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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

UPDATE ON THE 2024-26 DONGJIANG WATER SUPPLY AGREEMENT

Further to the announcement dated 12 December 2023 issued by Guangdong Investment Limited (the “Company”), the board of directors of the Company (the “Board”) wishes to provide an update regarding the water supply agreement for 2024 to 2026 between the government of the Hong Kong Special Administrative Region (the “HKSAR Government”) and the People’s 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 a water supply agreement between the HKSAR Government and the Guangdong Provincial Government which sets out the principal terms of such water supply. 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 HKSAR Government and the Guangdong Provincial Government had finalized the water supply arrangement for 2024 to 2026, and on 27 December 2023 signed a new water supply agreement (the “2024-26 Water Supply Agreement”) for a term of three years from 1 January 2024 to 31 December 2026. The principal terms of the 2024-26 Water Supply Agreement 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 actual Dongjiang water supply quantity of 615 mcm, as well as a long-term average annual Dongjiang water supply quantity not less than 700 mcm, will remain unchanged over the nine-year period from 2021 to 2029. If the actual water supply quantity deviates, the parties will further negotiate on the amount of water fee which has been excessively deducted, and to be payable by the HKSAR Government to the Guangdong Provincial Government; 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 “Package Deal Deductible Sum” approach with the deduction mechanism will continue to apply for at least up to year 2029. 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, a deduction from the annual ceiling water price using a unit rate, among which, the unit rates for each cubic metre Dongjiang water conserved from 2024 to 2026 are HKD 0.315, HKD 0.323 and HKD 0.331, respectively.

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

By Order of the Board
TSANG Hon Nam
Director

Hong Kong, 27 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.