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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
ON SETTLEMENT AND DEPOSIT SERVICES
COOPERATION AGREEMENTS**

Reference is made to the Previous Announcement in relation to the continuing connected transactions of the Company and the revision of annual caps for settlement and deposit services cooperation agreements.

The Existing Teem Department Store Cooperation Agreement and Existing Zhongshan Energy Cooperation Agreement will expire on 1 November 2020 and 7 November 2020, respectively. On 30 October 2020, Teem Department Store (a subsidiary of the Company) and GDH Finance entered into the New Teem Department Store Cooperation Agreement for a fixed term from 2 November 2020 to 31 December 2022. On the same day, Zhongshan Energy (a subsidiary of the Company) and GDH Finance also entered into the New Zhongshan Energy Cooperation Agreement for a fixed term from 8 November 2020 to 31 December 2022.

Pursuant to the New Teem Department Store Cooperation Agreement and the New Zhongshan Energy Cooperation Agreement, GDH Finance has been engaged to make payments, at the instruction of Teem Department Store Group and Zhongshan Energy Group, respectively, to external parties for the purpose of, amongst other things, settling outstanding invoices issued to Teem Department Store Group and Zhongshan Energy Group with available funds temporarily deposited by Teem Department Store Group and Zhongshan Energy Group from time to time according to their business needs and at their discretion in current account(s) opened with GDH Finance.

Since certain applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules in respect of the maximum daily balance of deposits placed by Teem Department Store Group and Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) under each of the New Settlement and Deposit Services Cooperation Agreements (comprising the New Teem Department Store Cooperation Agreement and the New Zhongshan Energy Cooperation Agreement) exceed 0.1% but are less than 5%, each of the transactions as

contemplated under the New Settlement and Deposit Services Cooperation Agreements is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Each of the transactions contemplated under the New Settlement and Deposit Services Cooperation Agreements constitutes the provision of financial assistance by the Group to GDH Finance and a continuing connected transaction of the Company under the Listing Rules.

The New Settlement and Deposit Services Cooperation Agreements have been aggregated for Listing Rules purposes on the basis that they all relate to the provision of settlement and deposit services by GDH Finance to the Group.

The aggregate annual cap of maximum daily balance of deposits placed by Teem Department Store Group and Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the New Settlement and Deposit Services Cooperation Agreements will be RMB300,000,000 for each of the financial years ending 31 December 2020, 2021 and 2022. As the highest annual cap for the aforesaid three financial years, which amounts to RMB300,000,000 (equivalent to approximately HK\$341,400,000), exceeds 0.1% but is less than 5% of certain applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the New Settlement and Deposit Services Cooperation 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 New Settlement and Deposit Services Cooperation Agreements.

This announcement sets out, amongst other things, the details concerning the New Settlement and Deposit Services Cooperation Agreements, including the reasons for entering into the same, the annual caps and how these were determined.

NEW TEEM DEPARTMENT STORE COOPERATION AGREEMENT

The following is a summary of the salient terms of the New Teem Department Store Cooperation Agreement:

- Term:** A fixed term from 2 November 2020 to 31 December 2022.
- Services:** GDH Finance will make payments, at the instruction of Teem Department Store Group, to external parties for the purpose of, amongst other things, settling outstanding invoices issued to Teem Department Store Group with available funds temporarily deposited by Teem Department Store Group from time to time according to its business needs and at its discretion in current account(s) opened with GDH Finance.
- Deposit interests:** The rates at which interest will accrue on the Agreed Deposit placed by Teem Department Store Group with GDH Finance under the New Teem Department Store Cooperation Agreement will be 50% higher than the RMB Agreed Deposit Rate offered by financial institutions as announced by People's Bank of China from time to time, subject to amendment between the parties upon change of the relevant regulatory policies.
- Service fees:** All service fees on wire transfers, account management and confirmation of balance will be waived by GDH Finance.
- Historical maximum daily balance:** The historical maximum daily balance of deposits placed by Teem Department Store Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the Existing Teem Department Store Cooperation Agreement for the two years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020 are RMB29,997,974.08 (equivalent to approximately HK\$34,137,694.50), RMB199,555,618.33 (equivalent to approximately HK\$227,094,293.66) and RMB196,773,657.15 (equivalent to approximately HK\$223,928,421.84), respectively.
- Annual caps:** The maximum daily balance of deposits placed by Teem Department Store Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the New Teem Department Store Cooperation Agreement will not exceed the cap of RMB200,000,000 (equivalent to approximately HK\$227,600,000) for each of the three financial years ending 31 December 2020, 2021 and 2022.
- In determining the cap for the deposit services, the Directors have taken into account the historical settlement amounts and maximum daily settlement amount in peak sales seasons as well as expected growth rate of the Teem Department Store Group's businesses for the next two years.
- GDH Finance will provide the settlement services to Teem Department Store Group free of charge and hence no annual cap regarding fees for settlement services is required.

NEW ZHONGSHAN ENERGY COOPERATION AGREEMENT

The following is a summary of the salient terms of the New Zhongshan Energy Cooperation Agreement:

- Term:** A fixed term from 8 November 2020 to 31 December 2022.
- Services:** GDH Finance will make payments, at the instruction of Zhongshan Energy Group, to external parties for the purpose of, amongst other things, settling outstanding invoices issued to Zhongshan Energy Group with available funds temporarily deposited by Zhongshan Energy Group from time to time according to its business needs and at its discretion in current account(s) opened with GDH Finance.
- Deposit interests:** The rates at which interest will accrue on the Agreed Deposit placed by Zhongshan Energy Group with GDH Finance under the New Zhongshan Energy Cooperation Agreement will be 50% higher than the RMB Agreed Deposit Rate offered by financial institutions as announced by People's Bank of China from time to time, subject to amendment between the parties upon change of the relevant regulatory policies.
- Service fees:** All service fees on wire transfers, account management and confirmation of balance will be waived by GDH Finance.
- Historical maximum daily balance:** The historical maximum daily balance of deposits placed by Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the Existing Zhongshan Energy Cooperation Agreement for the year ended 31 December 2019 and for the nine months ended 30 September 2020 are RMB98,865,776.06 (equivalent to approximately HK\$112,509,253.16) and RMB78,396,046.50 (equivalent to approximately HK\$89,214,700.92), respectively.
- Annual caps:** The maximum daily balance of deposits placed by Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the New Zhongshan Energy Cooperation Agreement will not exceed the cap of RMB100,000,000 (equivalent to approximately HK\$113,800,000) for each of the three financial years ending 31 December 2020, 2021 and 2022.
- In determining the cap for the deposit services, the Directors have taken into account the historical daily settlement amounts of the Zhongshan Energy Group in 2019 and 2020 as well as the future development trend of the coal power industry.
- GDH Finance will provide the settlement services to Zhongshan Energy Group free of charge and hence no annual cap regarding fees for settlement services is required.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SETTLEMENT AND DEPOSIT SERVICES COOPERATION AGREEMENTS AND AGGREGATE ANNUAL CAPS

Teem Department Store Group and Zhongshan Energy Group require efficient and reliable settlement services to ensure normal functioning of their daily operations. As GDH Finance is familiar with the business operations of Teem Department Store Group and Zhongshan Energy Group, it can offer customized settlement services tailored for the business needs of Teem Department Store Group and Zhongshan Energy Group in a more efficient manner. In addition, Teem Department Store Group and Zhongshan Energy Group will be able to achieve cost savings in the form of service fee waiver.

The deposit services under the New Settlement and Deposit Services Cooperation Agreements (comprising the New Teem Department Store Cooperation Agreement and the New Zhongshan Energy Cooperation Agreement) are on normal commercial terms and the deposit interest rates offered by GDH Finance to Teem Department Store Group and Zhongshan Energy Group are equal to or more favorable than those offered by commercial banks in the PRC for comparable deposits. The deposit services under the New Settlement and Deposit Services Cooperation Agreements, which are primarily to facilitate the settlement services, are therefore expected to enable Teem Department Store Group and Zhongshan Energy Group to use their funds more effectively through receiving stable interest income.

The New Settlement and Deposit Services Cooperation Agreements have been aggregated for Listing Rules purposes on the basis that they all relate to the provision of settlement and deposit services by GDH Finance to the Group. The aggregate annual caps for the maximum daily balance of deposits placed by Teem Department Store Group and Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the New Settlement and Deposit Services Cooperation Agreements for the three financial years ending 31 December 2020, 2021 and 2022 will be as follows:

	<u>Maximum Daily Balance of Deposits Placed (Including Accrued Interests Payable by GDH Finance)</u>		
	<u>2020</u> (RMB)	<u>2021</u> (RMB)	<u>2022</u> (RMB)
<u>Existing Settlement and Deposit Services Cooperation Agreements</u>	300,000,000	-	-
<u>New Settlement and Deposit Services Cooperation Agreements</u>			
New Teem Department Store Cooperation Agreement	200,000,000	200,000,000	200,000,000
New Zhongshan Energy Cooperation Agreement	100,000,000	100,000,000	100,000,000
Total	300,000,000	300,000,000	300,000,000
Annual caps	300,000,000	300,000,000	300,000,000

The Directors (including the independent non-executive Directors) are of the view that the New Settlement and Deposit Services Cooperation Agreements were 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 New Settlement and Deposit Services Cooperation Agreements (including the annual cap of the maximum daily balance of deposits (including accrued interests payable by GDH Finance) for the years from 2020 to 2022 as agreed under the New Settlement and Deposit Services Cooperation 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, being Directors, are also directors of Guangdong Holdings. Mr. Cai, who was present at the relevant Board meeting, abstained from voting on the Directors' resolutions approving, inter alia, the entering into of the New Settlement and Deposit Services Cooperation Agreements and the aggregate annual caps of the maximum daily balance of deposits (including accrued interests) under the New Settlement and Deposit Services Cooperation Agreements for the years from 2020 to 2022, while Mr. Hou was absent from the relevant Board meeting. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors have any material interest in the New Settlement and Deposit Services Cooperation Agreements and the transactions contemplated thereunder.

INFORMATION ON PARTIES TO THE NEW SETTLEMENT AND DEPOSIT SERVICES COOPERATION AGREEMENTS

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.

Teem Department Store is an indirect non wholly-owned subsidiary of the Company principally engaged in department store operation business. It is held as to 62% by 廣東粵海天河城百貨發展有限公司 (Teem Department Store Development Co., Ltd.*, being a wholly-owned subsidiary of GDH Teem and a non wholly-owned subsidiary of the Company), and as to 38% by Grammie Profits Limited (being a direct wholly-owned subsidiary of the Company). GDH Teem 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 GDH Teem.

Zhongshan Energy is an indirect non wholly-owned subsidiary of the Company principally engaged in power plant operation, supplying electricity and steam power. It 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).

Guangdong Holdings is the ultimate controlling shareholder of the Company, which holds the entire issued share capital of GDH. GDH in turn is the immediate controlling shareholder of the Company, holding approximately 56.49% of the issued shares of the Company as at the date of this announcement. The principal business of Guangdong Holdings is investment holding.

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

LISTING RULES IMPLICATIONS

Guangdong Holdings is a connected person (as defined in the Listing Rules) of the Company. GDH Finance (being a wholly-owned subsidiary and thus an associate of Guangdong Holdings as defined in the Listing Rules) is also a connected person of the Company. Therefore, each of the transactions contemplated under the New Settlement and Deposit Services Cooperation Agreements constitutes the provision of financial assistance by the Group to GDH Finance and a continuing connected transaction of the Company under the Listing Rules.

Since certain applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules in respect of the maximum daily balance of deposits placed by Teem Department Store Group and Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) under each of the New Settlement and Deposit Services Cooperation Agreements exceed 0.1% but are less than 5%, each of the transactions as contemplated under the New Settlement and Deposit Services Cooperation Agreements is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

The New Settlement and Deposit Services Cooperation Agreements have been aggregated for Listing Rules purposes on the basis that they all relate to the provision of settlement and deposit services by GDH Finance to the Group.

The aggregate annual cap of maximum daily balance of deposits placed by Teem Department Store Group and Zhongshan Energy Group with GDH Finance (including accrued interests payable by GDH Finance) during the term of the New Settlement and Deposit Services Cooperation Agreements will be RMB300,000,000 for each of the financial years ending 31 December 2020, 2021 and 2022. As the highest annual cap for the aforesaid three financial years, which amounts to RMB300,000,000 (equivalent to approximately HK\$341,400,000), exceeds 0.1% but is less than 5% of certain applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules, the transactions as contemplated under the New Settlement and Deposit Services Cooperation 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 New Settlement and Deposit Services Cooperation Agreements.

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;
“Existing Settlement and Deposit Services Cooperation Agreements”	the Existing Teem Department Store Cooperation Agreement and the Existing Zhongshan Energy Cooperation Agreement;
“Existing Teem Department Store Cooperation Agreement”	an agreement dated 2 November 2018 entered into between Teem Department Store and GDH Finance in relation to the provision of (i) settlement services; and (ii) deposit services by GDH Finance to Teem Department Store Group;
“Existing Zhongshan Energy Cooperation Agreement”	an agreement dated 8 November 2019 entered into between Zhongshan Energy and GDH Finance in relation to the provision of (i) settlement services; and (ii) deposit services by GDH Finance to Zhongshan Energy Group;
“GDH”	GDH Limited (粵海控股集團有限公司), a wholly-owned subsidiary of Guangdong Holdings incorporated in Hong Kong with limited liability;
“GDH Finance”	粵海集團財務有限公司(GDH Finance Co., Ltd.), a wholly-owned subsidiary of Guangdong Holdings established under the laws of the PRC with licence to provide certain financial services to, amongst others, members of the Group;
“GDH Teem”	廣東粵海天河城(集團)股份有限公司(GDH Teem (Holdings) Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;

“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*), a company established in the PRC and the ultimate holding company of the Company, GDH Finance, Teem Department Store and Zhongshan Energy;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“New Settlement and Deposit Services Cooperation Agreements”	the New Teem Department Store Cooperation Agreement and the New Zhongshan Energy Cooperation Agreement;
“New Teem Department Store Cooperation Agreement”	an agreement dated 30 October 2020 entered into between Teem Department Store and GDH Finance in relation to the provision of (i) settlement services; and (ii) deposit services by GDH Finance to Teem Department Store Group;
“New Zhongshan Energy Cooperation Agreement”	an agreement dated 30 October 2020 entered into between Zhongshan Energy and GDH Finance in relation to the provision of (i) settlement services; and (ii) deposit services by GDH Finance to Zhongshan Energy Group;
“PRC”	The People’s Republic of China;
“Previous Announcement”	the announcement of the Company dated 8 November 2019 in relation to (i) the Existing Teem Department Store Cooperation Agreement and (ii) the Existing Zhongshan Energy Cooperation Agreement;
“RMB”	Reminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Teem Department Store”	廣東粵海天河城百貨有限公司 (GDH Teem Department Store Co., Ltd.*), a subsidiary of the Company established under the laws of the PRC;
“Teem Department Store Group”	Teem Department Store and its subsidiary(ies);

“Zhongshan Energy”	中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.*), a subsidiary of the Company established under the laws of the PRC;
“Zhongshan Energy Group”	Zhongshan Energy and its subsidiary(ies); and
“%”	per cent.

** The English translation of the Chinese name of the relevant company included in this announcement is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation/version of its Chinese name.*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1380 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, 30 October 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.