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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 TRANSACTION**  
**2021/22 CHANGPING AGREEMENT**

Reference is made to the announcement of the Company dated 21 November 2018 in relation to the continuing connected transaction entered into by WaterCo, a subsidiary of the Company.

The 2019/20 Changping Agreement will expire on 31 December 2020. Accordingly, on 4 December 2020, WaterCo and Changping Water entered into the 2021/22 Changping Agreement, pursuant to which WaterCo has agreed to supply untreated water to Changping Water for two years commencing on 1 January 2021 and expiring on 31 December 2022.

Guangdong Holdings is the ultimate controlling shareholder of the Company and therefore a connected person (as defined in the Listing Rules) of the Company. Changping Water (being an indirect wholly-owned subsidiary and thus an associate of Guangdong Holdings as defined in the Listing Rules) is also a connected person of the Company. The Transaction under the 2021/22 Changping Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

The estimated annual income generated under the 2021/22 Changping Agreement for each of the financial years ending 31 December 2021 and 31 December 2022 is estimated to be up to approximately RMB33,720,000. The said estimated annual income is calculated with reference to the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time as well as the amount of water as previously and expected to be taken by Changping Water for its re-supply to the township of Changping.

Based on the estimated annual revenue income to be generated under the 2021/22 Changping Agreement, the annual cap for each of the financial years ending 31 December 2021 and 31 December 2022 is RMB35,000,000 (equivalent to approximately HK\$41,240,500), which exceeds 0.1% but is less than 5% of one of the applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules. As such, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is 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 2021/22 Changping Agreement.

## **BACKGROUND**

The 2019/20 Changping Agreement will expire on 31 December 2020. Accordingly, on 4 December 2020, WaterCo and Changping Water entered into the 2021/22 Changping Agreement, pursuant to which WaterCo has agreed to supply untreated water to Changping Water for two years commencing on 1 January 2021 and expiring on 31 December 2022.

## **2021/22 CHANGPING AGREEMENT**

The principal terms of the 2021/22 Changping Agreement are set out as follows:

Date: 4 December 2020

Parties: (1) WaterCo  
(2) Changping Water

Services to be provided: The supply of untreated water by WaterCo to Changping Water

Pricing: The water tariff under the 2021/22 Changping Agreement is determined, which may be adjusted, by reference to the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time in connection with the supply of water to the township of Changping. The current water tariff is RMB0.40 per cubic metre.

Term: From 1 January 2021 to 31 December 2022 (renewable by agreement of both parties prior to the expiration of the agreement).

Payment Terms: The amount payable by Changping Water to WaterCo each month shall be equal to the tariff multiplied by the amount of water supplied (as recorded by a prescribed water meter) which will be confirmed by both parties. The aggregate amount payable shall be paid by Changping Water to WaterCo via bank transfer on a monthly basis.

The terms of the 2021/22 Changping Agreement were arrived at after arm's length negotiation between WaterCo and Changping Water and are on normal commercial terms or better.

## **BASIS AND REASONS FOR THE TRANSACTION AND THE ANNUAL CAPS**

For the purpose of the 2021/22 Changping Agreement, the annual caps for the total income for years 2021 and 2022 are as follows:

	For the year ending 31 December 2021 (RMB)	For the year ending 31 December 2022 (RMB)
Estimated annual income to be generated under the 2021/22 Changping Agreement	33,720,000	33,720,000
<b>Annual Caps</b>	<b>35,000,000</b>	<b>35,000,000</b>

The annual caps are determined with reference to the annual caps under the 2019/20 Changping Agreement as well as the tariff as stipulated or approved by the Guangdong Provincial Development and Reform Commission or other authority from time to time and the past and prospective amount of water taken by Changping Water for its re-supply to the township of Changping. The historical amounts of water taken and payments made by Changping Water are as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the ten months ended 31 October 2020
Amounts of Water Taken (in cubic meter)	78,418,400	83,756,300	65,540,700
Amounts paid (in RMB)	31,367,360	33,502,520	26,216,280

Having considered the principal terms of the 2021/22 Changping Agreement, the Directors (including the independent non-executive Directors) are of the view that the 2021/22 Changping Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Mr. Hou Wailin and Mr. Cai Yong, being Directors, are also directors of Guangdong Holdings. Mr. Cai, who was present at the relevant Board meeting was not counted in the quorum and also abstained from voting on the Directors' resolutions approving, *inter alia*, the entering into of the 2021/22 Changping Agreement and the Annual Caps for the 2021/22 Changping Agreement for years 2021 and 2022, while Mr. Hou was absent from the relevant Board meeting. Save as disclosed above, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no other Directors have any material interest in the transaction contemplated under the 2021/22 Changping Agreement.

## **INFORMATION ON PARTIES TO THE 2021/22 CHANGPING AGREEMENT**

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.

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.

WaterCo, an indirect subsidiary of the Company, is engaged in, amongst others, the business of extracting natural water; operation, maintenance and construction of water supply projects; and the supply of untreated water to the government of Hong Kong and enterprises in Shenzhen and Dongguan. WaterCo is held as to 99% by GH Water Supply (Holdings) Limited (a non-wholly owned subsidiary of the Company), and as to 1% by Guangdong Holdings.

Changping Water, a fellow subsidiary of the Company, is primarily engaged in the production and supply of water to the township of Changping, Dongguan City, Guangdong Province in the PRC. Changping Water is held as to 100% by 廣東粵海水務股份有限公司 (Guangdong Yue Hai Water Holdings Limited\*) which in turn is an indirect wholly-owned subsidiary of Guangdong Holdings.

## **LISTING RULES IMPLICATIONS**

Guangdong Holdings is the ultimate controlling shareholder of the Company and therefore a connected person (as defined in the Listing Rules) of the Company. Changping Water (being an indirect wholly-owned subsidiary and thus an associate of Guangdong Holdings as defined in the Listing Rules) is also a connected person of the Company. The transaction contemplated under the 2021/22 Changping Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Based on the estimated annual income to be generated under the 2021/22 Changping Agreement, the annual cap for each of the financial years ending 31 December 2021 and 31 December 2022 is RMB35,000,000 (equivalent to approximately HK\$41,240,500), which exceeds 0.1% but is less than 5% of one of the applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules. As such, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirements 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 2021/22 Changping Agreement.

## **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following expressions shall have the meanings set out below:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“2019/20 Changping Agreement”	the agreement entered into between WaterCo and Changping Water on 21 November 2018 in relation to the supply of untreated water by WaterCo to Changping Water;
“2021/22 Changping Agreement”	the new agreement entered into between WaterCo and Changping Water on 4 December 2020 in relation to the supply of untreated water by WaterCo to Changping Water;
“Changping Water”	東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Company Limited*), an enterprise established under the laws of the PRC;
“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;
“GDH”	GDH Limited (粵海控股集團有限公司), a company incorporated in Hong Kong with limited liability, the immediate holding company of the Company and a wholly-owned subsidiary of Guangdong Holdings;
“Group”	the Company and its subsidiaries from time to time;
“Guangdong Provincial Development and Reform Commission”	中國廣東省發展和改革委員會 (Guangdong Provincial Development and Reform Commission of the PRC);
“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;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“percentage ratios”	has the meaning given to it under Rule 14.07 of the Listing Rules;

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the provision of water supply by WaterCo to Changping Water pursuant to the 2021/22 Changping Agreement;
“WaterCo”	Guangdong Yue Gang Water Supply Company Limited (廣東粵港供水有限公司), a Sino-foreign cooperative joint venture established under the laws of the PRC and a non-wholly owned subsidiary of the Company; and
“%”	per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1783 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, 4 December 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.*