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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
THE ACQUISITIONS OF EQUITY INTEREST
IN EIGHT TARGET COMPANIES**

THE ACQUISITIONS

The Board is pleased to announce that on 22 November 2022,

- (a) Subsidiary Co A (being a wholly-owned subsidiary of the Company) and Guangdong Holdings (being the ultimate controlling shareholder of the Company) entered into Agreement A, pursuant to which Subsidiary Co A has agreed to purchase a majority interest in the equity capital of each of Target Company A, Target Company B, Target Company C and Target Company D, from Guangdong Holdings for an aggregate consideration of RMB214,675,830 in cash, subject to adjustment (if any) in accordance with the terms of Agreement A;
- (b) Subsidiary Co A and Guangdong Yuehai Water (being a wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company) entered into Agreement B, pursuant to which Subsidiary Co A has agreed to purchase 100% equity interest of Target Company E from Guangdong Yuehai Water for the consideration of RMB463,931,700 in cash, subject to adjustment (if any) in accordance with the terms of Agreement B;
- (c) Subsidiary Co B (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement C, pursuant to which Subsidiary Co B has agreed to purchase 99% equity interest of Target Company F from Guangdong Yuehai Water for the consideration of RMB25,459,929 in cash, subject to adjustment (if any) in accordance with the terms of Agreement C;
- (d) Subsidiary Co C (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement D, pursuant to which Subsidiary Co C has agreed to purchase 11% equity interest of Target Company G from Guangdong Yuehai Water for the consideration of RMB66,189,398 in cash, subject to adjustment (if any) in accordance with the terms of Agreement D; and

(e) Subsidiary Co D (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement E, pursuant to which Subsidiary Co D has agreed to purchase 11% equity interest of Target Company H from Guangdong Yuehai Water for the consideration of RMB25,036,022 in cash, subject to adjustment (if any) in accordance with the terms of Agreement E.

Accordingly, the total consideration for the Acquisitions contemplated under the Agreements is RMB795,292,879 (subject to adjustment (if any) in accordance with the terms of the respective Agreements).

As at the date of this announcement, (i) the equity interest in Target Company G is held as to 49% by Subsidiary Co C; (ii) the equity interest in Target Company H is held as to 49% by Subsidiary Co D; and other than (i) and (ii) abovementioned, the Group does not hold any equity interest in the Target Companies. Upon Completion, the Target Companies will become subsidiaries of the Company.

Guangdong Holdings is the ultimate controlling shareholder of the Company, hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Guangdong Yuehai Water is a wholly-owned subsidiary of Guangdong Holdings, hence an associate of Guangdong Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions (on an aggregated basis) calculated pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Acquisitions are subject to the reporting and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION

Prior to the date of this announcement, the Target Companies had entered into the Existing Continuing Agreements with certain subsidiaries of Guangdong Holdings, which are connected persons of the Company. Upon Completion, the Target Companies will become subsidiaries of the Company. Therefore, the continuing transactions under the Existing Continuing Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. All of the Existing Continuing Agreements will be regarded as specific individual agreements as contemplated under the Property Management Services Framework Agreement, the Financial Services Framework Agreement or the Water Resources Business Support Services Framework Agreement (as the case may be).

A. THE ACQUISITIONS

The Board is pleased to announce that on 22 November 2022,

- (a) Subsidiary Co A (being a wholly-owned subsidiary of the Company) and Guangdong Holdings (being the ultimate controlling shareholder of the Company) entered into Agreement A, pursuant to which Subsidiary Co A has agreed to purchase:
- (i) Sale Equity A (i.e. 51% of the total equity interest of Target Company A);
 - (ii) Sale Equity B (i.e. 51% of the total equity interest of Target Company B);
 - (iii) Sale Equity C (i.e. 51% of the total equity interest of Target Company C); and
 - (iv) Sale Equity D (i.e. approximately 51% of the total equity interest of Target Company D),

from Guangdong Holdings for an aggregate consideration of RMB214,675,830 in cash, subject to adjustment (if any) in accordance with the terms of Agreement A;

- (b) Subsidiary Co A and Guangdong Yuehai Water (being a wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company) entered into Agreement B, pursuant to which Subsidiary Co A has agreed to purchase Sale Equity E (i.e. 100% of the total equity interest of Target Company E) from Guangdong Yuehai Water for the consideration of RMB463,931,700 in cash, subject to adjustment (if any) in accordance with the terms of Agreement B;
- (c) Subsidiary Co B (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement C, pursuant to which Subsidiary Co B has agreed to purchase Sale Equity F (i.e. 99% of the total equity interest of Target Company F) from Guangdong Yuehai Water for the consideration of RMB25,459,929 in cash, subject to adjustment (if any) in accordance with the terms of Agreement C;
- (d) Subsidiary Co C (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement D, pursuant to which Subsidiary Co C has agreed to purchase Sale Equity G (i.e. 11% of the total equity interest of Target Company G) from Guangdong Yuehai Water for the consideration of RMB66,189,398 in cash, subject to adjustment (if any) in accordance with the terms of Agreement D; and
- (e) Subsidiary Co D (being a wholly-owned subsidiary of the Company) and Guangdong Yuehai Water entered into Agreement E, pursuant to which Subsidiary Co D has agreed to purchase Sale Equity H (i.e. 11% of the total equity interest of Target Company H) from Guangdong Yuehai Water for the consideration of RMB25,036,022 in cash, subject to adjustment (if any) in accordance with the terms of Agreement E.

Accordingly, the total consideration for the Acquisitions contemplated under the Agreements is RMB795,292,879 (subject to adjustment (if any) in accordance with the terms of the respective Agreements).

As at the date of this announcement, (i) the equity interest in Target Company G is held as to 49% by Subsidiary Co C; (ii) the equity interest in Target Company H is held as to 49% by Subsidiary Co D; and other than (i) and (ii) abovementioned, the Group does not hold any equity interest in the Target Companies. Upon Completion, the Target Companies will become subsidiaries of the Company.

A.1 Agreement A

The salient terms of Agreement A are set out as follows:

Date: 22 November 2022

Parties:

Purchaser: Subsidiary Co A

Seller: Guangdong Holdings

Target Companies: (i) Target Company A
(ii) Target Company B
(iii) Target Company C
(iv) Target Company D

Subject matter

Pursuant to Agreement A, Guangdong Holdings has agreed to sell, and Subsidiary Co A has agreed to purchase:

- (i) Sale Equity A at the consideration of RMB80,920,986;
- (ii) Sale Equity B at the consideration of RMB28,129,254;
- (iii) Sale Equity C at the consideration of RMB71,747,106; and
- (iv) Sale Equity D at the consideration of RMB33,878,484,

subject to adjustment (if any) in accordance with the terms of Agreement A (details of which are set out in the section headed “A. The Acquisitions – A.1 Agreement A – Consideration and basis of determination – Agreement A Adjustment Amount and payment terms” in this announcement).

Please refer to the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement for details of the abovementioned Target Companies.

Consideration and basis of determination

Consideration and payment conditions

The aggregate consideration for Acquisition A is RMB214,675,830, and shall be payable by Subsidiary Co A to Guangdong Holdings in cash within 5 business days from the date of Agreement A.

Agreement A Adjustment Amount and payment terms

Pursuant to Agreement A,

- (i) in the event that there is a decrease in the aggregate of the respective NAVs of Target Company A, Target Company B, Target Company C and Target Company D as at the Completion Date (as shown in the audit report(s) to be issued by the auditor jointly appointed by Subsidiary Co A and Guangdong Holdings, referred to as “**Agreement A Completion Audit Report**”) as compared to the aggregate of the respective NAVs of the said companies as at 31 December 2021 as shown in the relevant Audited Accounts, Guangdong Holdings shall pay Subsidiary Co A an amount equivalent to such decrease multiplied by 51% within 10 business days from the issue date of the Agreement A Completion Audit Report(s); or
- (ii) in the event that there is an increase in the aggregate of the respective NAVs of the Target Company A, Target Company B, Target Company C and Target Company D as at the Completion Date (as shown in the Agreement A Completion Audit Report) as compared to the aggregate of the respective NAVs of the said companies as at 31 December 2021 as shown in the relevant Audited Accounts, Subsidiary Co A shall pay Guangdong Holdings an amount equivalent to such increase multiplied by 51% within 10 business days from the issue date of the Agreement A Completion Audit Report(s).

Each of the abovementioned amounts payable by Guangdong Holdings or Subsidiary Co A (as the case may be) is referred to as the “**Agreement A Adjustment Amount**”. Pursuant to Agreement A, Subsidiary Co A and Guangdong Holdings agreed that the Agreement A Adjustment Amount payable by Subsidiary Co A to Guangdong Holdings (if any) shall be capped at RMB3,000,000.

The Group expects that there will not be material change in the aggregate of the respective NAVs of the abovementioned Target Companies as at the Completion Date as compared to that as at 31 December 2021.

The consideration including the Agreement A Adjustment Amount payable by Subsidiary Co A to Guangdong Holdings (if any) is expected to be funded by the Group’s internal resources and/or banking borrowings.

The consideration (including the Agreement A Adjustment Amount (if any)) payable pursuant to Agreement A was determined after arm’s length negotiations between Subsidiary Co A and Guangdong Holdings having taken into account, among other things:

- (i) the appraised value of the entire equity interest of Target Company A as at the Valuation Date of RMB158,668,600 according to an asset-based approach valuation report prepared by the Valuer;
- (ii) the appraised value of the entire equity interest of Target Company B as at the Valuation Date of RMB55,155,400 according to an asset-based approach valuation report prepared by the Valuer;

- (iii) the appraised value of the entire equity interest of Target Company C as at the Valuation Date of RMB140,680,600 according to an asset-based approach valuation report prepared by the Valuer;
- (iv) the appraised value of the entire equity interest of Target Company D as at the Valuation Date of RMB66,428,400 according to an asset-based approach valuation report prepared by the Valuer;
- (v) the NAV of each of Target Company A, Target Company B, Target Company C and Target Company D as at 31 December 2021;
- (vi) the prospects of Target Company A, Target Company B, Target Company C and Target Company D; and
- (vii) the other factors set out in the section headed “A. The Acquisitions – A.12 Reasons for and benefits of the Acquisitions” in this announcement.

Completion

The date of completion in respect of Acquisition A shall be 1 January 2023.

Upon Completion, each of Target Company A, Target Company B, Target Company C and Target Company D will become an indirect non-wholly owned subsidiary of the Company. Each of Target Company A, Target Company B, Target Company C and Target Company D will be consolidated into the financial statements of the Company.

A.2 Agreement B

The salient terms of Agreement B are set out as follows:

Date: 22 November 2022

Parties:

Purchaser: Subsidiary Co A

Seller: Guangdong Yuehai Water

Target Company: Target Company E

Subject matter

Pursuant to Agreement B, Guangdong Yuehai Water has agreed to sell, and Subsidiary Co A has agreed to purchase, Sale Equity E at the consideration of RMB463,931,700, subject to adjustment (if any) in accordance with the terms of Agreement B (details of which are set out in the section headed “A. The Acquisitions – A.2 Agreement B – Consideration and basis of determination – Agreement B Adjustment Amount and payment terms” in this announcement).

Please refer to the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement for details of Target Company E.

Consideration and basis of determination

Consideration and payment conditions

The consideration for the sale and purchase of Sale Equity E is RMB463,931,700, and shall be payable by Subsidiary Co A to Guangdong Yuehai Water in cash within 5 business days from the date of Agreement B.

Agreement B Adjustment Amount and payment terms

Pursuant to Agreement B,

- (i) in the event that there is a decrease in the NAV of Target Company E as at the Completion Date (as shown in the audit report to be issued by the auditor jointly appointed by Subsidiary Co A and Guangdong Yuehai Water, referred to as “**Agreement B Completion Audit Report**”) as compared to the NAV of Target Company E as at 31 December 2021 as shown in the relevant Audited Accounts, Guangdong Yuehai Water shall pay Subsidiary Co A an amount equivalent to such decrease in the NAV of Target Company E within 10 business days from the issue date of the Agreement B Completion Audit Report, or
- (ii) in the event that there is an increase in the NAV of Target Company E as at the Completion Date (as shown in the Agreement B Completion Audit Report) as compared to the NAV of Target Company E as at 31 December 2021 as shown in the relevant Audited Accounts, Subsidiary Co A shall pay Guangdong Yuehai Water an amount equivalent to such increase in the NAV of Target Company E within 10 business days from the issue date of the Agreement B Completion Audit Report.

The amount payable by Guangdong Yuehai Water or Subsidiary Co A (as the case may be) is referred to as the “**Agreement B Adjustment Amount**”. Pursuant to Agreement B, Subsidiary Co A and Guangdong Yuehai Water agreed that the Agreement B Adjustment Amount payable by Subsidiary Co A to Guangdong Yuehai Water (if any) shall be capped at RMB12,000,000.

The Group expects that there will not be material change in respect of the NAV of Target Company E as at the Completion Date as compared to that as at 31 December 2021.

The consideration including Agreement B Adjustment Amount (if any) payable by Subsidiary Co A to Guangdong Yuehai Water is expected to be funded by the Group’s internal resources and/or banking borrowings.

The consideration (including Agreement B Adjustment Amount (if any)) payable pursuant to Agreement B was determined after arm’s length negotiations between Subsidiary Co A and Guangdong Yuehai Water having taken into account, among other things:

- (i) the appraised value of the entire equity interest of Target Company E as at the Valuation Date of RMB463,931,700 according to an asset-based approach valuation report prepared by the Valuer;
- (ii) the NAV of Target Company E as at 31 December 2021;
- (iii) the prospects of Target Company E; and
- (iv) the other factors set out in the section headed “A. The Acquisitions – A.12 Reasons for and benefits of the Acquisitions” in this announcement.

Completion

The date of completion in respect of Acquisition B shall be 1 January 2023.

Upon Completion, Target Company E will become a wholly-owned subsidiary of the Company and it will be consolidated into the financial statements of the Company.

A.3 Agreement C

The salient terms of Agreement C are set out as follows:

Date: 22 November 2022

Parties:

Purchaser: Subsidiary Co B

Seller: Guangdong Yuehai Water

Target Company: Target Company F

Subject matter

Pursuant to Agreement C, Guangdong Yuehai Water has agreed to sell, and Subsidiary Co B has agreed to purchase, Sale Equity F at the consideration of RMB25,459,929, subject to adjustment (if any) in accordance with the terms of Agreement C (details of which are set out in the section headed “A. The Acquisitions – A.3 Agreement C – Consideration and basis of determination – Agreement C Adjustment Amount and payment terms” in this announcement).

Please refer to the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement for details of Target Company F.

Consideration and basis of determination

Consideration and payment conditions

The consideration for the sale and purchase of Sale Equity F is RMB25,459,929, and shall be payable by Subsidiary Co B to Guangdong Yuehai Water in cash within 5 business days from the date of Agreement C.

Agreement C Adjustment Amount and payment terms

Pursuant to Agreement C,

- (i) in the event that there is a decrease in the NAV of Target Company F as at the Completion Date (as shown in the audit report to be issued by the auditor jointly appointed by Subsidiary Co B and Guangdong Yuehai Water, referred to as “**Agreement C Completion Audit Report**”) as compared to the NAV of Target Company F as at 31 December 2021 as shown in the relevant Audited Accounts, Guangdong Yuehai Water shall pay Subsidiary Co B an amount equivalent to such decrease in the NAV of Target Company F multiplied by 99% within 10 business days from the issue date of the Agreement C Completion Audit Report, or
- (ii) in the event that there is an increase in the NAV of Target Company F as at the Completion Date (as shown in the Agreement C Completion Audit Report) as compared to the NAV of Target Company F as at 31 December 2021 as shown in the relevant Audited Accounts, Subsidiary Co B shall pay Guangdong Yuehai Water an amount equivalent to such increase in the NAV of Target Company F multiplied by 99% within 10 business days from the issue date of the Agreement C Completion Audit Report.

The amount payable by Guangdong Yuehai Water or Subsidiary Co B (as the case may be) is referred to as the “**Agreement C Adjustment Amount**”. Pursuant to Agreement C, Subsidiary Co B and Guangdong Yuehai Water agreed that the Agreement C Adjustment Amount payable by Subsidiary Co B to Guangdong Yuehai Water (if any) shall be capped at RMB10,000,000.

The Group expects that there will not be material change in respect of the NAV of Target Company F as at the Completion Date as compared to that as at 31 December 2021.

The consideration including Agreement C Adjustment Amount payable by Subsidiary Co B to Guangdong Yuehai Water (if any) is expected to be funded by the Group’s internal resources and/or banking borrowings.

The consideration (including Agreement C Adjustment Amount (if any)) payable pursuant to Agreement C was determined after arm’s length negotiations between Subsidiary Co B and Guangdong Yuehai Water having taken into account, among other things:

- (i) the appraised value of the entire equity interest of Target Company F as at the Valuation Date of RMB25,717,100 according to the valuation report based on the income approach prepared by the Valuer (details of the principal assumptions upon which the Valuation are based on are disclosed in the section headed “A. The Acquisitions - A.7 Income Based Valuations” below);

- (ii) the NAV of Target Company F as at 31 December 2021;
- (iii) the prospects of Target Company F; and
- (iv) the other factors set out in the section headed “A. The Acquisitions – A.12 Reasons for and benefits of the Acquisitions” in this announcement.

Completion

The date of completion in respect of Acquisition C shall be 1 January 2023.

Upon Completion, Target Company F will become an indirect wholly-owned subsidiary of the Company and it will be consolidated into the financial statements of the Company.

A.4 Agreement D

The salient terms of Agreement D are set out as follows:

Date: 22 November 2022

Parties:

Purchaser: Subsidiary Co C

Seller: Guangdong Yuehai Water

Target Company: Target Company G

Subject matter

Pursuant to Agreement D, Guangdong Yuehai Water has agreed to sell, and Subsidiary Co C has agreed to purchase, Sale Equity G at the consideration of RMB66,189,398, subject to adjustment (if any) in accordance with the terms of Agreement D (details of which are set out in the section headed “A. The Acquisitions – A.4 Agreement D – Consideration and basis of determination – Agreement D Adjustment Amount and payment terms” in this announcement).

Please refer to the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement for details of Target Company G.

Consideration and basis of determination

Consideration and payment conditions

The consideration for the sale and purchase of Sale Equity G is RMB66,189,398, and shall be payable by Subsidiary Co C to Guangdong Yuehai Water in cash within 5 business days from the date of Agreement D.

Agreement D Adjustment Amount and payment terms

Pursuant to Agreement D,

- (i) in the event that there is a decrease in the NAV of Target Company G as at the Completion Date (as shown in the audit report to be issued by the auditor jointly appointed by Subsidiary Co C and Guangdong Yuehai Water, referred to as “**Agreement D Completion Audit Report**”) as compared to the NAV of Target Company G as at 31 December 2021 as shown in the relevant Audited Accounts, Guangdong Yuehai Water shall pay Subsidiary Co C an amount equivalent to such decrease in the NAV of Target Company G multiplied by 11% within 10 business days from the issue date of the Agreement D Completion Audit Report, or
- (ii) in the event that there is an increase in the NAV of Target Company G as at the Completion Date (as shown in the Agreement D Completion Audit Report) as compared to the NAV of Target Company G as at 31 December 2021 as shown in the relevant Audited Accounts, Subsidiary Co C shall pay Guangdong Yuehai Water an amount equivalent to such increase in the NAV of Target Company G multiplied by 11% within 10 business days from the issue date of the Agreement D Completion Audit Report.

The amount payable by Guangdong Yuehai Water or Subsidiary Co C (as the case may be) is referred to as the “**Agreement D Adjustment Amount**”. Pursuant to Agreement D, Subsidiary Co C and Guangdong Yuehai Water agreed that the Agreement D Adjustment Amount payable by Subsidiary Co C to Guangdong Yuehai Water (if any) shall be capped at RMB2,500,000.

The Group expects that there will not be material change in respect of the NAV of Target Company G as at the Completion Date as compared to that as at 31 December 2021.

The consideration including Agreement D Adjustment Amount payable by Subsidiary Co C to Guangdong Yuehai Water (if any) is expected to be funded by the Group’s internal resources and/or banking borrowings.

The consideration (including Agreement D Adjustment Amount (if any)) payable pursuant to Agreement D was determined after arm’s length negotiations between Subsidiary Co C and Guangdong Yuehai Water having taken into account, among other things:

- (i) the appraised value of the entire equity interest of Target Company G as at the Valuation Date of RMB601,721,800 according to an asset-based approach valuation report prepared by the Valuer;
- (ii) the NAV of Target Company G as at 31 December 2021;
- (iii) the prospects of Target Company G; and
- (iv) the other factors set out in the section headed “A. The Acquisitions – A.12 Reasons for and benefits of the Acquisitions” in this announcement.

Completion

The date of completion in respect of Acquisition D shall be 1 January 2023.

Upon Completion, Target Company G will become an indirect non-wholly owned subsidiary of the Company and it will be consolidated into the financial statements of the Company.

A.5 Agreement E

The salient terms of Agreement E are set out as follows:

Date: 22 November 2022

Parties:

Purchaser: Subsidiary Co D

Seller: Guangdong Yuehai Water

Target Company: Target Company H

Subject matter

Pursuant to Agreement E, Guangdong Yuehai Water has agreed to sell, and Subsidiary Co D has agreed to purchase, Sale Equity H at the consideration of RMB25,036,022, subject to adjustment (if any) in accordance with the terms of Agreement E (details of which are set out in the section headed “A. The Acquisitions – A.5 Agreement E – Consideration and basis of determination – Agreement E Adjustment Amount and payment terms” in this announcement).

Please refer to the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement for details of Target Company H.

Consideration and basis of determination

Consideration and payment conditions

The consideration for the sale and purchase of Sale Equity H is RMB25,036,022, and shall be payable by Subsidiary Co D to Guangdong Yuehai Water in cash within 5 business days from the date of Agreement E.

Agreement E Adjustment Amount and payment terms

Pursuant to Agreement E,

- (i) in the event that there is a decrease in the NAV of Target Company H as at the Completion Date (as shown in the audit report to be issued by the auditor jointly appointed by Subsidiary Co D and Guangdong Yuehai Water, referred to as “**Agreement E Completion Audit Report**”) as compared to the NAV of Target Company H as at 31 December 2021 as shown in the relevant Audited Accounts, Guangdong Yuehai Water shall pay Subsidiary Co D an amount equivalent to such decrease in the NAV of

Target Company H multiplied by 11% within 10 business days from the issue date of the Agreement E Completion Audit Report, or

- (ii) in the event that there is an increase in the NAV of Target Company H as at the Completion Date (as shown in the Agreement E Completion Audit Report) as compared to the NAV of Target Company H as at 31 December 2021 as shown in the relevant Audited Accounts, Subsidiary Co D shall pay Guangdong Yuehai Water an amount equivalent to such increase in the NAV of Target Company H multiplied by 11% within 10 business days from the issue date of the Agreement E Completion Audit Report.

The amount payable by Guangdong Yuehai Water or Subsidiary Co D (as the case may be) is referred to as the “**Agreement E Adjustment Amount**”. Pursuant to Agreement E, Subsidiary Co D and Guangdong Yuehai Water agreed that the Agreement E Adjustment Amount payable by Subsidiary Co D to Guangdong Yuehai Water (if any) shall be capped at RMB2,500,000.

The Group expects that there will not be material change in respect of the NAV of Target Company H as at the Completion Date as compared to that as at 31 December 2021.

The consideration including Agreement E Adjustment Amount (if any) payable by Subsidiary Co D to Guangdong Yuehai Water is expected to be funded by the Group’s internal resources and/or banking borrowings.

The consideration (including Agreement E Adjustment Amount (if any)) payable pursuant to Agreement E was determined after arm’s length negotiations between Subsidiary Co D and Guangdong Yuehai Water having taken into account, among other things:

- (i) the appraised value of the entire equity interest of Target Company H as at the Valuation Date of RMB227,600,200 according to the valuation report based on the income approach prepared by the Valuer (details of the principal assumptions upon which the Valuation are based on are disclosed in the section headed “A. The Acquisition - A.7 Income Based Valuations” below);
- (ii) the NAV of Target Company H as at 31 December 2021;
- (iii) the prospects of Target Company H; and
- (iv) the other factors set out in the section headed “A. The Acquisitions – A.12 Reasons for and benefits of the Acquisitions” in this announcement.

Completion

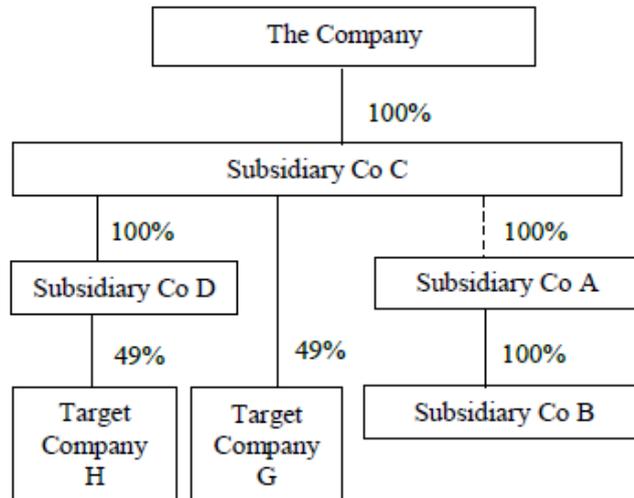
The date of completion in respect of Acquisition E shall be 1 January 2023.

Upon Completion, Target Company H will become an indirect non-wholly owned subsidiary of the Company and it will be consolidated into the financial statements of the Company.

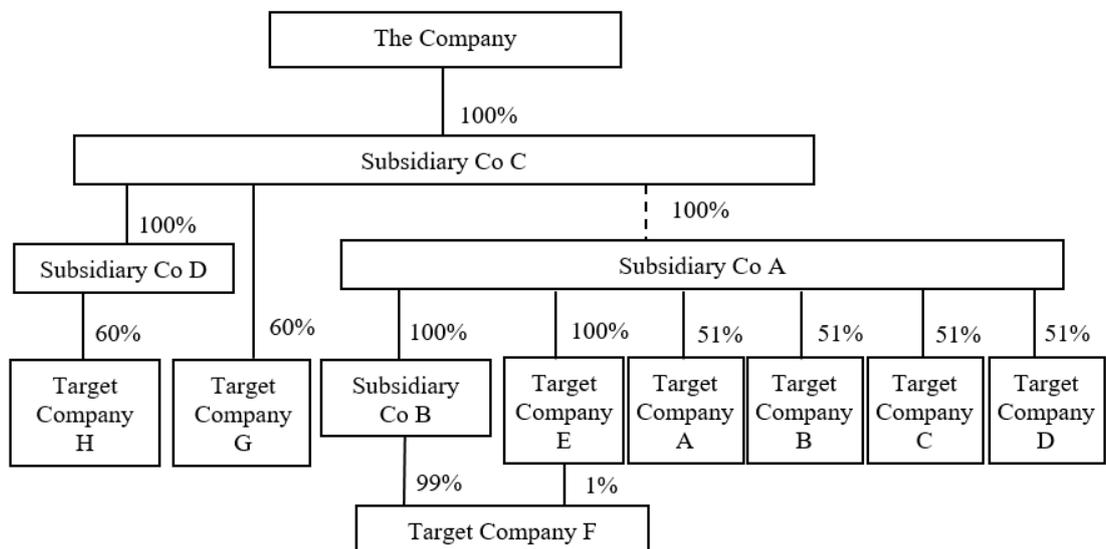
A.6 A diagrammatic representation of the group charts of the Purchaser Group immediately before and after Completion

Below is the diagrammatic representation of the group charts of Purchaser Group immediately before and after Completion:

As at the date of this announcement and immediately before Completion



Immediately after Completion



A.7 Income Based Valuations

The appraised value of each of the entire equity interest of Target Company F and Target Company H as at the Valuation Date was determined by the Valuer based on the income approach (each an “**Income Based Valuation**”). Accordingly, such Income Based Valuations are regarded as profit forecast under Rule 14.61 of the Listing Rules (each a “**Forecast**”). Taking into account that, among other things, Target Company F and Target Company H are principally engaged in the provision

of construction services for water resources projects in the Guangdong Province, the PRC, the Group and the Valuer considered that the adoption of income approach was more appropriate and comprehensive than the asset-based approach for each of the Income Based Valuations since the income approach valuations better reflect the intrinsic value of the aforementioned Target Companies such as each of their qualifications, goodwill, and management resources etc., and their capabilities for making profits, which may not be otherwise fairly reflected in asset-based approach valuations.

In compliance with Rule 14A.68(7) and Rule 14.62 of the Listing Rules, the principal assumptions upon which each of the Forecasts was based are set out as follows:

1. Assumption of trading: it is assumed that the appraisal object or all the assets to be appraised are in trade on the market as at the Valuation Date, and the Valuer performed corresponding valuation estimation or calculation pursuant to simulating market conditions as at the Valuation Date such as market environment and trading conditions of the appraisal object or all the assets to be appraised.
2. Assumption of open market: it is assumed that the trading market of the appraisal object or all the assets to be appraised is in open market on the Valuation Date.
3. Assumption of going concern: it is assumed that as at the Valuation Date, the management team, financial structure, business model, and market environment of the corresponding economic entity of the appraisal object shall continue to operate pursuant to its existing business objectives.
4. Assumption of external conditions of valuation: it is assumed that there will be no substantial changes in the relevant current national laws, regulations and policies and national macroeconomic situation, and there will be no substantial changes in the political, economic and social environment of the regions where the parties to the transaction are located; it is assumed that there will be no substantial changes in the relevant interest rates, exchange rates, tax bases and tax rates, policy levies, financing conditions, etc.
5. The result of each of the Income Based Valuations is based on the following factors:
 - (i) the authenticity, completeness, legitimate, and effectiveness of the information necessary for the valuation provided by Guangdong Yuehai Water;
 - (ii) the information obtained from parties other than Guangdong Yuehai Water has reasonably reflected the market trading logic, market trading conditions, market operating conditions, or market development trends, etc.; and
 - (iii) assuming that the acquisition, usage and holding of the appraisal object or all the assets to be appraised are in comply with the provisions of national laws, regulations and normative documents, that is, their legal ownership is clear.

The Valuer has adopted the income approach to assess the value of each of the entire equity interest of Target Company F and Target Company H and is of the view that the assumptions above were present as at the Valuation Date. The result of each of the Income Based Valuations was concluded pursuant to these assumptions. In the event that there is material change in the future economic environment after the Valuation Date or if other assumptions become invalid, the result of each of the Income Based Valuations shall change significantly.

The Board has reviewed each valuation report in respect of each respective Income Based Valuation issued by the Valuer and is of the view that each of the Forecasts was made after due and careful enquiry.

KPMG, the Company's independent auditor, has reported on the arithmetical accuracy of the calculations underlying each of the Forecasts as set out in each valuation report in respect of each respective Income Based Valuation issued by the Valuer.

A report from KPMG on the arithmetical accuracy of the calculations underlying each of the Forecasts and a letter from the Board in relation to the Forecasts are set out as Appendix I and Appendix II, respectively, to this announcement.

The qualifications of the Valuer and KPMG are as follows:

Name	Qualification
深圳市鵬信資產評估土地房地產估價有限公司 (Shenzhen Pengxin Appraisal Limited*)	Professional valuer in the PRC
KPMG	Certified Public Accountants, Hong Kong

To the best knowledge, information and belief of the Board after having made all reasonable enquiries, each of the Valuer and KPMG is an Independent Third Party and is not a connected person of the Company. As at the date of this announcement, neither the Valuer nor KPMG has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the Valuer and KPMG has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and/or all references to its name in the form and context in which it appears in this announcement.

A.8 Information on the Target Companies

Target Company A

Target Company A is a limited liability company established in the PRC. The Target Company is principally engaged in water treatment and water supply.

As at the date of this announcement, the equity interest of Target Company A is held as to 51% by Guangdong Holdings and as to 49% by Zhongshan Public Water Investment.

Zhongshan Public Water Investment is a company established in the PRC with limited ability and is wholly owned by 中山公用事業集團股份有限公司 (Zhongshan Public Utilities Group Co., Ltd. *), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000685). Based on the information available in the public domain, 中山公用事業集團股份有限公司 (Zhongshan Public Utilities Group Co., Ltd. *) and its subsidiaries are principally engaged in, among other things, water supply and treatment, solid waste management, new energy and construction engineering.

Guangdong Holdings acquired Sale Equity A (i.e. 51% equity interest in Target Company A) from Guangdong Water Supply Bureau by way of “Gratuitous Transfer of State-owned Assets (國有資產無償劃轉)” in January 2021 at zero consideration with the carrying amount of RMB46,137,772.60, which was determined by the book value (which was recorded at the historical cost) of the said 51% equity interest in Target Company A as shown on the accounts of Guangdong Water Supply Bureau as at the acquisition date.

Upon Completion, the equity interest of Target Company A will be held as to 51% by Subsidiary Co A and as to 49% by Zhongshan Public Water Investment, and accordingly, Target Company A will become an indirect non-wholly owned subsidiary of the Company.

Target Company B

Target Company B is a limited liability company established in the PRC and is principally engaged in water treatment and water supply.

As at the date of this announcement, Target Company B is held as to 51% by Guangdong Holdings and as to 49% by Zhongshan Public Water Investment.

Guangdong Holdings acquired Sale Equity B (i.e. 51% equity interest in Target Company B) from Guangdong Water Supply Bureau by way of “Gratuitous Transfer of State-owned Assets (國有資產無償劃轉)” in January 2021 at zero consideration with the carrying amount of RMB8,479,946.35, which was determined by the book value (which was recorded at the historical cost) of the said 51% equity interest in Target Company B as shown on the accounts of Guangdong Water Supply Bureau as at the acquisition date.

Upon Completion, the equity interest of Target Company B will be held as to 51% by Subsidiary Co A and as to 49% by Zhongshan Public Water Investment, and accordingly, Target Company B will become an indirect non-wholly owned subsidiary of the Company.

Target Company C

Target Company C is a limited liability company established in the PRC and is principally engaged in water treatment and water supply.

As at the date of this announcement, Target Company C is held as to 51% by Guangdong Holdings and as to 49% by Zhongshan Public Water Investment.

Guangdong Holdings acquired Sale Equity C (i.e. 51% equity interest in Target Company C) from Guangdong Water Supply Bureau by way of “Gratuitous Transfer of State-owned Assets (國有資產無償劃轉)” in January 2021 at zero consideration with the carrying amount of RMB41,082,450.95, which was determined by the book value (which was recorded at the historical cost) of the said 51% equity interest in Target Company C as shown on the accounts of Guangdong Water Supply Bureau as at the acquisition date.

Upon Completion, the equity interest of Target Company C will be held as to 51% by Subsidiary Co A and as to 49% by Zhongshan Public Water Investment, and accordingly, Target Company C will become an indirect non-wholly owned subsidiary of the Company.

Target Company D

Target Company D is a limited liability company established in the PRC. It is principally engaged in water treatment and water supply.

As at the date of this announcement, the equity interest of Target Company D is held:

- (i) as to approximately 51% by Guangdong Holdings;
- (ii) as to approximately 35% by Qingyuan Yinzhan Reservoir Management Office, a public institution of Qingyuan Municipal Government;
- (iii) as to approximately 11% by 清遠市清城區龍塘房地產開發公司 (Qingyuan Longtang Real Estate Development Limited*), which is in turn wholly-owned by 清遠市清城區龍塘鎮人民政府 (People’s Government of Longtang Town, Qingcheng Region, Qingyuan City*); and
- (iv) as to approximately 3% by an individual named 梁旭華 (Liang Xuhua) who holds the said 3% equity interest of Target Company D on behalf of Qingyuan Yinzhan Reservoir Management Office.

Guangdong Holdings acquired Sale Equity D (i.e. approximately 51% equity interest in Target Company D) from Guangdong Water Supply Bureau by way of “Gratuitous Transfer of State-owned Assets (國有資產無償劃轉)” in January 2021 at zero consideration with the carrying amount of RMB9,357,797.33, which was determined by the book value (which was recorded at the historical cost) of the said approximately 51% equity interest in Target Company D as shown on the accounts of Guangdong Water Supply Bureau as at the acquisition date.

Upon Completion, the equity interest of Target Company D will be held as to approximately 51% by Subsidiary Co A, and the balance of the equity interest of Target Company D will continue to be held as abovementioned. Accordingly, Target Company D will become an indirect non-wholly owned subsidiary of the Company.

Target Company E

Target Company E is a limited liability company established in the PRC and is principally engaged in water treatment and water supply.

As at the date of this announcement, Target Company E is wholly-owned by Guangdong Yuehai Water.

The original acquisition cost of Sale Equity E (i.e. 100% equity interest in Target Company E) held by Guangdong Yuehai Water in November 2011 was RMB429,380,400, and in July 2014, Guangdong Yuehai Water made an additional capital contribution in the amount of RMB10,000,000 to Company E, resulting in a total investment cost of RMB439,380,400 in Sale Equity E.

Upon Completion, the equity interest of Target Company E will be wholly owned by Subsidiary Co A, and accordingly, Target Company E will become an indirect wholly-owned subsidiary of the Company.

Target Company F

Target Company F is a limited liability company established in the PRC. It is principally engaged in the provision of construction services for water resources projects.

As at the date of this announcement, Target Company F is held as to 99% by Guangdong Yuehai Water and 1% by Target Company E.

Target Company F was established in March 2016, and Guangdong Yuehai Water made capital contribution in the amount of RMB9,900,000 to Target Company F, representing 99% of the registered capital in Target Company F.

Upon Completion, the equity interest of Target Company F will be held as to 99% by Subsidiary Co B and as to 1% by Target Company E, and accordingly, Target Company F will become an indirect wholly-owned subsidiary of the Company.

Target Company G

Target Company G is a limited liability company established in the PRC. Target Company G is principally engaged in water treatment and water supply.

As at the date of this announcement, the equity interest in Target Company G is held as to 49% by Subsidiary Co C, as to 40% by Guangzhou Nansha Construction and as to 11% by Guangdong Yuehai Water (i.e. the seller of Sale Equity G).

Guangzhou Nansha Construction is a company established in the PRC with limited liability and is owned as to approximately 90.51% by 廣州南沙經濟技術開發區管理委員會 (The Management Committee of Guangzhou Nansha Economic and Technological Development Zone*) and as to approximately 9.49% by the Department of Finance of the Guangdong Government. Guangzhou Nansha Construction is principally engaged in the provision of construction services.

The original acquisition cost of Sale Equity G (i.e. 11% equity interest in Target Company G) held by Guangdong Yuehai Water in February 2012 was RMB27,063,666.67. In March 2014, Guangdong Yuehai Water made an additional capital contribution in the amount of RMB5,500,000 to Target Company G in proportion to its shareholdings in Target Company G; and in August 2015, Guangdong Yuehai Water made an additional capital contribution in the amount of RMB33,000,000 to Target Company G in proportion to its shareholdings in Target Company G. As such, the total investment cost of Guangdong Yuehai Water in Sale Equity G was RMB65,063,666.67.

Upon Completion, the equity interest of Target Company G will be held as to 60% by Subsidiary Co C, and the remaining 40% of the equity interest of Target Company G will continue to be held by Guangzhou Nansha Construction, and accordingly, Target Company G will become an indirect non-wholly owned subsidiary of the Company.

Target Company H

Target Company H is a limited liability company established in the PRC. Target Company H is principally engaged in the provision of construction services for water resources projects.

As at the date of this announcement, the equity interest in Target Company H is held as to 49% by Subsidiary Co D, as to 40% by Guangzhou Nansha Construction and as to 11% by Guangdong Yuehai Water (i.e. the seller of Sale Equity H).

Target Company H was established in August 2015, and Guangdong Yuehai Water made capital contribution in the amount of RMB1,100,000 to Target Company H, representing 11% of the registered capital in Target Company H.

Upon Completion, the equity interest of Target Company H will be held as to 60% by Subsidiary Co D, and the remaining 40% of the equity interest of Target Company H will continue to be held by Guangzhou Nansha Construction, and accordingly, Target Company H will become an indirect non-wholly owned subsidiary of the Company.

Financial information of the Target Companies

Target Company A

Based on the audited financial statements of Target Company A prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company A for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	55,379,270.40	60,908,660.86	54,315,023.29
Profit/(loss) before tax	8,399,509.70	15,896,437.42	16,289,293.90
Profit/(loss) after tax	5,670,412.59	11,330,323.81	11,753,592.30

Based on the audited financial statements of Target Company A prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company A as at 31 December 2021 was RMB96,136,633.37.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company A as at 31 December 2021 was RMB158,668,600.

While the audited total assets of Target Company A as at 31 December 2021 was RMB133,576,995.93, the appraised value of the total assets of Target Company A (as contained in the aforesaid valuation report) as at the same date was RMB196,109,000. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company A (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company A (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company A.

Target Company B

Based on the audited financial statements of Target Company B prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company B for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	19,172,247.26	17,998,111.39	18,903,058.10
Profit/(loss) before tax	(855,451.44)	(2,472,242.03)	158,165.57
Profit/(loss) after tax	(889,042.74)	(2,190,768.02)	158,165.57

Based on the audited financial statements of Target Company B prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company B as at 31 December 2021 was RMB15,738,303.04.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company B as at 31 December 2021 was RMB55,155,400.

While the audited total assets of Target Company B as at 31 December 2021 was RMB33,606,187.95, the appraised value of the total assets of Target Company B (as contained in the aforesaid valuation report) as at the same date was RMB73,023,300. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company B (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company B (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company B.

Target Company C

Based on the audited financial statements of Target Company C prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company C for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	59,710,605.29	53,833,876.96	56,838,584.21
Profit/(loss) before tax	9,211,095.04	7,053,714.59	15,816,924.65
Profit/(loss) after tax	6,295,014.44	4,932,661.75	12,075,383.73

Based on the audited financial statements of Target Company C prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company C as at 31 December 2021 was RMB86,848,839.84.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company C as at 31 December 2021 was RMB140,680,600.

While the audited total assets of Target Company C as at 31 December 2021 was RMB115,407,174.18, the appraised value of the total assets of Target Company C (as contained in the aforesaid valuation report) as at the same date was RMB169,238,900. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company C (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company C (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company C.

Target Company D

Based on the audited financial statements of Target Company D prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company D for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	32,965,252.01	32,183,893.81	32,674,932.74
Profit/(loss) before tax	526,408.35	(2,573,057.79)	(2,595,118.93)
Profit/(loss) after tax	475,955.82	(1,595,780.29)	(2,595,118.93)

Based on the audited financial statements of Target Company D prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company D as at 31 December 2021 was RMB14,592,788.84.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company D as at 31 December 2021 was RMB66,428,400.

While the audited total assets of Target Company D as at 31 December 2021 was RMB44,064,081.44, the appraised value of the total assets of Target Company D (as contained in the aforesaid valuation report) as at the same date was RMB95,899,700. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company D (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company D (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of

the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company D.

Target Company E

Based on the audited financial statements of Target Company E prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company E for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	129,194,633.89	126,301,609.47	130,654,755.15
Profit/(loss) before tax	16,043,720.28	18,508,882.35	20,967,676.00
Profit/(loss) after tax	11,113,938.76	13,094,259.06	14,163,650.12

Based on the audited financial statements of Target Company E prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company E as at 31 December 2021 was RMB329,170,797.97.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company E as at 31 December 2021 was RMB463,931,700.

While the audited total assets of Target Company E as at 31 December 2021 was RMB438,091,846.90, the appraised value of the total assets of Target Company E (as contained in the aforesaid valuation report) as at the same date was RMB572,852,700. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company E (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company E (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company E.

Target Company F

Based on the audited financial statements of Target Company F prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company F for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019,

respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	36,452,865.65	28,020,246.46	17,417,653.46
Profit/(loss) before tax	9,888,716.84	8,623,676.99	4,813,046.38
Profit/(loss) after tax	6,960,572.26	6,467,757.74	3,592,431.63

Based on the audited financial statements of Target Company F prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company F as at 31 December 2021 was RMB18,740,088.32 and the audited total assets of Target Company F as at 31 December 2021 was RMB66,480,878.88.

According to the valuation report based on the income approach prepared by the Valuer, the appraised value of the entire equity interest of Target Company F as at 31 December 2021 was RMB25,717,100.

Target Company G

Based on the audited financial statements of Target Company G prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company G for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	405,385,716.12	257,897,326.31	233,221,354.39
Profit/(loss) before tax	3,385,656.41	20,720,438.72	22,064,890.92
Profit/(loss) after tax	2,249,583.58	14,777,684.60	16,511,334.18

Based on the audited financial statements of Target Company G prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company G as at 31 December 2021 was RMB514,175,964.12.

According to an asset-based approach valuation report prepared by the Valuer, the appraised value of the entire equity interest of Target Company G as at 31 December 2021 was RMB601,721,800.

While the audited total assets of Target Company G as at 31 December 2021 was RMB1,942,649,618.56, the appraised value of the total assets of Target Company G (as contained in the aforesaid valuation report) as at the same date was RMB2,030,195,500. The difference between the audited total assets and the aforesaid appraised value of the total assets of Target Company G (as contained in the aforesaid valuation report), as at 31 December 2021, was mainly attributable to the difference between the appraised value of the land and buildings held by Target Company G (which are used for operating its principal businesses of water treatment and water supply) as contained in the said valuation report, which was determined after having taken into account, in particular, the replacement cost of the buildings in view of the expected rising costs of labor and materials, as compared to the relevant book value (which was recorded at the historical cost) as shown in the audited financial statements of Target Company G.

Target Company H

Based on the audited financial statements of Target Company H prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the financial information of Target Company H for each of the years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively, was as follows:

	For the year ended 31 December 2021 (audited) <i>RMB</i>	For the year ended 31 December 2020 (audited) <i>RMB</i>	For the year ended 31 December 2019 (audited) <i>RMB</i>
Revenue	198,058,010.13	73,648,320.70	53,873,239.49
Profit/(loss) before tax	55,398,639.35	31,726,078.31	19,631,475.20
Profit/(loss) after tax	41,316,372.20	23,206,814.75	14,862,033.65

Based on the audited financial statements of Target Company H prepared in accordance with PRC Generally Accepted Accounting Principles and audited by the PRC auditor, the audited net asset value of Target Company H as at 31 December 2021 was RMB93,220,702.92 and the audited total assets of Target Company H as at 31 December 2021 was RMB176,060,800.11.

According to the valuation report based on the income approach prepared by the Valuer, the appraised value of the entire equity interest of Target Company H as at 31 December 2021 was RMB227,600,200.

A.9 Information on the Purchasers and the Company

Subsidiary Co A

Subsidiary Co A is a limited liability company established in the PRC. Subsidiary Co A is principally engaged in investment holdings and its subsidiaries are principally engaged in water resources business. It is an indirect wholly-owned subsidiary of Subsidiary Co C.

Subsidiary Co B

Subsidiary Co B is a limited liability company established in the PRC and is principally engaged in the provision of construction services for water resources projects. It is a direct wholly-owned subsidiary of Subsidiary Co A and an indirect wholly-owned subsidiary of Subsidiary Co C.

Subsidiary Co C

Subsidiary Co C is a company incorporated in Hong Kong with limited liability, Subsidiary Co C is principally engaged in investment holdings and its subsidiaries are principally engaged in water resources business. It is a direct wholly-owned subsidiary of the Company.

Subsidiary Co D

Subsidiary Co D is a limited liability company established in the PRC and is principally engaged in sewage treatment business. It is a direct wholly-owned subsidiary of Subsidiary Co C.

The Company

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.

A.10 Information on Guangdong Holdings and Guangdong Yuehai Water

Guangdong Holdings is the ultimate controlling shareholder of the Company and is principally engaged in investment holding. The Guangdong Holdings Group's 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.

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.

A.11 Reasons for and benefits of the Acquisitions

The Purchaser Group is principally engaged in, among other things, water treatment and water supply in PRC. Target Company A, Target Company B, Target Company C, Target Company D, Target Company E and Target Company G are principally engaged in water treatment and water supply in the Guangdong Province, the PRC. Target Company F and Target Company H are principally engaged in the provision of construction services for water resources projects in the

Guangdong Province, the PRC.

Upon Completion, the Target Companies will become subsidiaries of Subsidiary Co C (i.e. the holding company of the members in the Purchaser Group). With the addition of the Target Companies into the Purchaser Group, the Company is of the view that it will create synergies with the Purchaser Group's existing businesses in terms of branding, cost effectiveness and operational efficiency enhancement. With the increased overall capacity of the Purchaser Group in respect of water treatment and related engineering works, the Company considers that the Purchaser Group's competitiveness in expanding water treatment and supply businesses and bidding waterworks engineering and construction projects will be improved, and the Purchaser Group's revenue will be increased.

As each of the Target Companies will be consolidated into the financial statements of Subsidiary Co C upon Completion, it is expected that the financial indicators and financial results in respect of the Purchaser Group will be improved, and thus, it will be easier for the Purchaser Group to secure external borrowings and other financing arrangements.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

A.12 Listing Rules implications

Guangdong Holdings is the ultimate controlling shareholder of the Company, hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Guangdong Yuehai Water is a wholly-owned subsidiary of Guangdong Holdings, hence an associate of Guangdong Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Agreements were entered into by the Group with Guangdong Holdings and its associate in respect of the acquisitions of target companies for the Group's business segment of water resources within a 12-month period, the Agreements shall be aggregated pursuant to Rules 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisitions (on an aggregated basis) calculated pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Acquisitions are subject to the reporting and announcement requirements under the Listing Rules, but are exempt from the independent shareholders' approval requirement.

Mr. HOU Wailin and Mr. CAI Yong, being the Directors, are also directors of Guangdong Holdings. As such, Mr. HOU Wailin, 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 Agreements. Mr. CAI Yong 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 had any material interest in the Agreements and the transactions contemplated thereunder and was

required to abstain from voting on the relevant Board resolutions.

B. CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION

Prior to the date of this announcement, the Target Companies had entered into (i) the Property Management Services Agreements with Yuehai Property Management; (ii) the Financial Services Agreements with GDH Finance; and (iii) the Water Resources Business Support Services Agreement with the Guangdong Water Technology Group.

Yuehai Property Management, GDH Finance, the members of Guangdong Water Technology Group are subsidiaries of Guangdong Holdings, hence they are associates of Guangdong Holdings and connected persons of the Company.

Upon Completion, the Target Companies will become subsidiaries of the Company. Therefore, the continuing transactions under the Existing Continuing Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As such, upon Completion, each of the Property Management Services Agreements, each of the Financial Services Agreements and each of the Water Resources Business Support Services Agreements will be regarded as a specific individual agreement as contemplated under the Property Management Services Framework Agreement, the Financial Services Framework Agreement, and Water Resources Business Support Services Framework Agreement, respectively.

B.1 The Property Management Services Agreements

Prior to the date of this announcement, (i) Target Company E and Yuehai Property Management had entered into an agreement dated 1 May 2022 (as supplemented by a supplemental agreement dated 28 September 2022) in relation to the provision of property management services by Yuehai Property Management to Target Company E for the period from 1 May 2022 to 30 April 2024; and (ii) Target Company G and Yuehai Property Management had entered into an agreement dated 1 July 2022 (as supplemented by a supplemental agreement dated 6 October 2022) in relation to the provision of property management services by Yuehai Property Management to Target Company G for the period from 1 July 2022 to 30 April 2024 (the aforementioned agreements are referred to as the “**Property Management Services Agreements**”).

Upon Completion, Target Company E and Target Company G will become subsidiaries of the Company. Yuehai Property Management is a non-wholly owned subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company), hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Property Management Services Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated 10 May 2021 and 8 November 2021, respectively, in relation to the Property Management Services Framework Agreement entered into between the Company and Yuehai Property Management for a term of three years from 10 May 2021 to 9 May 2024. Pursuant to the Property Management Services Framework Agreement, Yuehai Property Management and its subsidiaries provides certain property management services to the Group in respect of the Group’s properties.

As such, upon Completion, each of the Property Management Services Agreements will be regarded as a specific individual agreement as contemplated under the Property Management Services Framework Agreement (which conforms with the principles and provisions (including the term) set out therein). Each of them has set out the detailed terms for the relevant transactions, and the underlying transactions are in the ordinary and usual course of business, and they have been concluded after arm's length negotiation, on normal commercial terms or better and on terms which are no less favourable than those offered by the Independent Third Parties. The Group expects that, upon Completion, the relevant transaction amounts (including the transaction amounts under the Property Management Services Agreements) for the future financial periods will not exceed the relevant annual caps set for the Property Management Services Framework Agreement. For the reasons for and benefits of the entering into of the Property Management Services Framework Agreement, please refer to the announcements of the Company dated 10 May 2021 and 8 November 2021, respectively.

B.2 The Financial Services Agreements

The Deposit Services and Settlement Services Agreements

Each of Target Company A, Target Company B, Target Company C, Target Company E, Target Company F and Target Company G had entered into the deposit services and settlement services agreements with GDH Finance (being a connected person of the Company) on 8 September 2021, 9 November 2021, 8 September 2021, 18 February 2016, 25 February 2020 and 11 August 2016, respectively (the “**Deposit Services and Settlement Services Agreements**”), pursuant to which GDH Finance provides cash deposit services and settlement services to the relevant Target Companies.

The Corporate Deposit Services Agreements

Each of Target Company A, Target Company B, Target Company C, Target Company D, Target Company E, Target Company F and Target Company G had entered into the corporate deposit services agreements with GDH Finance on 8 September 2021, 9 November 2021, 8 September 2021, 26 May 2021, 18 February 2016, 25 February 2020 and 11 August 2016, respectively (the “**Corporate Deposit Services Agreements**”), pursuant to which GDH Finance provides corporate deposit services to the relevant Target Companies.

The Bills of Exchange Payment Services Agreements

Each of Target Company E, Target Company F and Target Company H had entered into the bills of exchange payment services agreements with GDH Finance on 8 April 2021, 29 December 2021 and 28 July 2022, respectively (the “**Bills of Exchange Payment Services Agreements**”), pursuant to which GDH Finance provides services for the acceptance, and assisting in the payment, of the commercial bills of exchange issued by the relevant Target Companies.

Upon Completion, the Target Companies will become subsidiaries of the Company. GDH Finance is a wholly-owned subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company), hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly,

the transactions contemplated under the Financial Services Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 1 September 2021 in relation to the Financial Services Framework Agreement entered into between the Company and GDH Finance for a term of three years from 1 September 2021 to 31 August 2024. Pursuant to the Financial Services Framework Agreement, the Group can utilize certain financial services including (but not limited to) deposit services, settlement services and bills of exchange payment services offered by GDH Finance in the PRC.

As such, upon Completion, each of the Financial Services Agreements will be regarded as a specific individual agreement as contemplated under the Financial Services Framework Agreement (which conforms with the principles and provisions (including the term) set out therein). Each of them has set out the detailed terms for the relevant transactions, and the underlying transactions are in the ordinary and usual course of business, and they have been concluded after arm's length negotiation, on normal commercial terms or better and on terms which are no less favourable than those offered by the Independent Third Parties. For the reasons for and benefits of the entering into of the Financial Services Framework Agreement, please refer to the announcement of the Company dated 1 September 2021.

Upon Completion, (i) the daily balance(s) of the deposit(s) (including the interest accrued thereon) and (ii) the relevant fund balance(s) in respect of the Bills of Exchange Payment Services Agreements, placed by the relevant Target Companies with GDH Finance will form part of the Aggregate Daily Balances under the Financial Services Framework Agreement. The Group expects that, upon Completion, the Aggregate Daily Balances (which will include the aforementioned daily balance(s) of the deposit(s) (including the interest accrued thereon) and the relevant fund balance(s) in respect of the Bills of Exchange Payment Services Agreements, placed by the Target Companies with GDH Finance) will not exceed the relevant Fund Balance Cap in respect of the Financial Services Framework Agreement.

The Group also expects that, upon Completion, the relevant service fees (including the service fees in respect of the Bills of Exchange Payment Services Agreements) to be paid by the Group to GDH Finance for the future financial periods will not exceed the relevant Service Fees Caps in respect of the Financial Services Agreement.

Pursuant to the Deposit Services and Settlement Services Agreements, in respect of the settlement services provided by GDH Finance to the Target Companies, no service fee will be charged by GDH Finance.

B.3 The Water Resources Business Support Services Agreements

Prior to the date of this announcement, (i) Target Company G had entered into an agreement with 廣東粵海水務檢測技術有限公司廣州分公司(Guangdong Water Testing Technology Co., Ltd. Guangzhou Branch Company*) on 5 March 2022 in relation to the provision of water quality testing services to Target Company G for the period from 5 March 2022 to 31 December 2022; and (ii) Target

Company E and Target Company F had entered into an agreement with Guangdong Yuehai Water on 23 May 2022 in relation to the provision of engineering construction and equipment installation services to Target Company E and Target Company F for the period from 23 May 2022 to 30 April 2024 (the aforementioned agreements are referred to as the “**Water Resources Business Support Services Agreements**”).

Reference is made to the announcement of the Company dated 29 June 2022 in relation to the Water Resources Business Support Services Framework Agreement entered into between Subsidiary Co C, GH Water Supply and Guangdong Water Technology for a term of three years from 29 June 2022 to 28 June 2025. Pursuant to the Water Resources Business Support Services Framework Agreement, the Group can utilize certain Support Services provided by the Guangdong Water Technology Group including (but not limited to) water quality testing services, engineering construction and equipment installation services, information system development services.

As such, upon Completion, each of the Water Resources Business Support Services Agreements will be regarded as a specific individual agreement as contemplated under the Water Resources Business Support Services Framework Agreement (which conforms with the principles and provisions (including the term) set out therein). Each of them has set out the detailed terms for the relevant transactions, and the underlying transactions are in the ordinary and usual course of business, and they have been concluded after arm’s length negotiation, on normal commercial terms or better and on terms which are no less favourable than those offered by the Independent Third Parties. The Group expects that, upon Completion, the relevant transaction amounts (including the transaction amounts under the Water Resources Business Support Services Agreements) for the future financial periods will not exceed the relevant annual caps set for the Water Resources Business Support Services Framework Agreement. For the reasons for and benefits of the entering into of the Water Resources Business Support Services Framework Agreement, please refer to the announcement of the Company dated 29 June 2022.

Mr. HOU Wailin and Mr. CAI Yong, being the Directors, are also directors of Guangdong Holdings. As such, Mr. HOU Wailin, 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 Existing Continuing Agreements. Mr. CAI Yong 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 Existing Continuing Agreements and the transactions contemplated thereunder and was required to abstain from voting on the relevant Board resolutions.

C. DEFINITIONS

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

“Acquisition A”	the acquisitions of Sale Equity A, Sale Equity B, Sale Equity C and Sale Equity D by Subsidiary Co A from Guangdong Holdings pursuant to Agreement A;
“Acquisition B”	the acquisition of Sale Equity E by Subsidiary Co A from Guangdong Yuehai Water pursuant to Agreement B;
“Acquisition C”	the acquisition of Sale Equity F by Subsidiary Co B from Guangdong Yuehai Water pursuant to Agreement C;
“Acquisition D”	the acquisition of Sale Equity G by Subsidiary Co C from Guangdong Yuehai Water pursuant to Agreement D;
“Acquisition E”	the acquisition of Sale Equity H by Subsidiary Co D from Guangdong Yuehai Water pursuant to Agreement E;
“Acquisitions”	Acquisition A, Acquisition B, Acquisition C, Acquisition D and Acquisition E;
“Aggregate Daily Balances”	has the meaning ascribed to it in the announcement of the Company dated 1 September 2021 in relation to the Financial Services Framework Agreement;
“Agreement A”	the equity transfer agreement dated 22 November 2022 and entered into between Subsidiary Co A (as purchaser), Guangdong Holdings (as seller), Target Company A, Target Company B, Target Company C and Target Company D (as target companies) in relation to Acquisition A;
“Agreement A Adjustment Amount”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.1 Agreement A – Consideration and basis of determination – Agreement A Adjustment Amount and payment terms” in this announcement;
“Agreement A Completion Audit Report(s)”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.1 Agreement A – Consideration and basis of determination – Agreement A Adjustment Amount and payment terms” in this announcement;
“Agreement B”	the equity transfer agreement dated 22 November 2022 and entered into between Subsidiary Co A (as purchaser), Guangdong Yuehai Water (as seller) and Target Company E (as target company) in relation to Acquisition B;

“Agreement B Adjustment Amount”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.2 Agreement B – Consideration and basis of determination – Agreement B Adjustment Amount and payment terms” in this announcement;
“Agreement B Completion Audit Report”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.2 Agreement B – Consideration and basis of determination – Agreement B Adjustment Amount and payment terms” in this announcement;
“Agreement C”	the equity transfer agreement dated 22 November 2022 and entered into between Subsidiary Co B (as purchaser), Guangdong Yuehai Water (as seller) and Target Company F (as target company) in relation to Acquisition C;
“Agreement C Adjustment Amount”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.3 Agreement C – Consideration and basis of determination – Agreement C Adjustment Amount and payment terms” in this announcement;
“Agreement C Completion Audit Report”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.3 Agreement C – Consideration and basis of determination – Agreement C Adjustment Amount and payment terms” in this announcement;
“Agreement D”	the equity transfer agreement dated 22 November 2022 and entered into between Subsidiary Co C (as purchaser), Guangdong Yuehai Water (as seller) and Target Company G (as target company) in relation to Acquisition D;
“Agreement D Adjustment Amount”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.4 Agreement D – Consideration and basis of determination – Agreement D Adjustment Amount and payment terms” in this announcement;
“Agreement D Completion Audit Report”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.4 Agreement D – Consideration and basis of determination – Agreement D Adjustment Amount and payment terms” in this announcement;
“Agreement E”	the equity transfer agreement dated 22 November 2022 and entered into between Subsidiary Co D (as purchaser), Guangdong Yuehai Water (as seller) and Target Company H (as target company) in relation to Acquisition E;
“Agreement E Adjustment Amount”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.5 Agreement E – Consideration and basis of determination – Agreement E Adjustment Amount and payment terms” in this announcement;

“Agreement E Completion Audit Report”	has the meaning ascribed to it under the section headed “A. The Acquisitions – A.5 Agreement E – Consideration and basis of determination – Agreement E Adjustment Amount and payment terms” in this announcement;
“Agreements”	Agreement A, Agreement B, Agreement C, Agreement D and Agreement E;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Audited Accounts”	the audited financial statements of each of the Target Companies for the year ended 31 December 2021;
“Bills of Exchange Payment Services Agreements”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.2 The Financial Services Agreements” in this announcement;
“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;
“Completion”	the completion of each of the Acquisitions in accordance with the terms and conditions of each of the Agreements;
“Completion Date”	1 January 2023, being the completion date of each of the Acquisitions pursuant to each of the Agreements;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Corporate Deposit Services Agreements”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.2 The Financial Services Agreements” in this announcement;
“Director(s)”	the director(s) of the Company;
“Deposit Services and Settlement Services Agreement”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.2 The Financial Services Agreements” in this announcement;
“Existing Continuing Agreements”	the Property Management Services Agreements, the Financial Services Agreements and the Water Resources Business Support Services Agreements;

“Financial Services Agreements”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.2 The Financial Services Agreements” in this announcement;
“Financial Services Framework Agreement”	the framework agreement dated 1 September 2021 and entered into between the Company and GDH Finance in relation to the provision of certain financial services by GDH Finance to the Group. For details, please refer to the announcement of the Company dated 1 September 2021;
“Forecast”	has the meaning ascribed thereto under the section headed “A. The Acquisitions - A.7 Income Based Valuations” in this announcement;
“Fund Balance Cap(s)”	has the meaning ascribed to it in the announcement of the Company dated 1 September 2021 in relation to the Financial Services Framework Agreement;
“GDH Finance”	粵海集團財務有限公司(GDH Finance Co., Ltd.*), a company established in the PRC with licence to provide certain financial services to, amongst others, members of the Group, and a wholly-owned subsidiary of Guangdong Holdings;
“GDI Water Group”	Subsidiary Co C, GH Water Supply and their respective subsidiaries;
“GH Water Supply”	GH Water Supply (Holdings) Limited (粵港供水(控股)有限公司), a company incorporated in Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company;
“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 and the ultimate controlling shareholder of the Company;
“Guangdong Holdings Group”	Guangdong Holdings and its subsidiaries;
“Guangdong Water Supply Bureau”	廣東省供水工程管理總局(Guangdong Province Water Supply Administration Bureau*), a public institution of 廣東省水利廳 (Water Resources Department of Guangdong Province*) (a government department of the People’s Government of Guangdong Province);

“Guangdong Water Technology”	廣東粵海水務科技有限公司 (Guangdong Water Technology Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of Guangdong Holdings;
“Guangdong Water Technology Group”	Guangdong Water Technology and its subsidiaries and Guangdong Holdings and/or its associate(s) (for the purpose of the Water Resources Business Support Services Framework Agreement, including its subsidiaries, but excluding the Group);
“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;
“Guangzhou Nansha Construction”	廣州南沙開發建設集團有限公司 (Guangzhou Nansha Construction Investment Co., Ltd.*), a company established in the PRC with limited liability;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Income Based Valuation(s)”	has the meaning ascribed thereto under the section headed “A. The Acquisitions - A.7 Income Based Valuations” in this announcement;
“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;
“NAV”	net asset value;
“percentage ratio”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“Property Management Services Agreements”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.1 The Property Management Services Agreements” in this announcement;

“Property Management Services Framework Agreement”	the framework agreement dated 10 May 2021 (as supplemented by a supplemental agreement dated 8 November 2021) and entered into between the Company and Yuehai Property Management in relation to the provision of property management services by Yuehai Property Management and its subsidiaries to the Group. For details, please refer to the announcements of the Company dated 10 May 2021 and 8 November 2021, respectively;
“Purchasers”	Subsidiary Co A, Subsidiary Co B, Subsidiary Co C and Subsidiary Co D;
“Purchaser Group”	Subsidiary Co C and its subsidiaries;
“Qingyuan Yinzhan Reservoir Management Office”	清遠市清城區銀盞水庫管理所 (Qingyuan Qingcheng Yinzhan Reservoir Management Office*), a public institution of the People’s Government of Qingyuan Municipal;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Equity A”	the fully paid-up equity capital of RMB2,091,000 (representing 51% of the total equity interest) of Target Company A agreed to be purchased by Subsidiary Co A and agreed to be sold by Guangdong Holdings, pursuant to the terms of Agreement A;
“Sale Equity B”	the fully paid-up equity capital of RMB2,550,000 (representing 51% of the total equity interest) of Target Company B agreed to be purchased by Subsidiary Co A and agreed to be sold by Guangdong Holdings, pursuant to the terms of Agreement A;
“Sale Equity C”	the fully paid-up equity capital of RMB2,805,000 (representing 51% of the total equity interest) of Target Company C agreed to be purchased by Subsidiary Co A and agreed to be sold by Guangdong Holdings, pursuant to the terms of Agreement A;
“Sale Equity D”	the fully paid-up equity capital of RMB7,827,000 (representing approximately 51% of the total equity interest) of Target Company D agreed to be purchased by Subsidiary Co A and agreed to be sold by Guangdong Holdings, pursuant to the terms of Agreement A;
“Sale Equity E”	the fully paid-up equity capital of RMB130,000,000 (representing 100% equity interest) of Target Company E agreed to be purchased by Subsidiary Co A and agreed to be sold by Guangdong Yuehai Water, pursuant to the terms of Agreement B;

“Sale Equity F”	the fully paid-up equity capital of RMB9,900,000 (representing 99% of the total equity interest) of Target Company F agreed to be purchased by Subsidiary Co B and agreed to be sold by Guangdong Yuehai Water, pursuant to the terms of Agreement C;
“Sale Equity G”	the fully paid-up equity capital of RMB65,563,011.42 (representing 11% of the total equity interest) of Target Company G agreed to be purchased by Subsidiary Co C and agreed to be sold by Guangdong Yuehai Water, pursuant to the terms of Agreement D;
“Sale Equity H”	the fully paid-up equity capital of RMB1,100,000 (representing 11% of the total equity interest) of Target Company H agreed to be purchased by Subsidiary Co D and agreed to be sold by Guangdong Yuehai Water, pursuant to the terms of Agreement E;
“Service Fees Caps”	has the meaning ascribed to it in the announcement of the Company dated 1 September 2021 in relation to the Financial Services Framework Agreement;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Co A”	廣東粵海水務投資有限公司(Guangdong Yuehai Water Investment Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Subsidiary Co B”	深圳粵港工程技術服務有限公司(Shenzhen Yue Gang Engineering Services Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Subsidiary Co C”	Guangdong Water Holdings Limited (粵海水務控股有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
“Subsidiary Co D”	五華粵海環保有限公司(Wuhua Yuehai Environmental Protection Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;

“Support Services”	has the meaning ascribed to it in the announcement of the Company dated 29 June 2022 in relation to the Water Resources Business Support Services Framework Agreement;
“Target Company A”	中山市新涌口粵海水務有限公司 (Zhongshan Xinyongkou Yuehai Water Co., Ltd. *), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company B”	中山市南鎮粵海水務有限公司 (Zhongshan Nanzhen Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company C”	中山市橫欄粵海水務有限公司 (Zhongshan Henglan Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company D”	清遠市龍塘粵海水務有限公司 (Qingyuan Longtang Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company E”	東莞常平粵海水務有限公司 (Dongguan Changping Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company F”	東莞市常粵水務工程有限公司 (Dongguan Changyue Water Engineering Co., Ltd. *), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;

“Target Company G”	廣州南沙粵海水務有限公司(Guangzhou Nansha Yuehai Water Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Company H”	廣州南粵市政工程有限公司(Guangzhou Nanyue Municipal Engineering Co., Ltd.*), a company established in the PRC with limited liability, details of which are disclosed in the section headed “A. The Acquisitions – A.8 Information on the Target Companies” in this announcement;
“Target Companies”	Target Company A, Target Company B, Target Company C, Target Company D, Target Company E, Target Company F, Target Company G and Target Company H;
“Valuer”	深圳市鵬信資產評估土地房地產估價有限公司(Shenzhen Pengxin Appraisal Limited*), an independent professional valuer in the PRC;
“Valuation Date”	31 December 2021, being the reference date adopted by the Valuer for the valuation reports in respect of the entire equity interest of each of the Target Companies;
“Water Resources Business Support Services Agreements”	has the meaning ascribed to it under the section headed “B. Continuing connected transactions upon Completion – B.3 The Water Resources Business Support Services Agreements” in this announcement;
“Water Resources Business Support Services Framework Agreement”	the framework agreement dated 29 June 2022 and entered into between Subsidiary Co C, GH Water Supply and Guangdong Water Technology in relation to the provision of water resources business support services by the Guangdong Water Technology Group to the GDI Water Group. For details, please refer to the announcement of the Company dated 29 June 2022;
“Yuehai Property Management”	粵海物業管理有限公司(Yuehai Property Management Company Limited*), a company established in the PRC and a non-wholly owned subsidiary of Guangdong Holdings;
“Zhongshan Public Water Investment”	中山公用水務投資有限公司(Zhongshan Public Water Investment Co., Ltd.*), a company established in the PRC with limited liability; and
“%”	per cent.

** 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, 22 November 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

APPENDIX I – REPORT FROM KPMG

The following is the text of a report received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE INCOME BASED VALUATIONS OF 東莞市常粵水務工程有限公司(DONGGUAN CHANGYUE WATER ENGINEERING CO., LTD.*) and 廣州南粵市政工程有限公司(GUANGZHOU NANYUE MUNICIPAL ENGINEERING CO., LTD.*)

TO THE BOARD OF DIRECTORS OF GUANGDONG INVESTMENT LIMITED

We refer to the discounted future cash flows on which the valuations (the “**Income Based Valuations**”) dated 7 September 2022 prepared by 深圳市鵬信資產評估土地房地產估價有限公司(Shenzhen Pengxin Appraisal Limited*) in respect of the appraisals of the fair value of the entire equity interest in each of Dongguan Changyue Water Engineering Co., Ltd. and Guangzhou Nanyue Municipal Engineering Co., Ltd. as at 31 December 2021 are based. The Income Based Valuations are prepared based on the discounted future cash flows and are regarded as profit forecasts under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of Guangdong Investment Limited (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Income Based Valuations. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Income Based Valuations and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Income Based Valuations. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Income Based Valuations. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Income Based Valuations.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuations of Dongguan Changyue Water Engineering Co., Ltd. and Guangzhou Nanyue Municipal Engineering Co., Ltd. or an expression of an audit or review opinion on the Income Based Valuations.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG
Certified Public Accountants
Hong Kong

22 November 2022

** For identification purpose only*

APPENDIX II – REPORT FROM THE BOARD



GUANGDONG INVESTMENT LIMITED
(粵 海 投 資 有 限 公 司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00270)

22 November 2022

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

**Connected transactions in relation to
the acquisitions of equity interest in eight target companies**

We refer to the announcement of Guangdong Investment Limited (the “**Company**”) dated 22 November 2022 (the “**Announcement**”) in relation to, among other things, the connected transactions in relation to the acquisitions of eight target companies by the Group from Guangdong Holdings and Guangdong Yuehai Water. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to the valuation reports (the “**Valuation Reports**”) dated 7 September 2022 issued by 深圳市鵬信資產評估土地房地產估價有限公司 (Shenzhen Pengxin Appraisal Limited*), an independent professional valuer in the PRC (the “**Valuer**”) in relation to the valuations (the “**Income Based Valuations**”) of each of the entire equity interest of 東莞市常粵水務工程有限公司 (Dongguan Changyue Water Engineering Co., Ltd.*) and 廣州南粵市政工程有限公司 (Guangzhou Nanyue Municipal Engineering Co., Ltd.*). As each of the Income Based Valuations adopts the income approach, each of the Income Based Valuations is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Forecast(s)**”).

We have discussed with the Valuer about different aspects including the bases and assumptions upon which the Income Based Valuations have been prepared, and reviewed the Valuation Reports prepared by the Valuer for which the Valuer is responsible. We have also engaged KPMG to review the arithmetical accuracy of the calculations underlying each of the Forecasts, and considered the report from KPMG dated 22 November 2022 as set out in Appendix I to the Announcement.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that, having reviewed the Valuation Reports, the Forecasts were made after our due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Guangdong Investment Limited
Tsang Hon Nam
Director