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

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

CONTINUING CONNECTED TRANSACTIONS

**REVISION OF ANNUAL CAPS FOR THE FRAMEWORK AGREEMENT
IN RELATION TO PROPERTY MANAGEMENT SERVICES**

Reference is made to the Previous Announcement in relation to the Framework Agreement entered into between the Company and Yuehai Property Management. Pursuant to the Framework Agreement, the Yuehai Property Management Group would provide Property Management Services to the Group for the period from 10 May 2021 to 9 May 2024 (both days inclusive).

The Company has been closely monitoring the progress of the continuing connected transactions between the Group and the Yuehai Property Management Group under the Framework Agreement. The Board foresees that the Existing Caps for the transactions contemplated under the Framework Agreement will be insufficient to fulfil the additional transactions in relation to the Property Management Services that may take place due to (i) the Management Remodelling; and (ii) the future development plan of the Group's property business. As such, on 8 November 2021, the Company and Yuehai Property Management entered into the Supplemental Agreement pursuant to which the New Caps are set for the Framework Agreement.

Guangdong Holdings (being the ultimate controlling shareholder of the Company) holds approximately 56.49% of the total number of shares of the Company in issue and therefore, is a connected person of the Company. Yuehai Property Management (being a direct wholly-owned subsidiary of Guangdong Holdings) and its subsidiaries (being subsidiaries of Guangdong Holdings) are associates of Guangdong Holdings, and hence connected persons of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement (as supplemented by the Supplemental Agreement) between the Group and the Yuehai Property Management Group constitute continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As all applicable percentage ratios in respect of the New Caps calculated pursuant to the Listing Rules exceed 0.1% but all of them are less than 5%, the Framework Agreement (as supplemented by the Supplemental Agreement) and the New Caps are therefore subject to the reporting, annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

BACKGROUND

Reference is made to the Previous Announcement in relation to the Framework Agreement entered into between the Company and Yuehai Property Management. Pursuant to the Framework Agreement, the Yuehai Property Management Group would provide Property Management Services to the Group for the period from 10 May 2021 to 9 May 2024 (both days inclusive).

The Company has been closely monitoring the progress of the continuing connected transactions between the Group and the Yuehai Property Management Group under the Framework Agreement. The Board foresees that the Existing Caps for the transactions contemplated under the Framework Agreement will be insufficient to fulfil the additional transactions in relation to the Property Management Services that may take place due to (i) the Management Remodelling; and (ii) the future development plan of the Group's property business.

On 8 November 2021, the Company and Yuehai Property Management entered into the Supplemental Agreement pursuant to which the New Caps are set for the Framework Agreement.

REVISION OF CAPS IN RESPECT OF THE TRANSACTIONS CONTEMPLATED UNDER THE FRAMEWORK AGREEMENT

The Supplemental Agreement

A summary of the salient terms of the Supplemental Agreement is set out below:-

Date: 8 November 2021

Parties: (1) The Company; and
(2) Yuehai Property Management

New Cap(s): Pursuant to the Supplemental Agreement, the annual caps for the transactions contemplated under the Framework Agreement shall be revised as follows:

- (1) for the period from 10 May to 31 December 2021: RMB28,000,000 (equivalent to approximately HK\$34,079,000);
- (2) for the year ending 31 December 2022: RMB220,000,000 (equivalent to approximately HK\$267,762,000);

- (3) for the year ending 31 December 2023: RMB280,000,000 (equivalent to approximately HK\$340,788,000); and
- (4) for the period from 1 January to 9 May 2024: RMB120,000,000 (equivalent to approximately HK\$146,052,000).

Save for the revision of the Existing Caps to the New Caps, all other terms of the Framework Agreement remain unchanged. For details of the terms of the Framework Agreement, please refer to the Previous Announcement.

New Caps and basis of determination

The Existing Caps and the New Caps

The existing caps (the “**Existing Cap(s)**”) and the new caps (the “**New Cap(s)**”) for the transactions contemplated under the Framework Agreement for the period from 10 May to 31 December 2021, for the year ending 31 December 2022, for the year ending 31 December 2023 and for the period from 1 January to 9 May 2024 are set out below:

	For the period from 10 May to 31 December 2021 (RMB)	For the year ending 31 December 2022 (RMB)	For the year ending 31 December 2023 (RMB)	For the period from 1 January to 9 May 2024 (RMB)
Existing Caps	18,000,000 (equivalent to approximately HK\$21,908,000)	120,000,000 (equivalent to approximately HK\$146,052,000)	130,000,000 (equivalent to approximately HK\$158,223,000)	70,000,000 (equivalent to approximately HK\$85,197,000)
New Caps	28,000,000 (equivalent to approximately HK\$34,079,000)	220,000,000 (equivalent to approximately HK\$267,762,000)	280,000,000 (equivalent to approximately HK\$340,788,000)	120,000,000 (equivalent to approximately HK\$146,052,000)

Historical transaction amounts

The table below summarises the historical amount of the service fees paid by the Group (including the fees paid by the Huiyang Yuehai group of companies which were acquired by the Group from the Guangdong Holdings Group in 2020 (see the joint announcement of the Company and GDL dated 29 October 2020 for details) before they became subsidiaries of the Company), to the Yuehai Property Management Group (including the fees paid to (i) the Teem Management Co group of companies which were disposed of by the Group to Yuehai Property Management in 2020 (see the announcement of the Company dated 1 September 2020 for details) and (ii) Yuehai Yueshenghuo which was disposed of by the Group to Yuehai Property Management in 2020 (see the announcement of GDL dated 19 November 2020 for details) while they were subsidiaries of the Company), in relation to the property management services provided during the two years ended 31 December 2020 (the “**Previous Transaction(s)**”):

	For the year ended 31 December 2019 (RMB)	For the year ended 31 December 2020 (RMB)
Actual amount of service fees under the Previous Transactions	49,228,485 (equivalent to approximately HK\$59,916,000)	71,727,538 (equivalent to approximately HK\$87,300,000)

The actual amount of service fees paid to the Yuehai Property Management Group for the period from 1 January to 30 September 2021 was approximately RMB47,488,000 (equivalent to approximately HK\$57,798,000). The contractual amount of service fees in relation to the transactions under the Framework Agreement for the period from 10 May to 31 December 2021 is approximately RMB11,295,000 (equivalent to approximately HK\$13,748,000), representing approximately 63% of, and has not exceeded, the relevant Existing Cap for the period from 10 May to 31 December 2021.

Basis of determination of the New Caps

The New Caps were determined after having taken into account:

- (1) the Management Remodelling (for details, please refer to the section headed “Reasons and benefits of entering into the supplement agreement” in this announcement) to be undergone for the shopping malls held by the Teem Group in Guangzhou Panyu and Tianjin. In particular, (i) a property management services agreement for a term of one year is expected to be entered into by the Teem Group and the Yuehai Property Management Group in early November 2021 for the provision of Property Management Services by the Yuehai Property Management Group to the Group in respect of Panyu Teemall, which comprises two connected shopping areas with a total gross floor area of approximately 217,000 sq. m. of which 144,000 sq. m. is held for rental purposes. The estimated service fees payable under the said agreement for the period from early November 2021 to 31 December 2021 and the year ending 31 December 2022 is approximately RMB9,970,000 (equivalent to approximately HK\$12,134,000) and RMB50,010,000 (equivalent to approximately HK\$60,867,000), respectively; and (ii) a property management services agreement for a term of one year is expected to be entered into by the Teem Group and the Yuehai Property Management Group in early January 2022 for the provision of Property Management Services by the Yuehai Property Management Group to the Group in respect of Tianjin Teemall, which has a total gross floor area of approximately 205,000 sq. m. of which 145,000 sq. m. is held for rental purposes. The estimated service fees payable under the said agreement for the year ending 31 December 2022 is approximately RMB54,420,000 (equivalent to approximately HK\$66,235,000);
- (2) the likelihood of the relevant property management services agreements as mentioned in (1) above being renewed in calculating the New Caps for the year ending 31 December 2023 and the period from 1 January to 9 May 2024 (adjusted for inflation);
- (3) the future development plan of the Group’s property business, and the estimated amount of service fees in respect of the Property Management Services as required for those potential property projects which may (subject to final determination) be acquired by the Group during the year ending 31 December 2023 onwards;

- (4) the factors set out in the section headed “The Framework Agreement - Caps and basis of determination” in the Previous Announcement; and
- (5) the actual amount of the relevant service fees paid under the Previous Transactions and the contractual amount of the service fees under the Framework Agreement during the period from 10 May to 31 December 2021.

PRICING POLICY

The pricing policy of the Framework Agreement as disclosed in the Previous Announcement remains unchanged.

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group to ensure that the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders as a whole. The relevant personnel and management of the Group will review and assess the terms before entering into a Specific Agreement to ensure that each of the terms is consistent with the principles and provisions set out in the Framework Agreement.

Regular checks will be conducted to review and assess whether the relevant continuing connected transactions are conducted in accordance with the terms of the related Specific Agreements and the prices charged for a specific transaction are fair and reasonable and in accordance with the aforesaid pricing policy. In addition, review reports containing details such as the latest utilisation rate of the relevant New Caps and the updated list of relevant continuing connected transactions, will be prepared by the relevant personnel of the Group on a half-yearly basis. The Board will be informed in the event that the utilisation rate of the relevant New Caps reaches 80% so that it can consider if the relevant New Caps shall be revised and, if so, the Company will further comply with relevant requirements under the Listing Rules.

The independent non-executive Directors and the independent auditor of the Company will also conduct an annual review on the pricing terms and the New Caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Framework Agreement (as supplemented by the Supplemental Agreement) have been and will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

As set out in the Previous Announcement, the transactions contemplated under the Framework Agreement have been occurring for some time. Such transactions, which are in the ordinary and usual course of business of the Group and the Yuehai Property Management Group, are expected to continue. As Yuehai Property Management and its subsidiaries have solid and extensive experience in the property management field in the PRC, the Board considers that it is beneficial to the business of the Group to engage the Yuehai Property Management Group to provide property management services, in terms of price, efficiency, quality and reliability in the provision of such services.

The Company has been closely monitoring the progress of the continuing connected transactions between the Group and the Yuehai Property Management Group under the Framework Agreement. The Board foresees that the Existing Caps for the transactions contemplated under the Framework Agreement will be insufficient to fulfil the additional transactions in relation to the Property Management Services that may take place due to the following reasons:

- (i) there will be a change from self-operated model to contract-out model by outsourcing the property management services required by the Teem Group (mainly related to two subsidiaries which are principally engaged in property investment) in respect of two shopping malls held by the Teem Group to specialized property management company(ies) from November 2021 onwards (the “**Management Remodelling**”); and
- (ii) the future development plan of the Group’s property business, and the estimated amount of service fees in respect of the relevant Property Management Services as required for those potential property projects.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement, the transactions contemplated under the Framework Agreement (as supplemented by the Supplemental Agreement) and the New Caps are fair and reasonable, entered into on normal commercial terms or better, 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.

LISTING RULES IMPLICATIONS

Guangdong Holdings (being the ultimate controlling shareholder of the Company) holds approximately 56.49% of the total number of shares of the Company in issue and therefore, is a connected person of the Company. Yuehai Property Management (being a direct wholly-owned subsidiary of Guangdong Holdings) and its subsidiaries (being subsidiaries of Guangdong Holdings) are associates of Guangdong Holdings, and hence connected persons of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement (as supplemented by the Supplemental Agreement) between the Group and the Yuehai Property Management Group constitutes continuing connected transactions of the Company under the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As all applicable percentage ratios in respect of the New Caps calculated pursuant to the Listing Rules exceed 0.1% but all of them are less than 5%, the Framework Agreement (as supplemented by the Supplemental Agreement) and the New Caps are therefore subject to the reporting, annual review and announcement requirements under the Listing Rules, but are exempt from the independent shareholders’ approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Hou Wailin and Mr. Cai Yong, being the Directors, are also directors of Guangdong Holdings and its certain subsidiaries. Accordingly, all of the abovementioned Directors present at the relevant Board meeting were not counted in the quorum and they abstained from voting on the relevant Board resolutions to approve the entering into of the Supplemental Agreement and the New Caps.

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 Supplemental Agreement and the transactions contemplated thereunder and was required to abstain from voting on the relevant Board resolutions.

INFORMATION ON PARTIES TO THE SUPPLEMENTAL AGREEMENT

Information on the Company and the Group

The Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. 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 ultimate controlling shareholder of the Company is Guangdong Holdings.

Information on Yuehai Property Management

Yuehai Property Management and its subsidiaries are principally engaged in property management and property leasing service businesses in the PRC. Yuehai Property Management is a direct wholly-owned subsidiary of Guangdong Holdings.

Information on Guangdong Holdings

Guangdong Holdings is the ultimate controlling shareholder of the Group and the Yuehai Property Management Group, and is principally engaged in investment holding. It is wholly-owned by the People's Government of Guangdong Province.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Guangdong Investment Limited (粵海投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Existing Cap(s)”	has the meaning ascribed to it under the section headed “Revision of caps in respect of the transactions contemplated under the Framework Agreement – New Caps and basis of determination” of this announcement;
“Framework Agreement”	the framework agreement dated 10 May 2021 entered into between the Company and Yuehai Property Management, details of which are set out under the section headed “The Framework Agreement” in the Previous Announcement;
“GDL”	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, and is a non-wholly 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 with limited liability and the ultimate controlling shareholder of the Company;
“Guangdong Holdings Group”	Guangdong Holdings and its subsidiaries;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Huiyang Yuehai”	惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Management Remodelling”	has the meaning ascribed to it under the section headed “Reasons for and benefits of entering into the Supplemental Agreement” of this announcement;
“New Cap(s)”	has the meaning ascribed to it under the section headed “Revision of caps in respect of the transactions contemplated under the Framework Agreement – The Supplemental Agreement” of this announcement;

“Panyu Teemall”	a shopping mall located in No. 208 Tianhe Road, Tianhe District, Guangzhou City, the PRC;
“Previous Announcement”	the announcement of the Company dated 10 May 2021 in relation to the Framework Agreement entered into between the Company and Yuehai Property Management;
“Previous Transactions”	has the meaning ascribed to it under the section headed “Revision of caps in respect of the transactions contemplated under the Framework Agreement – New Caps and basis of determination – Historical transaction amounts” in this Announcement;
“PRC”	the People’s Republic of China;
“Property Management Services”	has the meaning ascribed to it under the section headed “The Framework Agreement – Scope of services” in the Previous Announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Specific Agreement(s)”	the specific individual agreement(s) that may be entered into between the relevant member(s) of the Group and the relevant member(s) of the Yuehai Property Management Group in relation to the provision of relevant Property Management Services by the Yuehai Property Management Group to the Group, in accordance with the principles and terms of the Framework Agreement;
“sq. m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Supplemental Agreement”	the supplemental agreement dated 8 November 2021 entered into between the Company and Yuehai Property Management, details of which are set out under the section headed “Revision of Caps in respect of the transactions contemplated under the Framework Agreement – The Supplemental Agreement” in this announcement;
“Teem Group”	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, and its subsidiaries;
“Teem Management Co”	廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Guangdong Holdings;

“Tianjin Teemall”	a shopping mall located in No. 263 Heping Road, Heping District, Tianjin City, the PRC;
“Yuehai Property Management”	粤海物業管理有限公司 (Yuehai Property Management Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Guangdong Holdings;
“Yuehai Property Management Group”	Yuehai Property Management and its subsidiaries;
“Yuehai Yueshenghuo”	深圳市粤海悦生活物業管理有限公司 (Shenzhen Yuehai Yueshenghuo Property Management Co., Ltd*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Guangdong Holdings; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB 1.00= HK\$1.2171 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

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

By Order of the Board
TSANG Hon Nam
Director

Hong Kong, 8 November 2021

As at the date of this announcement, the Board of the Company comprises five Executive Directors, namely, Mr. HOU Wailin, Mr. LIN Tiejun, Mr. WEN Yinheng, Mr. TSANG Hon Nam and Ms. LIANG Yuanjuan; 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, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses, Mr. WU Ting Yuk, Anthony and Mr. LI Man Bun, Brian David.