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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
ELECTRICITY SERVICE FRAMEWORK AGREEMENT**

On 28 October 2022, Zhongshan Energy Service (an indirect non-wholly owned subsidiary of the Company) and Guangdong Yuehai Water entered into the Electricity Service Framework Agreement in relation to the supply of electricity in the PRC by the Zhongshan Energy Group (through the power grid operated by the Power Grid Companies) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the Electricity Service Framework Agreement, save for the connected subsidiary(ies) of the Company as set out in (ii) below, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company.

Guangdong Holdings is the ultimate controlling shareholder of the Company and therefore, is a connected person of the Company. Guangdong Yuehai Water (being a wholly-owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings, hence also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Electricity Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Annual Caps for the transactions contemplated under the Electricity Service Framework Agreement for the year ending 31 December 2023, the year ending 31 December 2024 and the year ending 31 December 2025 are RMB330,000,000 (equivalent to approximately HK\$364,881,000), RMB720,000,000 (equivalent to approximately HK\$796,104,000) and RMB830,000,000 (equivalent to approximately HK\$917,731,000), respectively. As all of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but are less than 5%, the Electricity Service Framework Agreement is therefore subject to the reporting, annual review and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

ELECTRICITY SERVICE FRAMEWORK AGREEMENT

On 28 October 2022, Zhongshan Energy Service (an indirect non-wholly owned subsidiary of the Company) and Guangdong Yuehai Water entered into the Electricity Service Framework Agreement in relation to the supply of electricity in the PRC by the Zhongshan Energy Group (through the power grid operated by the Power Grid Companies) to (i) Guangdong Yuehai Water, Guangdong Holdings and their respective associate(s) (but for the purpose of the Electricity Service Framework Agreement, save for the connected subsidiary(ies) of the Company as set out in (ii) below, excluding the members of the Group); and (ii) the connected subsidiary(ies) of the Company ((i) and (ii) are collectively referred to as the “**Guangdong Holdings Group**”).

A summary of the salient terms of the Electricity Service Framework Agreement is set out below:-

Date: 28 October 2022

Parties: (1) Zhongshan Energy Service
(2) Guangdong Yuehai Water

Term: 1 January 2023 to 31 December 2025

Scope of services: The member(s) of the Zhongshan Energy Group shall supply electricity, through the power grid operated by the Power Grid Companies, to the location(s) and/or project(s) as designated by the member(s) of the Guangdong Holdings Group. The Zhongshan Energy Group is not obligated to supply electricity to the Guangdong Holdings Group and the Guangdong Holdings Group is not obligated to purchase electricity from the Zhongshan Energy Group.

Specific Agreement(s): Pursuant to the Electricity Service Framework Agreement, the member(s) of the Zhongshan Energy Group and the member(s) of the Guangdong Holdings Group will enter into Specific Agreements (as applicable) for the supply of electricity by the Zhongshan Energy Group, which set out the detailed terms for the relevant transactions contemplated under the Electricity Service Framework Agreement and are, in the ordinary and usual course of business, after arm’s length negotiation, on normal commercial terms or better and on terms which are no more favourable than those offered by the Zhongshan Energy Group (in respect of the supply of electricity) to the Independent Third Parties. The Specific Agreements shall conform with the principles and provisions set out in the Electricity Service Framework Agreement and shall be in compliance with the Listing Rules.

For the avoidance of doubt, in respect of the supply of electricity to the Guangdong Holdings Group under a Specific Agreement, the relevant member of the Zhongshan Energy Group may source electricity generated from the other member(s) of the Zhongshan Energy Group or, if necessary, from other electricity suppliers who are Independent Third Parties.

Pricing and payment terms:

Pursuant to the Electricity Service Framework Agreement, the fees for the supply of electricity shall be determined based on (i) the permitted range of the unit price of electricity (or/and the range of unit price as announced by 廣東電力交易中心 (Guangdong Electricity Exchange Centre*) on a monthly basis); and (ii) if applicable, the coefficients according to the peak, normal or low periods, in respect of electricity consumption for the adjustment of the unit price, as prescribed in the pricing policy in respect of the electricity transaction market of Guangdong Province, the PRC, as announced from time to time (usually on a yearly basis) by 廣東省能源局 (Guangdong Province Energy Bureau*), 國家能源局南方監管局 (National Energy Southern Supervision Bureau*) and such other government authorities in charge of the electricity supply matters. Also, the fees for the supply of electricity pursuant to each Specific Agreement shall be determined between the relevant member(s) of the Zhongshan Energy Group and the relevant member(s) of the Guangdong Holdings Group after arm's length negotiation, on normal commercial terms, which shall be no more favorable than the price and terms offered by the Zhongshan Energy Group to the Independent Third Parties, and on fair and reasonable terms.

The fees for electricity payable by the relevant member(s) of the Guangdong Holdings Group shall be settled with the relevant Power Grid Company on a monthly basis (or such other period as prescribed by the relevant Power Grid Company), which shall in turn be payable by the relevant Power Grid Company to the Zhongshan Energy Group. For the avoidance of doubts, any Power Grid Fee charged by the Power Grid Companies shall be paid by the relevant member(s) of the Guangdong Holdings Group.

ANNUAL CAPS AND BASIS OF DETERMINATION

Historical transaction amounts

The table below summarises the historical amount of the fees received by Zhongshan Energy Service from the Guangdong Holdings Group in relation to the supply of electricity by Zhongshan Energy Service to the Guangdong Holdings Group during each of the two years ended 31 December 2021 and the nine months ended 30 September 2022 (the "Previous Transaction(s)").

	For the year ended 31 December 2020 (RMB)	For the year ended 31 December 2021 (RMB)	For the nine months ended 30 September 2022 (RMB)
Actual amount of fees received under the Previous Transactions	57,467,000 (equivalent to approximately HK\$63,541,000)	103,284,000 (equivalent to approximately HK\$114,201,000)	156,315,091 (equivalent to approximately HK\$172,838,000)

For the avoidance of doubt, (i) the agreements entered into between Zhongshan Energy Service and the relevant members of the Guangdong Holdings Group in relation to the Previous Transactions either expired, or will expire on or before 31 December 2022; and (ii) as at the date of this announcement, save for Zhongshan Energy Service, no other members of the Zhongshan Energy Group have entered into transactions or agreements with the members of the Guangdong Holdings Group in relation to the supply of electricity to the Guangdong Holdings Group.

Annual Caps and basis of determination

Pursuant to the Electricity Service Framework Agreement, the relevant caps (“**Annual Cap(s)**”) for the transactions contemplated under the Electricity Service Framework Agreement are as follows:

	For the year ending 31 December 2023 <i>(RMB)</i>	For the year ending 31 December 2024 <i>(RMB)</i>	For the year ending 31 December 2025 <i>(RMB)</i>
Annual Caps	330,000,000 (equivalent to approximately HK\$364,881,000)	720,000,000 (equivalent to approximately HK\$796,104,000)	830,000,000 (equivalent to approximately HK\$917,731,000)

In determining the Annual Caps, the Directors have taken into account the following factors:

- (a) the actual amount of the fees received by Zhongshan Energy Service from the Guangdong Holdings Group under the Previous Transactions;
- (b) the previous electricity consumption amount of the relevant member(s) of the Guangdong Holdings Group during the two years ended 31 December 2021 and the nine months ended 30 September 2022;
- (c) the expected demand for electricity by the Guangdong Holdings Group for each of the three years ending 31 December 2025, as estimated based on the existing number of members of the Guangdong Holdings Group and, taking into account the Guangdong Holdings Group’s overall business development and expansion, the expected growth in total electricity consumption amount of the Guangdong Holdings Group. Further, in particular, based on the information provided by the Guangdong Holdings Group, it is expected that a large-scale waterworks project in the Pearl River Delta, the PRC (the “**Pearl River Delta Waterworks**”) with water supply volume of 1.708 billion m³ to be operated by the Guangdong Holdings Group will be completed in April 2024, therefore, the Guangdong Holdings Group will demand more electricity for the operation of the Pearl River Delta Waterworks thereafter. As such, the Annual Caps set for the year ending 31 December 2024 and for the year ending 31 December 2025 are substantially higher than that for the year ending 31 December 2023; and
- (d) the estimated applicable unit price of electricity to be supplied under the Specific Agreements, after taking into account (i) the range of the unit price of electricity as prescribed in the pricing guidelines as announced by the relevant government authorities in Guangdong Province, the PRC which is applicable for the year ending 31 December 2022; and (ii) the pricing basis (i.e. a plus/minus fluctuation

in respect of the unit price as announced by 廣東電力交易中心 (Guangdong Electricity Exchange Centre*) offered by the Zhongshan Energy Group for the supply of electricity under the relevant agreements entered into by the Zhongshan Energy Group and Independent Third Parties.

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 transaction is 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 they are consistent with the principles and provisions set out in the Electricity Service 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 price charged for a specific transaction is 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 Annual 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. In the event that the utilisation rate of the relevant Annual Cap reaches 80%, the Board will be informed for considering if the relevant Annual Cap 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 terms of the relevant transactions and the Annual Caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Electricity Service Framework Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its shareholders as a whole.

INFORMATION ON ZHONGSHAN ENERGY SERVICE AND THE COMPANY

Zhongshan Energy Service is a company established in the PRC with limited liability and is principally engaged in sale of electricity. Zhongshan Energy Service is wholly owned by Zhongshan Energy Co.

Zhongshan Energy Co is owned as to:

- (i) 75% by Zhongshan Power (which, in turn, is owned as to 95% by the Company and as to 5% by Devon Investment Limited (which is an indirect wholly-owned subsidiary of Zhongshan Xingzhong); and
- (ii) 25% by Zhongshan Xingzhong (which, in turn, is wholly-owned by the State-owned Assets Supervision and Administration Commission of Zhongshan Municipal Government).

Therefore, Zhongshan Energy Co is an indirect non-wholly owned subsidiary of the Company. Zhongshan Energy Co is principally engaged in power plant operation for the provision of electricity and steam supply.

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, investments in energy projects and road and bridge operation. The ultimate controlling shareholder of the Company is Guangdong Holdings.

INFORMATION ON GUANGDONG YUEHAI WATER AND GUANGDONG HOLDINGS

Guangdong Yuehai Water is a limited liability company established in the PRC and is principally engaged in investment in and operation of water resources projects in the PRC. It is a wholly-owned subsidiary of Guangdong Holdings.

Guangdong Holdings is the ultimate controlling shareholder of the Company and is principally engaged in investment holding. Guangdong Holdings and its subsidiaries' business activities include public utilities and infrastructure, manufacturing, real estate, hotel, property management, retail and wholesale, finance, etc. Guangdong Holdings is held as to 90% by the Guangdong Government and as to 10% by the Department of Finance of the Guangdong Government while the State-owned Assets Supervision and Administration Commission of the Guangdong Government has been performing ownership and control functions in respect of Guangdong Holdings with the authorisation of the Guangdong Government.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ELECTRICITY SERVICE FRAMEWORK AGREEMENT

Zhongshan Energy Service is principally engaged in sale of electricity, and Zhongshan Energy Co is principally engaged in power plant operation for the provision of electricity and steam supply. The transactions contemplated under the Electricity Service Framework Agreement will enable the Zhongshan Energy Group to secure sale of electricity to the members of the Guangdong Holdings Group on a regular basis, which will in turn provide stable income to the Group. Further, the transactions contemplated under the Electricity Service Framework Agreement will enable the Zhongshan Energy Group to increase the utilization rate of its power plants, maximize its' turnover and improve the plants' overall operating efficiency.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Electricity Service Framework Agreement and the transactions contemplated thereunder and the relevant Annual 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 is the ultimate controlling shareholder of the Company and therefore, is a connected person of the Company. Guangdong Yuehai Water (being a

wholly-owned subsidiary of Guangdong Holdings) is an associate of Guangdong Holdings, hence also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Electricity Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but are less than 5%, the Electricity Service Framework Agreement is therefore subject to the reporting, annual review and announcement requirements under the Listing Rules, but is 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. As such, Mr. Hou, who was present at the relevant Board meeting, was not counted towards the quorum and abstained from voting on the relevant Board resolutions to approve, amongst other things, the Electricity Service Framework Agreement. Mr. Cai 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 Electricity Service Framework Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“Annual Cap(s)”	has the meaning ascribed to it under the section headed “Annual Caps and basis of determination - Annual Caps and basis of determination” in this announcement;
“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;
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Electricity Service Framework Agreement”	the electricity service framework agreement dated 28 October 2022 and entered into between Zhongshan Energy Service and Guangdong Yuehai Water, details of which are set out under the section headed “Electricity Service Framework Agreement” in this announcement;

“Group”	the Company and its subsidiaries;
“Guangdong Government”	中國廣東省人民政府 (the People’s Government of Guangdong Province, 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 with limited liability and the ultimate controlling shareholder of the Company;
“Guangdong Holdings Group”	has the meaning ascribed to it under the section headed “Electricity Service Framework Agreement” in this announcement;
“Guangdong Yuehai Water”	廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Holdings;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Pearl River Delta Waterworks”	has the meaning ascribed to it under the section headed “Annual Caps and basis of determination - Annual Caps and basis of determination” in this announcement;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“Power Grid Company(ies)”	the power grid operation company(ies) as authorised to transmit and distribute electricity in the Guangdong Province, the PRC under the relevant regulations;
“Power Grid Fee”	the fee charged by the Power Grid Company for transmission and distribution of electricity services provided through the power grid operated by any of them respectively;

“PRC”	the People’s Republic of China;
“Previous Transaction(s)”	has the meaning ascribed to it under the section headed “Annual Caps and basis of determination - Historical transaction amounts” in this 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 Zhongshan Energy Group and the relevant member(s) of the Guangdong Holdings Group in relation to the supply of electricity by the Zhongshan Energy Group to the Guangdong Holdings Group, in accordance with the principles and terms of the Electricity Service Framework Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Zhongshan Energy Co”	中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Zhongshan Energy Group”	Zhongshan Energy Co, Zhongshan Energy Service and their respective subsidiary(ies);
“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 with limited liability and an indirect non-wholly owned subsidiary of the Company and a direct wholly-owned subsidiary of Zhongshan Energy Co;
“Zhongshan Power”	Zhongshan Power (Hong Kong) Limited (中山電力(香港)有限公司), a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company;
“Zhongshan Xingzhong”	中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd*), a company established in the PRC with limited liability; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00=HK\$1.1057 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 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, 28 October 2022

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 four Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses and Mr. LI Man Bun, Brian David.