rental periods).

The rent was determined with reference to the market rent of Nanhai Teemall and similar premises in neighbouring locations.

Property management services fee:

Period	Property management services fee rate (RMB/square meters/month)
1 January 2019 to 28 February 2019	34
1 March 2019 to 30 April 2019	30
1 May 2019 to 31 December 2023	34
1 January 2024 to 31 December 2028	39
1 January 2029 to 31 December 2030	44

The property management services fee was determined based on the area of the relevant premises and with reference to (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services, and (iii) the prevailing market rates for similar services.

Water and electricity charges:

The water and electricity charges shall be charged according to the actual costs incurred.

Deposit:

Foshan Teem shall provide a deposit of RMB340,000 (equivalent to approximately HK\$384,098) in the form of bank guarantee for the property management services fee within 30 days of the execution of the agreement.

Foshan Teem shall provide a deposit of RMB75,000 (equivalent to approximately HK\$84,728) in the form of bank guarantee for the water and electricity charges within 30 days of the execution of the agreement.

Payment terms:

For the period from 1 January 2019 to 8 August 2019: the rent shall be paid by Foshan Teem to Guangdong Tiandi before the 25th calendar day of each month.

For the period from 9 August 2019 to 31 December 2030:
Foshan Teem shall pay the fixed rent (in advance) to Guangdong Tiandi before the 7th calendar day of each month. Where the turnover rent for the month is higher than the fixed rent, Foshan Teem shall pay the difference between the turnover rent and the fixed rent to Guangdong Tiandi before the 7th calendar day of the next month.

Foshan Teem shall pay the property management services fee and water and electricity charges to Guangdong Tiandi before the 7th calendar day of each month.

III. Teem CommMgt Co Electricity Transaction Agreement

A summary of the salient terms of the Teem CommMgt Co Electricity Transaction Agreement is set out below: -

Date: 28 November 2019

Parties: (a) Zhongshan Energy Service
(b) Teem CommMgt Co

Term: 1 January 2020 to 31 December 2020

Subject matter: Zhongshan Energy Service shall supply, and Teem CommMgt Co shall purchase, electricity through the power grid operated by Power Grid Company.

Volume: Not exceeding 61,668,000 kWh and the amount of electricity transacted shall be the actual volume of electricity consumed by Teem CommMgt Co.

Unit price: The unit price of the electricity supply is calculated based on the government prescribed tariff with a discount rate of RMB0.04 per kWh (tax inclusive), which has been determined after arm's length negotiation.

The government prescribed tariff on the sale of electricity is determined by the Guangdong Provincial Development and Reform Commission, which is subject to adjustment from time to time, and the discount rate of RMB0.04 per kWh is in line with the discount rate offered by other independent power suppliers to users with a similar consumption level.

Payment terms: The fees for electricity payable by Teem CommMgt Co shall be settled with Power Grid Company on a monthly basis, which shall in turn be payable by Power Grid Company to the Group after deduction of the Power Grid Fee charged by Power Grid Company. The amount to be received by the Group under the Teem CommMgt Co Electricity Transaction Agreement shall therefore be the balance of the said fees for electricity after deduction of the Power Grid Fee.

B.2 New Continuing Connected Transactions

Further, following Completion, the Group will renew certain continuing transactions with and/or engage the Teem CommMgt Co Group to provide property management and related services to the Group. As mentioned above, upon Completion, Teem CommMgt Co will become a connected person of the Company and therefore, continuing transactions between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In order to renew such continuing connected transactions, the Group has entered into the Panyu Yuehai Construction and Property Management Consultancy Agreement, the Teemall Warehouse Property Management Services Agreement and the Teemall Shop Property Management Services Agreement on 1 September 2020, and in order to govern a new continuing connected transaction, the Group has entered into the 18F Teem Tower Property Management Services Agreement on 1 September 2020.

Summary of the New Continuing Connected Transactions and the new caps

	Connected person	Connected person's relationship with the Group	Nature of the connected transaction with the Group
1. 18F Teem Tower Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services to Seller A
2. Panyu Yuehai Construction and Property Management Consultancy Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of construction management consultancy services and property management consultancy services to Guangzhou Wanye

3. Teemall Warehouse Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services to Teem Department Store
4. Teemall Shop Property Management Services Agreement	Teem CommMgt Co	An indirect subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company) upon Completion	Provision of property management services to Teem Department Store

	New Cap			
	2020 <i>(RMB)</i>	2021 <i>(RMB)</i>	2022 <i>(RMB)</i>	2023 <i>(RMB)</i>
1. 18F Teem Tower Property Management Services Agreement	Not applicable	900,000	900,000	900,000
2. Panyu Yuehai Construction and Property Management Consultancy Agreement	900,000	300,000	Not applicable	Not applicable
3. Teemall Warehouse Property Management Services Agreement	500,000	1,500,000	1,500,000	1,000,000
4. Teemall Shop Property Management Services Agreement	8,000,000	26,000,000	26,000,000	18,000,000
Existing annual caps of Previous Property Management Services Agreements (disclosed)	29,500,000	9,000,000	2,100,000	Not applicable
Aggregate new caps	38,900,000	37,700,000	30,500,000	19,900,000

Details of the New Continuing Connected Transactions and the relevant agreements

1. 18F Teem Tower Property Management Services Agreement

A summary of the salient terms of the 18F Teem Tower Property Management Services Agreement is set out below: -

Date: 1 September 2020

Parties: (a) Seller A
(b) Teem CommMgt Co

Term: 1 January 2021 to 31 December 2023

Subject matter: Teem CommMgt Co shall provide property management services such as management and maintenance of common areas, utilities management and maintenance, fire safety works of common areas, greening, cleaning of common areas, security, provision of counter services, renovation management and driveway management in respect of the 18th Floor of Teem Tower.

Service fee: The service fee shall be charged at RMB32 per month per square meter based on the used floor area. As the relevant floor area is 2,255.43 square meters, the monthly service fee payable by Seller A for the relevant period shall be RMB72,173.76 (equivalent to approximately HK\$81,535).

Utilities fees: Seller A shall also pay water and electricity charges to Teem CommMgt Co, to be charged at the standard rates set by the relevant PRC authorities.

Payment terms: Seller A shall pay a deposit of RMB180,434.40 (equivalent to approximately HK\$203,837) to Teem CommMgt Co, and the service fee for January 2021, in the amount of RMB72,173.76 (equivalent to approximately HK\$81,535), within seven days of the execution of the 18F Teem Tower Property Management Services Agreement. For the period from 1 February 2021 to 31 December 2023, the service fee and the utilities fees of the previous month shall be payable by Seller A to Teem CommMgt Co before the seventh day of each calendar month.

The new caps

The table below sets out the new caps for the 18F Teem Tower Property Management Services Agreement:

	2021 <i>(RMB)</i>	2022 <i>(RMB)</i>	2023 <i>(RMB)</i>
Estimated service fees	866,086	866,086	866,086
New caps	900,000	900,000	900,000

The service fee is determined after arm's length negotiation between the relevant parties, based on the area of the relevant premises and with reference to (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services, and (iii) the prevailing market rates for similar services. The above new caps are determined based on the total service fees expected to be paid by Seller A under the 18F Teem Tower Property Management Services Agreement and the water and electricity charges expected to be incurred by Seller A.

2. Panyu Yuehai Construction and Property Management Consultancy Agreement

A summary of the salient terms of the Panyu Yuehai Construction and Property Management Consultancy Agreement is set out below: -

- Date:* 1 September 2020
- Parties:* (a) Guangzhou Wanye
(b) Teem CommMgt Co
- Term:* 15 September 2020 (subject to the date on which registration of the equity transfer of Teem CommMgt Co is approved by the relevant PRC authorities) to 31 March 2021
- Subject matter:* Teem CommMgt Co shall provide construction management consultancy services and property management consultancy services such as reviewing and commenting on blueprints of systems management, advising on system operations, assisting in formulating property management standards and procedures, assisting in the selection of cleaning and greening contractors, assisting in training of management staff in respect of the commercial building, an office building and carpark located at Panyu Yuehai Centre.
- Service fee:* The service fee shall be charged at RMB100,000 (equivalent to approximately HK\$112,970) per month.
- Payment terms:* Guangzhou Wanye shall pay the service fee (in advance) to Teem CommMgt Co before the tenth day of each calendar month.

Historical transaction amounts

Before entering into the Panyu Yuehai Construction and Property Management Consultancy Agreement, Teem CommMgt Co has provided Guangzhou Wanye with construction management consultancy services and property management consultancy services in respect of the same premises (the “**Previous Panyu Yuehai Construction**

and Property Management Consultancy Transaction”). As Guangzhou Wanye is a connected subsidiary of the Group under the Listing Rules, the Previous Panyu Yuehai Construction and Property Management Consultancy Transaction was regarded as a continuing connected transaction of the Group, whereby the Group provided consultancy services to Guangzhou Wanye. As all applicable percentage ratios in respect of the Previous Panyu Yuehai Construction and Property Management Consultancy Transaction were lower than 0.1%, the Previous Panyu Yuehai Construction and Property Management Consultancy Transaction was exempted from reporting, announcement, annual review and independent shareholders’ approval requirements under the Listing Rules. Upon Completion, the Panyu Yuehai Construction and Property Management Consultancy Agreement will be treated as a continuing connected transaction of the Group, whereby the Group will receive consultancy services from Teem CommMgt Co.

The historical amounts paid by Guangzhou Wanye to Teem CommMgt Co in accordance with the Previous Panyu Yuehai Construction and Property Management Consultancy Transaction for the relevant construction and property management services for the two years ended 31 December 2018 and 31 December 2019 and for the five months ended 31 May 2020 were as follows:

	For the year ended 31 December 2018 (RMB)	For the year ended 31 December 2019 (RMB)	For the five months ended 31 May 2020 (RMB)
Historical transaction amounts	1,200,000	1,200,000	500,000

The new caps

The table below sets out the new caps for the Panyu Yuehai Construction and Property Management Consultancy Agreement:

	2020 (RMB)	2021 (RMB)
Estimated service fee	353,334	300,000
Previous cap (for 1 January 2020 to 31 May 2020)	500,000	Not applicable
New caps (for the full year of 2020 excluding June, July, August and 1 to 14 September 2020)	900,000	300,000

The service fee is determined after arm's length negotiations between the relevant parties and with reference to (i) the salary and fringe benefits of the labour engaged in providing construction management consultancy services and property management consultancy services, (ii) the cost of consumables incurred for the provision of such services, (iii) the historical transaction amounts, and (iv) the prevailing market rates for similar services. The above new caps are determined based on the total service fees expected to be paid by Guangzhou Wanye under the Panyu Yuehai Construction and Property Management Consultancy Agreement.

3. Teemall Warehouse Property Management Services Agreement

A summary of the salient terms of the Teemall Warehouse Property Management Services Agreement is set out below: -

- Date:* 1 September 2020
- Parties:* (a) Teem Department Store
(b) Teem CommMgt Co
- Term:* 15 September 2020 (subject to the date on which registration of the equity transfer of Teem CommMgt Co is approved by the relevant PRC authorities) to 14 September 2023
- Subject matter:* Teem CommMgt Co shall provide property management services such as management and maintenance of common areas, utilities management and maintenance, fire safety management, greening, cleaning of common areas, security, renovation management and driveway management in respect of 44 warehouse units in Teemall.
- Service fee:* The service fee shall be charged at RMB117,536.09 (equivalent to approximately HK\$132,781) per month and is exclusive of utilities charges.
- Water and electricity charges:* The water and electricity charges shall be charged according to the actual costs incurred.
- Payment terms:* The service fee (in advance) and water and electricity charges shall be payable on a monthly basis and shall be paid before the seventh day of each calendar month.

Historical transaction amounts

The historical amounts paid by Teem Department Store to Teem CommMgt Co for the relevant property management services for the two years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were as follows:

	For the year ended 31 December 2018 (RMB)	For the year ended 31 December 2019 (RMB)	For the six months ended 30 June 2020 (RMB)
Historical transaction amounts	approximately 2,452,881	approximately 2,390,863	approximately 1,057,199

The new caps

The table below sets out the new caps for the Teemall Warehouse Property Management Services Agreement:

	2020 (RMB)	2021 (RMB)	2022 (RMB)	2023 (RMB)
Estimated service fee	415,295	1,416,044	1,416,044	999,098
New caps	500,000	1,500,000	1,500,000	1,000,000

The service fee is determined after arm's length negotiations between the relevant parties, based on the area of the relevant premises (for the two years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020, being 3,768.40 square meters, for 15 September 2020 to 14 September 2023, being 3,268.03 square meters) and with reference to (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the cost of consumables incurred for the provision of such services, (iii) the historical transaction amounts, and (iv) the prevailing market rates for similar services. The above new caps are determined based on the total service fees expected to be paid by Teem Department Store under the Teemall Warehouse Property Management Services Agreement and water and electricity charges expected to be incurred by Teem Department Store.

4. Teemall Shop Property Management Services Agreement

A summary of the salient terms of the Teemall Shop Property Management Services Agreement is set out below: -

Date: 1 September 2020

Parties: (a) Teem Department Store
(b) Teem CommMgt Co

- Term:* 15 September 2020 (subject to the date on which registration of the equity transfer of Teem CommMgt Co is approved by the relevant PRC authorities) to 14 September 2023
- Subject matter:* Teem CommMgt Co shall provide property management services such as management and maintenance of common areas, utilities management and maintenance, fire safety management, greening, cleaning of common areas, security, renovation management and driveway management in respect of 11 shops in Teemall.
- Service fee:* The service fee shall be charged at RMB60 per square meter per month and shall be charged at RMB2,111,636.57 (equivalent to approximately HK\$2,385,516) per month.
- Utilities fees:* Teem Department Store shall also pay water and electricity charges to Teem CommMgt Co, to be charged at the standard rates set by the relevant PRC authorities.
- Payment terms:* The service fee (in advance) and water and electricity charges shall be payable on a monthly basis and shall be paid before the seventh day of each calendar month.

Historical transaction amounts

The historical amount paid by Teem Department Store to Teem CommMgt Co for the relevant property management services and utilities charges for the two years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were as follows:

	For the year ended 31 December 2018 (RMB)	For the year ended 31 December 2019 (RMB)	For the six months ended 30 June 2020 (RMB)
Historical transaction amounts	approximately 23,258,935	approximately 25,438,960	approximately 12,703,727

The new caps

The table below sets out the new caps for the Teemall Shop Property Management Services Agreement:

	2020 <i>(RMB)</i>	2021 <i>(RMB)</i>	2022 <i>(RMB)</i>	2023 <i>(RMB)</i>
Estimated service fee	7,461,116	25,339,639	25,339,639	17,878,513
New caps	8,000,000	26,000,000	26,000,000	18,000,000

The service fee is determined after arm's length negotiations between the relevant parties, based on the area of the relevant premises and with reference to (i) the salary and fringe benefits of the labour engaged in providing property management services, (ii) the costs of consumables incurred for the provision of such services, (iii) the historical transaction amounts, and (iv) the prevailing market rates for similar services. The above new caps are determined based on the total service fees expected to be paid by Teem Department Store under the Teemall Shop Management Services Agreement and water and electricity charges expected to be incurred by Teem Department Store.

B.3 Information on the parties to the Existing Agreements and the New Continuing Connected Transactions

Guangdong Nanfang is principally engaged in property investment business and is a direct wholly-owned subsidiary of the Company.

Guangdong Tiandi is principally engaged in property investment business and is directly held as to 85% by Teem CommMgt Co and 15% by 廣州地鐵(佛山南海)房地產開發有限公司 (Guangzhou Metro (Foshan Nanhai) Real Estate Development Co., Ltd.*), which in turn is indirectly wholly-owned by the Guangzhou Municipal Government. Upon Completion, Guangdong Tiandi will become an indirect non-wholly owned subsidiary of Guangdong Holdings.

Zhongshan Energy Service is principally engaged in power supply and sale and supply of heat energy and is indirectly held as to 71.25% by the Company, and as to 28.75% by 中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd*, which in turn is wholly-owned by the State-owned Assets Supervision and Administration Commission of Zhongshan Municipal Government). Zhongshan Energy Service is an indirect non-wholly owned subsidiary of the Company.

Guangzhou Wanye is principally engaged in property development and investment businesses and is held as to 68% by Guangdong Yuehai Tianhecheng Investment Co., Ltd. (which in turn is held as to 60% by Seller A and as to 40% by Guangdong Holdings), and as to 32% by 廣州市番禺信息技術投資發展有限公司(Guangzhou Panyu Information Technology Investment and Development Co., Ltd*, which in turn is wholly-owned by Guangzhou Panyu District Municipal Government). Guangzhou Wanye is an indirect non-wholly owned subsidiary of the Company.

Teem Department Store is principally engaged in department store operation business and is held as to 62% by Seller B, and as to 38% by Grammie Profits Limited (being a direct wholly-owned subsidiary of the Company). Teem Department Store is an indirect non-wholly owned subsidiary of the Company.

Foshan Teem is principally engaged in department store business and is a branch office of Teem Department Store.

Teem CommMgt Co is principally engaged in property management business in the PRC. Upon Completion, Teem CommMgt Co will become a direct wholly-owned subsidiary of the Purchaser, which is a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company).

B.4 Reasons and Benefits for the Existing Continuing Transactions and the New Continuing Connected Transactions

Teem CommMgt Co is principally engaged in providing property management services in the PRC and is the current property management services provider for the relevant premises. By entering into the Property Management Services Agreements and by continuing with the Existing Continuing Transactions, the Group will continue to enjoy the high-quality property management services provided to it by the Teem CommMgt Co Group, as well as being assured un-interrupted and smooth services upon completion of the Disposal. The Nanhai Teemall Tenancy and Property Management Services Agreement provides Teem Department Store with a retail outlet at a prime location in Foshan for expanding its business. By continuing the Teem CommMgt Co Electricity Transaction Agreement, the Group will be able to secure purchase of electricity from consumption users, increase the utilisation rate of its power plants, which would in turn maximise the power plants' turnover and operating efficiency.

In light of the above and having considered the basis of determination of the new caps, the Directors (including the independent non-executive Directors) consider that the terms of the Existing Agreements, the Property Management Services Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

B.5 Listing Rules Implications

Upon Completion, Teem CommMgt Co will become a direct wholly-owned subsidiary of the Purchaser, which is a direct wholly-owned subsidiary of Guangdong Holdings (which in turn is the ultimate controlling shareholder of the Company, and, hence, Teem CommMgt Co will be a connected person of the Company). Therefore, the Existing Continuing Transactions between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements.

Further, following Completion, the Group will renew certain continuing transactions with and/or engage the Teem CommMgt Co Group to provide property management and related services to the Group. As mentioned above, upon Completion, Teem CommMgt Co will become a connected person of the Company and therefore, continuing transactions between the Group and the Teem CommMgt Co Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In order to renew such continuing connected transactions, the Group has entered into the Panyu Yuehai Construction and Property Management Consultancy Agreement, the Teemall Warehouse Property Management Services Agreement and the Teemall Shop Property Management Services Agreement, on 1 September 2020, and in order to govern a new continuing connected transaction, the Group has entered into the 18F Teem Tower Property Management Services Agreement on 1 September 2020.

The Property Management Services Agreements have been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management or similar services by the Teem CommMgt Co Group to the Group, and the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Property Management Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of the ratios are less than 5%. Further, reference is made to the announcement of the Company dated 31 May 2019, the announcement of the Company dated 31 December 2019, the announcement of GD Land dated 31 January 2019 and the announcement of GD Land dated 30 August 2019 in respect of the Previous Property Management Services Agreements. The Previous Property Management Services Agreements and the Property Management Services Agreements have also been aggregated pursuant to the Listing Rules on the basis that they all relate to the provision of property management or similar services by the Guangdong Holdings Group to the Group. As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions under the Previous Property Management Services Agreements and the Property Management Services Agreements calculated pursuant to the Listing Rules is also more than 0.1% but all of the ratios are less than 5%, the Property Management Services Agreements are therefore subject to the reporting, announcement and annual review requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirements.

Mr. Hou Wailin and Mr. Cai Yong, Directors of the Company, are also directors of Guangdong Holdings. Mr. Cai, who was present at the relevant Board meeting, abstained from voting on the relevant Board resolutions to approve the Sale and Purchase Agreement and the Property Management Services Agreements and the transactions contemplated thereunder, while Mr. Hou was absent from the relevant Board meeting. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Sale and Purchase Agreement, the Property Management Services Agreements and the transactions contemplated thereunder.

C. DEFINITIONS

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

“associate”	has the meaning as 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;
“Completion”	completion of the sale and purchase of the Sale Equity in accordance with the terms of the Sale and Purchase Agreement, as more particularly described under the section headed “A. The Disposal – A.1 The Sale and Purchase Agreement - Completion” in this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the Disposal, as more particularly described under the section headed “A. The Disposal – A.1 The Sale and Purchase Agreement – Consideration” in this announcement;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Equity by the Sellers pursuant to the Sale and Purchase Agreement;
“Existing Agreements”	the Teemall Property Management Services Agreement, the Teemall Property Management Entrustment Agreement, the Shiqi Warehouse Property Management Services Agreement, the Guangzhou Exchange Square Property Management Services Agreement, the Teem Tower Property Management Entrustment Agreement, the Nanhai Teemall Tenancy and Property Management Services Agreement, and the Teem CommMgt Co Electricity Transaction Agreement;

“Existing Continuing Transactions”	has the meaning ascribed thereto under the section headed “B. Continuing Connected Transactions – B.1 Existing Continuing Transactions” of this announcement;
“Forecast”	has the meaning ascribed thereto under the section headed “A. The Disposal – A.2 Valuation” of this announcement;
“Foshan Teem”	廣東粵海天河城百貨有限公司佛山南海分公司 (GDH Teem Department Store Co., Ltd. Foshan Nanhai Metro Financial City Branch*), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary 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, a subsidiary of the Company;
“Group”	the Company and its subsidiaries from time to time;
“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 Holdings Group”	Guangdong Holdings and its subsidiaries;
“Guangdong Nanfang”	Guangdong Nan Fang (Holdings) Co. Ltd, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company;
“Guangdong Tiandi”	廣東天與地商業運營管理有限公司 (Guangdong Tiandi Commercial Operation Management Ltd.*), a limited liability company established in the PRC which will become an indirect non-wholly owned subsidiary of Guangdong Holdings upon Completion;
“Guangdong Yuehai Property”	廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd. *), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company;

“Guangzhou Exchange Square Property Management Services Agreement”	the agreement dated 28 June 2019 entered into between Guangdong Nanfang and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Guangdong Nanfang;
“Guangzhou Wanye”	廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited*), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“kWh”	kilowatt hour;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Nanhai Teemall”	南海天河城購物中心 (Nanhai Teemall*), a shopping mall located at 32 East Haiba Road, Guicheng Street, Nanhai District, Foshan City, PRC;
“Nanhai Teemall Tenancy and Property Management Services Agreement”	the agreement dated 31 December 2018 (as amended by a supplemental agreement dated 31 December 2018 and a second supplemental agreement dated 17 April 2020) entered into between Foshan Teem and Guangdong Tiandi in respect of the leasing and provision of property management services by Guangdong Tiandi to Foshan Teem;
“New Continuing Connected Transactions”	the transactions contemplated under the 18F Teem Tower Property Management Services Agreement, the Panyu Yuehai Construction and Property Management Consultancy Agreement, the Teemall Warehouse Property Management Services Agreement and the Teemall Shop Property Management Services Agreement;
“Panyu Yuehai Centre”	番禺粵海廣場 (Panyu Yuehai Centre*), located at 22 North Panyu Road, Nancun Wanbo, Panyu District, Guangzhou City, PRC;

“Panyu Yuehai Construction and Property Management Consultancy Agreement”	the agreement dated 1 September 2020, entered into between Guangzhou Wanye and Teem CommMgt Co in respect of the provision of construction and property management consultancy services by Teem CommMgt Co to Guangzhou Wanye;
“Power Grid Company”	廣東電網公司(Guangdong Power Grid Company*), 廣州供電局有限公司(Guangzhou Power Supply Co. Ltd.*), 深圳供電局有限公司(Shenzhen Power Supply Bureau Co.,Ltd.), or other power grid operation company authorised to supply electricity in the Guangdong Province, PRC under relevant regulations;
“Power Grid Fee”	the fee charged by Power Grid Company for transmission and distribution of electricity services provided through the power grid operated by Power Grid Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC GAAP”	the People's Republic of China Generally Accepted Accounting Principles;
“Previous Panyu Yuehai Construction and Property Management Consultancy Transaction”	has the meaning ascribed thereto under the section headed “B. Continuing Connected Transactions – B.2. New Continuing Connected Transactions – 2. Panyu Yuehai Construction and Property Management Consultancy Agreement” of this announcement;

“Previous Property Management Services Agreements”

- (i) 粵海拾桂府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 December 2019 entered into between Guangdong Yuehai Property and the Purchaser,
- (ii) 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 Contract of Yuehai Laurel House (originally known as Yuehai Zhuguang Yashe District)) dated 26 October 2016 entered into between Guangdong Yuehai Property and the Purchaser,
- (iii) the supplemental agreement dated 30 August 2019 entered into between Guangdong Yuehai Property and the Purchaser for the purpose of amending the contract referred to in (ii) above,
- (iv) 粵海珠光路項目樣板房及銷售場所物業服務協議 (Yuehai Zhuguanglu Project Sample Units and Sales Centre Property Services Agreement) dated 31 January 2019 entered into between Guangdong Yuehai Property and the Purchaser,
- (v) 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 Guangzhou Wanye and the Purchaser,
- (vi) 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 Guangzhou Wanye and the Purchaser, and
- (vii) 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 Guangzhou Wanye and the Purchaser,

in respect of provision of property management services by the Guangdong Holdings Group to the Group, details of which are set out in the announcement of the Company dated 31 May 2019, the announcement of the Company dated 31 December 2019, the announcement of GD Land dated 31 January 2019 and the announcement of GD Land dated 30 August 2019;

“Property Management Services Agreements”	the 18F Teem Tower Property Management Services Agreement, the Panyu Yuehai Construction and Property Management Consultancy Agreement, the Teemall Warehouse Property Management Services Agreement and the Teemall Shop Property Management Services Agreement;
“Purchaser”	粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.), a limited liability company established in the PRC and a direct wholly-owned subsidiary of Guangdong Holdings;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 September 2020 entered into between the Purchaser and the Sellers in relation to the sale and purchase of the Sale Equity;
“Sale Equity”	100% of the equity capital of Teem CommMgt Co;
“Seller A”	廣東粵海天河城（集團）股份有限公司 (GDH Teem (Holdings) Limited*) (formerly known as 廣東天河城（集團）股份有限公司 (Guangdong Teem (Holdings) Limited*)), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Seller B”	廣東粵海天河城百貨發展有限公司 (Teem Department Store Development Co., Ltd.*) (formerly known as 廣東天河城百貨發展有限公司 (Guangdong Teemall Department Store Holdings Ltd.*)), a limited liability company established in the PRC and a wholly-owned subsidiary of Seller A, and a non-wholly owned subsidiary of the Company held as to approximately 76.13% by the Group;
“Sellers”	Seller A and Seller B;
“Shiqi Warehouse Property Management Services Agreement”	the agreement dated 1 January 2018, entered into between Seller A and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Seller A;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;

“Teem CommMgt Co”	廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.*) (formerly known as 廣東天河城物業運營管理有限公司 (Guangdong Teem Property Operation Management Limited*) and 廣東天河城物業管理有限公司 (Guangdong Teem Properties Management Ltd.*)), a limited liability company established in the PRC and the equity capital of which are owned as to 70% by Seller A and 30% by Seller B respectively prior to Completion;
“Teem CommMgt Co Electricity Transaction Agreement”	an agreement dated 28 November 2019 entered into between Teem CommMgt Co and Zhongshan Energy Service in respect of the purchase of electricity by Teem CommMgt Co from Zhongshan Energy Service;
“Teem CommMgt Co Group”	Teem CommMgt Co and its subsidiaries from time to time;
“Teem Department Store”	廣東粵海天河城百貨有限公司 (GDH Teem Department Store Co., Ltd.*), a limited liability company established in the PRC and a direct non-wholly owned subsidiary of Seller B, and in turn, an indirect non-wholly owned subsidiary of the Company;
“Teem Tower”	Teem Tower, the commercial building located at No. 208 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, PRC;
“Teem Tower Property Management Entrustment Agreement”	the agreement dated 1 April 2019, entered into between Seller A and Teem CommMgt Co in respect of the entrustment of property management services at Teem Tower by Seller A to Teem CommMgt Co;
“Teemall”	Teemall, the shopping mall located at No. 208 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC;
“Teemall Property Management Entrustment Agreement”	the agreement dated 1 April 2019, entered into between Seller A and Teem CommMgt Co in respect of the entrustment of property management services at Teemall by Seller A to Teem CommMgt Co;
“Teemall Property Management Services Agreement”	the agreement dated 31 May 2017 (as amended by a supplemental agreement dated 4 July 2018, a second supplemental agreement dated 13 September 2018 and a third supplemental agreement dated 1 June 2020), entered into between Seller A and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Seller A;

“Teemall Shop Property Management Services Agreement”	the agreement dated 1 September 2020, entered into between Teem Department Store and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Teem Department Store in respect of 11 shops in Teemall, namely, Shops 202, 302, 303, 304, 305, 306, 307, 402, 502, 702 and 703;
“Teemall Warehouse Property Management Services Agreement”	the agreement dated 1 September 2020, entered into between Teem Department Store and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Teem Department Store in respect of 44 warehouse units in Teemall, namely, C-B3002, C-B3022, C-B3025, C-B3028, C-B3029, C-B3036, C-B2001, C-B2002, C-B2006, C-B2009, C-B1012, C-B1015, C-B1019, C-B1025, C-F2001, C-F2003, C-F3001, C-F3002, C-F3003, C-F4001, C-F4002, C-F4003, C-F4005, C-F4017, C-F4018, C-F4026, C-F4032, C-F4033, C-F5003, C-F5004, C-F5005, C-F5006, C-F5007, C-F5008, C-F5009, C-F6001, C-F6017, C-F6019, C-F7002, C-F7004, C-F7005, C-F7007, C-F7009 and C-F7013;
“Valuation”	has the meaning as ascribed to it under the section headed “A. The Disposal – A.1 The Sale and Purchase Agreement – Consideration” in this announcement;
“Valuation Date”	31 December 2019, being the reference date adopted by the Valuer in the Valuation;
“Valuation Report”	the valuation report issued by the Valuer as to the Valuation;
“Valuer”	Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd (廣東財興資產評估土地房地產估價有限公司), an independent professional valuer in the PRC;
“Zhongshan Energy Service”	中山粵海能源服務有限公司 (Zhongshan GDH Energy Service Co., Ltd.*), a company established in the PRC and an indirect non-wholly-owned subsidiary of the Company;
“18F Teem Tower Property Management Services Agreement”	the agreement dated 1 September 2020, entered into between Seller A and Teem CommMgt Co in respect of the provision of property management services by Teem CommMgt Co to Seller A; and
“%”	per cent.

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**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\$1.1297 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, 1 September 2020

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HOU Wailin, Mr. LIN Tiejun, Mr. WEN Yinheng and Mr. TSANG Hon Nam; three Non-Executive Directors, namely, Mr. CAI Yong, Mr. LAN Runing and Mr. Feng Qingchun; 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.

APPENDIX I – REPORT FROM ERNST & YOUNG

The following is the full text of the report from Ernst & Young, for the purpose of, among other things, incorporating into this announcement.



Ernst & Young
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1 Tim Mei Avenue
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REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF 廣東粵海天河城商業管理有限公司

To the Directors of Guangdong Investment Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “Forecast”) on which the valuation dated 29 July 2020 prepared by 廣東財興資產評估土地房地產估價有限公司 in respect of 廣東粵海天河城商業管理有限公司 (the “Target Company”) as at 31 December 2019 is based. The valuation is set out in the announcement of Guangdong Investment Limited (the “Company”) dated 1 September 2020 (the “Announcement”) in connection with the disposal of the Target Company. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ responsibilities

The directors of the Company (the “Directors”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “Assumptions”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Valuation” of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Company. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young
Certified Public Accountants
Hong Kong

1 September 2020

APPENDIX II – REPORT FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00270)

1 September 2020

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

We refer to the announcement of the Company dated 1 September 2020 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to the valuation report dated 29 July 2020 issued by Guangdong Caixing Asset Evaluation and Land & Real Estate Appraisal Co., Ltd. (廣東財興資產評估土地房地產估價有限公司), an independent professional valuer in the PRC (the “**Valuer**”) in relation to the valuation (the “**Valuation**”) of Teem CommMgt Co. As the Valuation adopts the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Forecast**”).

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation Report prepared by the Valuer for which the Valuer is responsible. We have also engaged Ernst & Young to review the arithmetical accuracy of the calculations underlying the Forecast, and considered the report from Ernst & Young dated 1 September 2020 as set out in Appendix I to the Announcement.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that, having reviewed the Valuation Report, we are of the view that the Forecast was made after our due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Guangdong Investment Limited
Tsang Hon Nam
Director