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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)

VOLUNTARY ANNOUNCEMENT

THE 2024-26 DONGJIANG WATER SUPPLY AGREEMENT

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) has noted from public information available on the Hong Kong Legislative Council’s website regarding the discussions on water supply from Guangdong Province to Hong Kong (the “Dongjiang Water”) between the government of the Hong Kong Special Administrative Region (the “HKSAR Government”) and the government of Guangdong Province (the “Guangdong Provincial Government”).

By way of background, the supply of water to Hong Kong from Guangdong Province is regulated by an agreement (the “Hong Kong Water Supply Agreement”) between the HKSAR Government and the Guangdong Provincial Government which sets out the principal terms of such water supply (including water supply volume and water tariff). Pursuant to a concession agreement dated 18 August 2000 entered into between Guangdong Yue Gang Water Supply Company Limited (“WaterCo”, a subsidiary of the Company) and the Guangdong Provincial Government, the Guangdong Provincial Government has, amongst other things, granted to WaterCo the right to supply water to Hong Kong.

The current Hong Kong Water Supply Agreement for 2021 to 2023 (the “2021-23 Agreement”) was concluded on 28 December 2020 and it will expire on 31 December 2023.

According to public information available on the Hong Kong Legislative Council’s website, the Panel on Development of the Legislative Council will discuss a proposal in relation to the terms of the Hong Kong Water Supply Agreement for 2024 to 2026 (the “2024-26 Agreement”), the major salient features of which are as follows:

- (a) Based on the annual supply ceiling of 820 million cubic metres (“mcm”), the annual ceiling water prices for 2024 to 2026 are HK\$5,136.24 million, HK\$5,259.00 million and HK\$5,384.69 million respectively.
- (b) In respect of water quantities for the three-year period between 2024 and 2026:
- (i) the annual supply ceiling of 820 mcm of Dongjiang water will remain unchanged;
 - (ii) a minimum annual Dongjiang water supply quantity of 615 mcm, as well as a long-term average annual Dongjiang water supply quantity not less than 700 mcm over the nine-year period from 2021 to 2029, will remain unchanged; and
 - (iii) if it is necessary to exceed the annual supply ceiling of 820 mcm, the ultimate annual supply quantity is kept at 1,100 mcm.
- (c) The standard of the quality of Dongjiang water for supply to Hong Kong will continue to be Type II water according to the Environmental Quality Standards for Surface Waters (GB3838-2002), which is the highest national standard for surface water applicable for human consumption.
- (d) The water price deduction mechanism will continue to apply. A deduction from the annual ceiling water price, based on the quantity of Dongjiang water conserved (i.e. the difference between the annual supply ceiling and the actual quantity of Dongjiang water imported) in a particular year using a unit rate. The unit rates for each cubic metre of Dongjiang water conserved for 2024 to 2026 are HK\$0.315, HK\$0.323 and HK\$0.331 respectively.

The HKSAR Government plans to enter into the 2024-26 Agreement with the Guangdong Provincial Government by the end of 2023 before the expiry of the 2021-23 Agreement.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company on a voluntary basis.

By Order of the Board
TSANG Hon Nam
Director

Hong Kong, 12 December 2023

As at the date of this announcement, the Board of the Company comprises five Executive Directors, namely, Ms. BAI Tao, 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.