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GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 270)

DISCLOSEABLE TRANSACTION

TIANJIN TEEM SHOPPING MALL PROJECT

The Board is pleased to announce that on 4 June 2009, Tianjin Teem, a subsidiary of Guangdong Teem Holdings, a subsidiary of the Company, has entered into 掛牌地塊成交確認書(Land Tender Auction Transaction Confirmation) with 天津土地交易中心(Tianjin Land Exchange Center) (the “Tianjin Land Exchange Center”) to confirm that Tianjin Teem participating in the open tender auction of the state-owned construction-use land use right of the Tianjin Land organized by the Tianjin Land Exchange Center has succeeded in its bid for the Tianjin Land. Tianjin Teem has further on the same date entered into 天津市國有建設用地使用權出讓合同(the Tianjin Municipality State-owned Construction-use Land Use Right Transfer Contract) (the “Land Transfer Contract”) with the transferor of the land. Tianjin Teem intends to develop the land into a large scale modern shopping mall; when the building is completed, another subsidiary of Guangdong Teem Holdings, Teem Department Stores, will lease part of the shopping mall to open the anchor department store there which it will operate itself (hereinafter referred to collectively as the “Tianjin Project”). Although the construction and other related contracts of the Tianjin Project will only be entered into in stages, the Company currently anticipates that the total investment of the Tianjin Project will be approximately RMB2.13 billion. The capital expenditure of the said amount of RMB2.13 billion in aggregate constitutes a discloseable transaction for the Company under the Listing Rules.

1. Introduction

Guangdong Teem Holdings, a subsidiary of the Company, was established in PRC. It holds and operates the Teemall shopping mall in Guangzhou, which is one of the most popular shopping malls in the premier area of Guangzhou. Guangdong Teem Holdings established Tianjin Teem in Tianjin to bid for the Tianjin Land and to develop the land into a large scale modern shopping mall. When the building is completed, Teem Department Stores, another subsidiary of the Guangdong Teem Holdings, will lease part of the shopping mall to open the anchor department store there which it will operate itself.

2. Tianjin Land Transfer Contract

On 4 June 2009, Tianjin Teem has entered into 掛牌地塊成交確認書(Land Tender Auction Transaction Confirmation) with the Tianjin Land Exchange Center to confirm that Tianjin Teem participating in the open tender auction of the state-owned construction-use land use right of the Tianjin Land organized by the Tianjin Land Exchange Center has succeeded in its bid for the Tianjin Land.

As the successful bidder for the Tianjin Land, Tianjin Teem has further on the same date entered into the Land Transfer Contract with the transferor of the land in accordance with the relevant requirements of the tender auction. Set out below is a summary of the principal terms of the Land Transfer Contract:-

(1) Transferor : 天津市國土資源及房屋管理局(Tianjin Municipal Bureau of Land Resources and Housing Management) (the “Tianjin Land Bureau”)

Transferee : Tianjin Teem

(2) Land : the Tianjin Land

(3) Term of the grant : 40 years from the date of actual delivery of the land

(4) Transfer Price : RMB309,000,000 including, inter alia, the land transfer fee and the municipal services infrastructure facilities fee (市政基礎設施配套費). The land transfer fee will be paid within 60 days of the date of signing of the Land Transfer Contract. The municipal services infrastructure facilities fee will be paid in accordance with the agreements to be separately entered into between the Transferee and the relevant authorities responsible for such municipal services infrastructure facilities.

(5) Other agreements :

(a) The Transferee is to enter into an agreement (the “Metro Agreement”) with 天津市地下鐵道集團有限公司(Tianjin Metro Group Co. Ltd.) (the “Tianjin Metro Co.”) in respect of the land preparation costs that have already accrued and the integration of the development with the various facilities of the metro mass transit system and will pay the land preparation costs to Tianjin Metro Co. within 60 days after the land use right is obtained.

(b) The Transferee is to enter into a demolition relocation entrustment agreement (委托拆遷協議) (the “Demolition Relocation Entrustment Agreement”) with 天津市和平區房屋拆遷安置中心(Tianjin Heping District Housing Demolition Relocation Center) (the “Demolition Relocation Center”) to entrust to the Demolition Relocation Center the carrying out of the demolition and relocation in respect of the buildings on part of the Tianjin Land and will bear the costs of the demolition and relocation in accordance with the agreement.

(6) Land use, developmental and construction :

- (a) The Transferee shall complete all the demolition relocation of the land by 30 November 2009.
- (b) Land planning conditions :
 - (i) Planning nature : For the commercial and financial sectors.
 - (ii) Building scale : Building area above ground of not exceeding 137,100 square meters, building density of not exceeding 84%, building height limit of 45 meters; and building area underground of not exceeding 56,000 square meters.
- (c) The Transferee shall commence construction within 1 year of the signing of the Land Transfer Contract.
- (d) The land development project shall be completed within 5 years of the signing of the Land Transfer Contract.
- (e) Other terms :
 - (i) The Transferee shall transfer to the relevant Tianjin municipal government departments free of charge the land use right in respect of the land of an area not less than 3,000 square meters for public transport station use in accordance with the approved planning design.
 - (ii) The commercial building of the land development shall be owned and operated by the Transferee and shall be for leasing only and not for sale. No transfer or alienation is permitted.

The Land Transfer Contract, the Metro Agreement and the Demolition Relocation Entrustment Agreement are all pursuant to the requirements of the terms and conditions of the documents for the tender auction of the Tianjian Land. The Directors are of the view that the terms of all the contracts are fair and reasonable and in the commercial interests of the Company. To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, the counterparties to all the above contracts are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The Tianjin Land Bureau is the local government authority for land resources and housing management. Tianjin Metro Co. is the company in Tianjin principally engaged in the construction and operation of the metro mass transit system. The Demolition Relocation Center is a unit under 和平區政府(Heping District Government) responsible for the demolition and relocation matters in connection with urban renewal.

3. Details of the Tianjin Project

The Tianjin Land is located at the core business area of Tianjin with high pedestrian flow. It is situated on top of the interchange station of Routes 3 and 4 of the metro mass transit lines to be built for Tianjin. It has also good road transport and population coverage. Tianjin Teem will develop the Tianjin Land into a large scale modern shopping mall with integrated leisure, entertainment and shopping facilities. According to the preliminary estimate at present, the shopping mall will have a total building area of approximately 193,100 square meters and will come into operation in about 2013. When the building is completed, Teem Department Stores will lease a portion of the shopping mall to open the anchor main department store there which it will operate itself.

4. Implementation and capital expenditure

Although the construction and other related contracts of the Tianjin Project will only be entered into in stages, the Company currently anticipates that the total investment of the Tianjin Project will be approximately RMB2.13 billion, the breakdown of which is as follows:

	RMB
Total development investment costs	
Land and other related costs	900,000,000
Infrastructure and building costs	1,200,000,000
Department store set up costs	29,500,000
Total	<u>2,129,500,000</u>

The said capital expenditure will be funded by the internal resources of Guangdong Teem Holdings and hence no additional equity injection or financing will be required from the Company.

Tianjin Teem and Teem Department Stores will go through a tender process for all the more substantial contracts (except for the Land Transfer Contract, the Metro Agreement and the Demolition Relocation Entrustment Agreement) or a price comparison process for the less significant contracts before a contract is awarded to the individual party. Two working groups will be formed to undertake each tender exercise. A working party will be established to be in charge of all documentation work and liaison with the tenderers and a tender assessment committee will be set up to assess the tenders submitted. Multiple criteria will be used in the selection of suppliers and contractors, including, among others, their technical competence, track record and financial strength as well as the suitability of their services and/or products and pricing for the relevant task.

With the above tendering and selection processes in place and after also all reasonable enquiries that will be made prior to entering into contracts in future, the Directors have reasons to believe that (i) the counterparty to the contracts and (if applicable) its ultimate beneficial owner is a third party independent of the Company and its connected persons, and (ii) the principal business of such counterparty is the provision of the materials and/or services under the Tianjin Project.

The consideration payable under contracts in respect of the Tianjin Project will be paid in cash and on an one-off or instalment basis. It is currently anticipated that after the conclusion of the contracts in respect of the Tianjin Project, a down payment equal to 10% to 30% of the contract sum may be paid to the suppliers and contractors. For agreements in relation to the construction works, progress payments will be made according to the progress of construction and the balance of 5% to 10% of the contract sums will be paid one year after the completion of construction. For machinery and equipment related agreements, 60% to 80% of the contract sum will be made upon installation and the balance will be paid upon the satisfactory commissioning and acceptance of such machinery and equipment. For the land and other related costs, they will be paid in accordance with the terms of their respective agreements.

5. Listing Rules implications

The capital expenditure of approximately RMB2.13 billion as aforesaid in aggregate constitutes a discloseable transaction for the Company under the Listing Rules. However, as stated above, the capital expenditure of RMB2.13 billion for the Tianjin Project represents the Company's current estimates. If there should be an over-run of the actual expenditure and the asset ratio or the consideration ratio under Rule 14.07 of the Listing Rules in respect of the aggregate amount of the capital expended (which are of a capital nature) under the Tianjin Project should exceed 25% as a result, the Company will comply with the applicable requirements of Chapter 14 of the Listing Rules concerning major transaction (as defined therein).

6. Reasons for and benefits of the Tianjin Project

Guangdong Teem Holdings has been operating the Guangzhou Teemall shopping mall for many years and has also been running the departmental stores business through its subsidiary, Teem Department Stores, both with very good results. It has also accumulated adequate financial and human resources. Guangdong Teem Holdings is therefore well equipped and capable to carry out the Tianjin Project on the basis of the strong foundation that it has built up over the years and thereby to open up a new revenue and profit source and increase its scale of operation. The Directors are of the view that the Tianjin Project will benefit the Group's long term development.

7. Financial effect of the Tianjin Project

After the Tianjin Project becomes operational, the Company will charge depreciation expense on the capital expenditure incurred and capitalized during the construction and set up of the project. As the property in the Tianjin Project will be owned by Tianjin Teem, a subsidiary of the Company, and also the anchor department store there will be operated by Teem Department Stores, another subsidiary of the Company, the results of the Tianjin Project will be consolidated into the Group's financial statements. The Directors believe that the Tianjin Project will enlarge the earnings base of the Group, but the results of such impact will depend on the future performance of the Tianjin Project.

8. General Information

The Directors are of the view that the Tianjin Project is in line with the business expansion strategy of the Group. The Directors believe that the terms of the relevant contracts in respect of the Tianjin Project are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Group is principally engaged in investment holding, property holding and investment, investing in infrastructure and energy projects, water supply to Hong Kong, Shenzhen and Dongguan, hotel ownership and operations, hotel management and department stores operation.

DEFINITIONS

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

“Board”	the board of Directors of the Company ;
“Company”	Guangdong Investment Limited, the issued shares of which are listed on the main board of the Stock Exchange ;
“Director(s)”	the director(s) of the Company ;
“Group”	the Company and its subsidiaries ;
“Guangdong Teem Holdings”	廣東天河城（集團）股份有限公司 (Guangdong Teem (Holdings) Limited), a company established in PRC, in which the Company holds an effective equity interest of 75.91%. It owns the Teem Plaza comprising of a shopping mall and two tower blocks;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange ;
“PRC”	The People’s Republic of China ;
“RMB”	Reminbi, the legal currency of PRC ;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited ;

“Teem Department Stores”

廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.), a company established in PRC, mainly operating department store retail business and in which Guangdong Teem Holdings holds an effective equity interest of 62%. The beneficial interest of the Company in Teem Department Stores amounts to 85.06% ;

“Tianjin Land”

the land located at the junction of 和平路 (Heping Road) and 赤峰道 (Chifeng Dao) in Tianjin with an area of 23,907.7 square meters and the state-owned construction-use land use right of which was put up for open tender auction by the Tianjin Land Exchange Center pursuant to the approval of the Tianjin Land Bureau as authorized by the 天津市人民政府 (Tianjin Municipal People’s Government) and in accordance with the applicable laws and regulations ;

“Tianjin Teem”

天津天河城購物中心有限公司 (Tianjin Teem Limited), a company established in PRC, is a wholly owned subsidiary of Guangdong Teem Holdings and the vehicle for the investment in the property development of the Tianjin Project.

By Order of the Board
LI Wenyue
Chairman

Hong Kong, 4 June 2009

As at the date of this announcement, the board of Directors of the Company comprises three Executive Directors, Mr. LI Wenyue, Mr. ZHANG Hui and Mr. TSANG Hon Nam; seven Non-Executive Directors, Mr. CHENG Mo Chi, Moses, Mr. HUANG Xiaofeng, Mr. ZHAI Zhiming, Ms. XU Wenfang, Mr. LI Wai Keung, Mr. SUN Yingming, and Ms. WANG Xiaofeng; and three Independent Non-Executive Directors, Mr. CHAN Cho Chak, John, Dr. The Honourable LI Kwok Po, David and Mr. FUNG, Daniel R.