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GUANGDONG INVESTMENT LIMITED
(粤 海 投 资 有 限 公 司)
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0270)

UNAUDITED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) is pleased to announce the unaudited financial information of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2018 (the “Period”) together with the comparative figures.

Unaudited financial highlights			
	<u>For the nine months ended 30 September</u>		
	2018	2017	Changes
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	<u>9,951,382</u>	<u>9,094,808</u>	+9.4
<i>Gain on bargain purchase</i>	<i>296,737</i>	<i>1,212,514</i>	
<i>Changes in fair value of investment properties</i>	<i>158,357</i>	<i>442,898</i>	
Profit before tax	<u>5,776,321</u>	<u>6,617,643</u>	-12.7
Profit attributable to owners of the Company	<u>4,226,821</u>	<u>4,968,677</u>	-14.9
	30 September 2018	31 December 2017	Changes
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total Assets	<u>70,203,232</u>	<u>66,539,014</u>	+5.5
Equity attributable to owners of the Company	<u>39,507,594</u>	<u>40,214,459</u>	-1.8

Notes:

- (1) *The financial information has not been audited or reviewed by the Company's auditor.*
- (2) *The financial information relating to the year ended 31 December 2017 included in this announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:*

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622). The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

- (3) *This announcement is made by the Company on a voluntary basis in order to further enhance the Company's level of corporate governance and transparency. The Company will continue to publish financial information quarterly in subsequent financial years.*

PERFORMANCE HIGHLIGHTS

The unaudited consolidated revenue of the Group for the Period was HK\$9,951 million (2017: HK\$9,095 million), an increase of 9.4% as compared with the same period last year. The growth in revenue was mainly attributable to a better performance in water resources business, electric power generation business and property investment and development business during the Period.

The unaudited consolidated profit before tax for the Period decreased by 12.7% to HK\$5,776 million (2017: HK\$6,618 million) and the unaudited consolidated profit attributable to owners of the Company for the Period decreased by 14.9% to HK\$4,227 million (2017: HK\$4,969 million). The decrease in the profit before tax and profit attributable to owners of the Company was mainly due to the absence of a one-off gain on bargain purchase of HK\$1,213 million arising from the acquisition of approximately 73.82% of the issued share capital of Guangdong Land Holdings Limited ("GD Land") recognised in the same period last year while the one-off provisional gain on bargain purchase arising from the acquisition of 100% equity interest of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd. ▲) ("GYPD") was approximately HK\$297 million during the Period. Furthermore, the net gain arising from fair value adjustments for investment properties for the Period was HK\$158 million (2017: HK\$443 million), HK\$285 million lower than that in the same period last year. Nevertheless, the decrease was partially offset by a better performance in water resources business and property investment and development business. Total interest income, finance costs and the net exchange gain of the Group for the Period amounted to HK\$362 million (2017: HK\$322 million), HK\$95 million (2017: HK\$78 million) and HK\$124 million (2017: net exchange loss of HK\$6 million), respectively.

As at 30 September 2018, the unaudited equity attributable to owners of the Company was HK\$39,508 million (31 December 2017: HK\$40,214 million (audited)), decreasing by approximately HK\$706 million during the Period. The changes for the Period mainly represented the unaudited consolidated profit for the Period attributable to owners of the Company of HK\$4,227 million, the other comprehensive loss of HK\$1,741 million in relation to the exchange differences on translation of foreign operations as a result of Renminbi depreciation and dividends distributed during the Period of HK\$3,269 million.

A summary of the performance of the Group's major businesses during the Period is set out as follows:

Water Resources

Dongshen Water Supply Project

Total volume of water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 1.621 billion tons (2017: 1.411 billion tons), increasing by 14.9% and generating a revenue of HK\$5,016 million (2017: HK\$4,839 million), an increase of 3.7% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 0.3% to HK\$3,921 million (2017: HK\$3,909 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period increased by 17.7% to HK\$1,095 million (2017: HK\$930 million). The profit before tax for the Period, excluding net exchange differences and net interest income, of the Dongshen Water Supply Project was HK\$3,280 million (2017: HK\$3,240 million), 1.2% higher than that in the same period last year.

Other Water Resources Projects

Apart from the Dongshen Water Supply Project, the Group has a number of subsidiaries and associates which are principally engaged in water distribution, sewage treatment operation and waterworks construction in the People's Republic of China ("PRC").

During the Period, the Group entered into service concession agreements for new construction and expansion of existing sewage treatment plants in Meizhou, Guangdong Province. In addition, the Group successfully bid for six new water resources projects and the construction of related water pipe networks and ancillary facilities in Yangjiang, Yangshan, Renhua and Wuchuan in Guangdong Province and Enshi in Hubei Province. The expected total investment amount of the new and expansion projects are RMB4,093 million (equivalent to approximately HK\$4,651 million).

As at 30 September 2018, the total designed water supply capacity of the water supply plants and the total designed waste water processing capacity of the sewage treatment plants of the Group's Other Water Resources Projects are 6,004,000 tons per day (31 December 2017: 5,604,000 tons per day) and 1,025,000 tons per day (31 December 2017: 686,000 tons per day), respectively.

Capacity of Water Resources Projects in Operation

- The water supply capacity of the water supply plants operated by each of the subsidiaries of the Company, namely, 東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.[▲]), 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.[▲]), 儀征港儀供水有限公司 (Yizheng Gangyi Water Supply Company Limited[▲]), 高郵港郵供水有限公司 (Gaoyou Gangyou Water Supply Company Limited[▲]), 寶應粵海水務有限公司 (Baoying Yuehai Water Company Limited[▲]), 海南儋州自來水有限公司 (Hainan Danzhou Tap Water Company Limited[▲]), 梧州粵海江河水務有限公司 (Wuzhou Yuehai Jianghe Water Company Limited[▲]), Zhaoqing HZ GDH Water Co., Ltd., 遂溪粵海水務有限公司 (Suixi Guangdong Water Company Limited[▲]), 海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Company Limited[▲]), 豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd.[▲]) and 盱眙粵海水務有限公司 (Xuyi Guangdong Water Company Limited[▲]) is 290,000 tons, 310,000 tons, 150,000 tons, 145,000 tons, 130,000 tons, 100,000 tons, 355,000 tons, 150,000 tons, 50,000 tons, 50,000 tons, 73,500 tons and 150,000 tons per day, respectively, totaling 1,953,500 tons per day (2017: 1,530,000 tons per day).

- The waste water processing capacity of the sewage treatment plants operated by each of the subsidiaries of the Company, namely, 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲), 梧州粵海環保發展有限公司 (Wuzhou Yuehai Huanbao Fazhan Company Limited▲), 東莞市常平金勝水務有限公司 (Dongguan Changping Jinsheng Water Co., Ltd.▲), 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.▲), 五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.▲), 東莞市道滘鴻發污水處理有限公司 (Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.▲), 興寧粵海環保有限公司 (Xingning Yuehai Huanbao Co., Ltd.▲), 開平粵海污水處理有限公司 (Kaiping Yuehai Sewage Treatment Co., Ltd.▲), 五華粵海清源環保有限公司 (Wuhua Yuehai Qingyuan Huanbao Co., Ltd.▲) and 汕尾粵海環保有限公司 (Shanwei Yuehai Huanbao Co., Ltd.▲) is 100,000 tons, 90,000 tons, 70,000 tons, 50,000 tons, 40,000 tons, 40,000 tons, 3,000 tons, 25,000 tons, 15,000 tons and 30,000 tons per day, respectively, totaling 463,000 tons per day (2017: 418,000 tons per day).
- The water supply capacity of the water supply plants operated by Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd., 廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd.▲) and 汕頭市粵海水務有限公司 (Shantou Guangdong Water Company Limited▲), being associates of the Company, is 520,000 tons, 400,000 tons and 920,000 tons per day, respectively, totaling 1,840,000 tons per day (2017: 920,000 tons per day).

Capacity of Water Resources Projects under Construction

- The water supply capacity of the water supply plants under construction of each of the subsidiaries of the Company, namely, 高州粵海水務有限公司 (Gaozhou Guangdong Water Company Limited▲), Zhaoqing HZ GDH Water Co., Ltd., 遂溪粵海水務有限公司 (Suixi Guangdong Water Company Limited▲) and 雲浮粵海水務有限公司 (Yunfu Guangdong Water Company Limited▲) is 100,000 tons, 50,000 tons, 20,000 tons and 50,000 tons per day, respectively, totaling 220,000 tons per day.
- The waste water processing capacity of the sewage treatment plants under construction of each of the subsidiaries of the Company, namely, 五華粵海綠源環保有限公司 (Wuhua Yuehai Luyuan Huanbao Co., Ltd.▲), 大埔粵海環保有限公司 (Dapu Guangdong Huanbao Co., Ltd.▲), 海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Company Limited▲), 梧州粵海環保發展有限公司 (Wuzhou Yuehai Huanbao Fazhan Company Limited▲) and 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲) is 11,000 tons, 22,000 tons, 20,000 tons, 50,000 tons and 150,000 tons per day, respectively, totaling 253,000 tons per day.

Revenue of Other Water Resources Projects for the Period in aggregate amounted to HK\$1,251,793,000 (2017: HK\$1,089,403,000), increasing by 14.9% over the same period last year. The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$237,540,000 (2017: HK\$188,101,000) in aggregate, 26.3% higher than that in the same period last year.

Property Investment and Development

Mainland China

Teem Plaza

As at 30 September 2018, the Group held an effective interest of 76.13% in 廣東天河城(集團)股份有限公司 (Guangdong Teem (Holdings) Limited[▲]) (“GD Teem”), the property owner of Teem Plaza. Teem Plaza comprises a shopping mall, an office building and a hotel. The shopping mall and the office building are held for investment purposes by the Group.

Revenue of Teem Plaza comprises rental and property management fee income from both the shopping mall (including rentals from the department stores operated by the Group) and the office building. During the Period, revenue of Teem Plaza increased by 8.9% to HK\$907,673,000 (2017: HK\$833,471,000). The profit before tax for the Period, excluding changes in fair value of investment properties and net interest income, increased by 8.7% to HK\$620,710,000 (2017: HK\$570,869,000).

The shopping mall, known as the Teemall, had an average occupancy rate of nearly 99.9% during the Period (2017: 99.9%). The mall is successful in retaining existing brand-name tenants and attracting new ones.

The office building, known as Teem Tower, with an average occupancy rate of 98.4% (2017: 91.5%) during the Period, had a total revenue for the Period of HK\$160,801,000 (2017: HK\$144,103,000), increasing by 11.6%. The profit before tax for the Period, excluding changes in fair value of investment properties, increased by 18.3% to HK\$139,435,000 (2017: HK\$117,859,000).

Tianjin Teem Shopping Mall

The Group held an effective interest of 76.02% in Tianjin Teem Shopping Center Co., Ltd. (“Tianjin Teem”), the property owner of Tianjin Teem Shopping Mall. Tianjin Teem Shopping Mall, with a total gross floor area (“GFA”) of approximately 205,000 square meters (“sq. m.”), of which 140,000 sq. m. was held for rental purposes, is situated at a convenient location above underground railroads and is one of the leading shopping and leisure destinations in the renowned “Binjiang Dao - Heping Road” Commercial District in Tianjin.

Tianjin Teem Shopping Mall opened in June 2017 and with encouraging response from tenants ranging from local enterprises to well-known multinationals, the mall had an average occupancy rate of 97.9% (2017: 96.0%) during the Period. Revenue of Tianjin Teem Shopping Mall for the Period was HK\$125,886,000 (including rentals from the department stores operated by the Group) (2017: HK\$42,117,000). The profit before tax of Tianjin Teem Shopping Mall for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$31,690,000 (2017: loss before tax of HK\$4,185,000).

Panyu Wanbo CBD Project

The Group’s effective interest in 廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited[▲]) (“Wanye”) is 31.06%. 廣州天河城投資有限公司 (Guangzhou Tianhecheng Investment Co., Ltd.[▲]), a 60%-owned subsidiary of GD Teem, directly holds a 68% interest in Wanye.

Wanye owns a parcel of land in 番禺萬博中央商務區 (Panyu Wanbo Central Business District), which is designated to be a new commercial area in Guangzhou. Based on the Group's current development plan, this parcel of land is being developed into a large-scale integrated commercial project with a total GFA of approximately 385,000 sq. m. of which properties with GFA of approximately 152,000 sq. m. and 104,000 sq. m. will be held for sale and for rental purposes, respectively, upon their completion. As at 30 September 2018, the cumulative land and development cost incurred by the Group for Panyu Wanbo CBD Project amounted to approximately HK\$3,103 million (31 December 2017: HK\$3,196 million).

GD Land

The Company's effective interest in GD Land is approximately 73.82%. GD Land holds a 100% interest in the Buxin Project, which is a multi-functional commercial complex with jewelry as the main theme, located in Buxin Area, Luohu, Shenzhen, the PRC. The total site area of the Buxin Project amounts to approximately 66,526 sq. m., and the GFA included in the calculation of plot ratio amounts to approximately 432,051 sq. m.. In addition, an underground area of 30,000 sq. m. could be developed for commercial use. The Buxin Project, which is in close proximity to the urban highway and subway station as well as adjoining Weiling Park, is surrounded by several municipal parks within a radius of 1.5 km, possessing convenient transportation and superb landscape resources.

The Northwestern Land, which is under the first phase of the development of the Buxin Project, has a GFA of approximately 166,000 sq. m., of which the total saleable GFA is approximately 116,000 sq. m.. Based on GD Land's current development plan, except for the underground car-parking spaces, properties built on the Northwestern Land under the first phase of development will be for sale upon completion. During the Period, construction of properties on the Northwestern Land was on track and the main structures of four buildings have been constructed up to 25-35 floors, respectively. The design plan for the Southern Land and the Northern Land under the second phase of the development of the Buxin Project has been completed. GD Land plans to build, among others, office buildings with a height of approximately 180 meters and 300 meters, respectively, as well as a shopping mall across the Southern Land and the Northern Land.

As at 30 September 2018, the cumulative land and development costs and fees incurred by the Group for the Buxin Project amounted to approximately HK\$7,456 million (31 December 2017: approximately HK\$7,723 million).

On 27 April 2018, the Group entered into an agreement with 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.[▲]) and 廣東粵港投資置業有限公司 (Guangdong Yuegang Investment Property Co., Ltd.[▲]), fellow subsidiaries of the Company, to acquire 100% equity interest in GYPD, which principally engages in property development of Baohuaxuan Project and Zhuguanglu Project in the PRC, at a consideration of RMB1,200,490,000 (equivalent to approximately HK\$1,485,939,000 (subject to adjustment)) and to procure GYPD to repay outstanding loans, together with accrued interest up to and including 31 March 2018, with an aggregate amount of approximately RMB842,139,000 (equivalent to approximately HK\$1,042,381,000). Further details of the transaction are set out in the circular of GD Land dated 18 May 2018. The transaction was completed on 11 July 2018 and a provisional gain on bargain purchase of approximately HK\$297 million (2017: Nil) was recognised in the statement of profit or loss during the Period.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2017: 100%). The total revenue for the Period decreased by 0.2% to HK\$41,590,000 (2017: HK\$41,680,000).

Department Store Operation

As at 30 September 2018, the Group operated nine stores with a total leased area of approximately 176,200 sq. m. (31 December 2017: 183,400 sq. m.). The total revenue for the Period increased by 4.1% to HK\$570,712,000 (2017: HK\$548,398,000). The profit before tax for the Period increased by 2.9% to HK\$210,177,000 (2017: HK\$204,296,000).

The revenue of the nine stores operated by the Group for the nine months ended 30 September 2018 was as follows:

	Leased area sq. m.	Revenue for the nine months ended 30 September		Changes %
		2018 HK\$'000	2017 HK\$'000	
Teemall Store	40,200	389,423	374,499	+4.0
Wan Bo Store	19,600	67,112	64,412	+4.2
Ming Sheng Store	13,300	34,554	36,758	-6.0
Dong Pu Store	28,300	39,136	36,279	+7.9
Ao Ti Store	21,500	30,990	28,560	+8.5
Dongguan Store	9,800	2,571	2,332	+10.2
Nanhai Store	28,400	2,210	2,475	-10.7
Yuehaiyangzhong Hui Store	7,500	2,107	1,302	+61.8
Tianjin Teem Store (opened in June 2017)	<u>7,600</u>	<u>2,609</u>	<u>1,781</u>	<u>+46.5</u>
	<u>176,200</u>	<u>570,712</u>	<u>548,398</u>	<u>+4.1</u>

The Group's effective interest in 廣東永旺天河城商業有限公司 (Guangdong Aeon Teem Co., Ltd.▲) ("GD Aeon Teem") is 26.65%. The Group's share of profit in GD Aeon Teem amounted to HK\$11,768,000 (2017: HK\$2,569,000) during the Period.

Hotel Ownership, Operation and Management

As at 30 September 2018, the Group's hotel management team managed a total of 34 hotels (31 December 2017: 32 hotels). As at 30 September 2018, five star-rated hotels were owned by the Group. Of these five hotels, four were managed by our hotel management team with the exception of the one located at Guangzhou, namely Sheraton Guangzhou Hotel, which was managed by Sheraton Overseas Management Corporation.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$1,247 (2017: HK\$1,165) whereas the average room rate of the remaining four star-rated hotels was HK\$728 (2017: HK\$653). The average occupancy rate of Sheraton Guangzhou Hotel was 92.7% (2017: 89.6%) and that of the other four star-rated hotels was 76.8% (2017: 78.9%) during the Period.

The revenue of hotel ownership, operation and management business for the Period increased by 7.0% to HK\$507,086,000 (2017: HK\$473,976,000). The profit before tax for the Period, excluding the net exchange differences, increased by 10.9% to HK\$118,816,000 (2017: HK\$107,118,000).

Energy Projects

Zhongshan Power Project

中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.[▲]) has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the Period amounted to 2,162 million kwh (2017: 1,848 million kwh), increasing by 17.0%. As a result, revenue of Zhongshan Power Project (including intersegment sales) generated from electricity sales and related operations for the Period increased by 28.9% to HK\$1,198,568,000 (2017: HK\$929,989,000). However, the growth was partially offset by the significant increase in coal price and other overheads. The profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$148,443,000 (2017: HK\$130,515,000), an increase of 13.7%.

Guangdong Yudean Jinghai Power Generation Co., Ltd. (“Yudean Jinghai Power”)

The Group’s effective interest in Yudean Jinghai Power is 25%. As at 30 September 2018, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the Period amounted to 10,475 million kwh (2017: 9,575 million kwh), an increase of 9.4%. Revenue for the Period increased by 13.3% to HK\$4,519,119,000 (2017: HK\$3,990,364,000).

The profit before tax of Yudean Jinghai Power for the Period was HK\$163,038,000 (2017: HK\$251,680,000). The Group’s share of profit in Yudean Jinghai Power amounted to HK\$30,570,000 (2017: HK\$48,421,000) during the Period.

Road and Bridge

Xingliu Expressway

廣西新長江高速公路有限責任公司 (Guangxi Xinchangjiang Gonglu Company Limited[▲]) (“Xinchangjiang Company”) is principally engaged in the operation of the Xingliu Expressway. The Xingliu Expressway comprises a main line which is approximately 100 km in length and three connection lines (to Xingye, Guigang and Hengxian) with an aggregate length of approximately 53 km.

The average daily traffic flow of the Xingliu Expressway was 26,808 vehicle trips during the Period (2017: 25,160 vehicle trips), increasing by 6.6%. The revenue of Xinchangjiang Company during the Period amounted to HK\$562,647,000 (2017: HK\$507,922,000), increasing by 10.8%. Profit before tax during the Period amounted to HK\$348,102,000 (2017: HK\$309,304,000), increasing by 12.5%.

Yinping PPP Project

On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 (Dongguan City Xiegang Town People's Government) (the "Xiegang Government") in respect of a public-private-partnership project (the "Yinping PPP Project") for the development of certain A-grade highways, connecting roads and municipal roads (not being toll roads) (each a "Project Road" and together, the "Project Roads") and the related ancillary support services such as drainage, greening and lighting in 銀瓶創新區 (Yinping Innovation Zone) in Dongguan, Guangdong, the PRC. The Company had established Dongguan Yuehai Yinping Development and Construction Limited ("Yuehai Yinping"), a wholly-owned subsidiary of the Company, to perform the Company's obligations in the Yinping PPP Project.

During the period of construction of the Project Roads (the "Development Period"), the Group shall be responsible for providing funding for the development of the Project Roads (the "Development Costs") depending on the overall development plan and progress of Yinping Innovation Zone in phases with the total Development Costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.402 billion). The Xiegang Government shall pay the Development Costs by 10 annual instalments throughout the maintenance period, being ten years (the "Maintenance Period") from the acceptance of the Project Roads by the Xiegang Government.

During the Development Period, the Group would be entitled to an accrued interest at 8% (compounded annually) from the date of each amount disbursed by Yuehai Yinping that constitutes the Development Costs for such Project Roads until the end of the Development Period of the relevant Project Roads. This amount (the "Accrued Interest Amount") will be paid by 10 annual instalments throughout the Maintenance Period. In addition, a management fee (the "Management Fee") equal to 2.5% of the Development Costs will be payable by 10 annual instalments throughout the Maintenance Period and an annual maintenance fee equal to 1.1% of the total Development Costs, will be payable annually over the Maintenance Period by the Xiegang Government. The aggregate of the then outstanding Development Costs, the Accrued Interest Amount and the Management Fee are calculated on an accrued interest at 8% per annum on a reducing balance basis over the Maintenance Period.

As at 30 September 2018, three Project Roads were under construction. The Accrued Interest Amount and Management Fee of Yuehai Yinping recognised during the Period amounted to HK\$9,718,000 in total (2017: Nil) and profit before tax during the Period amounted to HK\$1,014,000 (2017: loss before tax of HK\$5,280,000).

PROSPECTS

Certain political and economic uncertainties such as China-U.S. trade conflict, disorderly Brexit, Italy's widening budget deficit and pressure on emerging market economies may lead to obstacles in sustainable global economic growth. We believe the above mentioned factors have had no significant negative impact on the Group's core business operations. The Group will continue to closely monitor global political and economic policy changes as well as capital markets trends, seek business expansion opportunities while ensuring a steady growth of its businesses.

The Group will continue to monitor investment opportunities in the areas of water resources management, properties and infrastructure development. Meanwhile, the Group will also monitor potential opportunities involving public-private-partnership projects and "The Greater Bay Area Initiative" to further enhance the Company's financial performance and ensure sustainable growth.

REVIEW OF UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group for the nine months ended 30 September 2018 has been reviewed by the Audit Committee of the Company.

CAUTION STATEMENT

Shareholders of the Company and potential investors should note that all the information contained in this announcement has not been audited. Accordingly, any information contained in this announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the nine months ended 30 September 2018.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 26 October 2018

▲ *The English names are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HUANG Xiaofeng, Mr. WEN Yinheng, Mrs. HO LAM Lai Ping, Theresa and Mr. TSANG Hon Nam; five Non-Executive Directors, namely, Mr. CAI Yong, Mr. ZHANG Hui, Ms. ZHAO Chunxiao, Mr. LAN Runing and Mr. LI Wai Keung; and five Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Dr. the Honourable LI Kwok Po, David, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses and Mr. WU Ting Yuk, Anthony.