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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)**

**UNAUDITED FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020**

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 three months ended 31 March 2020 (the “Period”) together with the comparative figures.

<b>Unaudited financial highlights</b>			
	<b>For the three months ended 31 March</b>		
	<b>2020</b>	<b>2019</b>	<b>Changes</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>3,415,246</b>	<b>3,394,561</b>	<b>+0.6</b>
<i>Changes in fair value of investment properties</i>	<i>(185,449)</i>	<i>34,573</i>	
<b>Profit before tax</b>	<b>1,386,877</b>	<b>1,778,231</b>	<b>-22.0</b>
<b>Profit attributable to owners of the Company</b>	<b>986,163</b>	<b>1,196,575</b>	<b>-17.6</b>
	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>Changes</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Total Assets</b>	<b>77,150,801</b>	<b>76,424,494</b>	<b>+1.0</b>
<b>Equity attributable to owners of the Company</b>	<b>41,410,128</b>	<b>41,156,367</b>	<b>+0.6</b>

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 2019 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 will deliver the consolidated financial statements for the year ended 31 December 2019 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 outbreak of the “new Coronavirus (COVID-19) pneumonia” epidemic (the “Epidemic”) has caused adverse impact on the macro economy in China as well as countries across the world. Many of the Group's businesses have experienced varying degrees of impact. Nevertheless, the operation of Group's core business, water resources management business, remains stable.

The unaudited consolidated revenue of the Group for the Period was HK\$3,415 million (2019: HK\$3,395 million), an increase of 0.6% as compared with the same period last year. The increase in revenue was mainly attributable to a better performance in water resources business and sale of properties business during the Period.

The unaudited consolidated profit before tax for the Period decreased by 22.0% to HK\$1,387 million (2019: HK\$1,778 million), which is primarily caused by a decrease in fair value of the Group's investment properties as mainly affected by the Epidemic during the Period. The net deficit arising from fair value adjustments for investment properties was HK\$185 million (2019: net surplus of HK\$35 million), causing a reduction in profit before tax by HK\$220 million for the Period. Furthermore, the performance in department store operation business, hotel ownership, operation and management business and infrastructure business for the Period had also been adversely affected by the Epidemic. The net exchange gain of the Group for the Period amounted to HK\$66 million (2019: net exchange loss of HK\$10 million), HK\$76 million higher than that in the same period last year. Total interest income and the changes in fair value of financial assets at fair value through profit or loss, net of finance cost of the Group for the Period decreased by 57.3% to HK\$32 million (2019: HK\$75 million). The unaudited consolidated profit attributable to owners of the Company for the Period decreased by 17.6% to HK\$986 million (2019: HK\$1,197 million).

Although the Epidemic has had an adverse impact on the Group, the fundamentals of the Group have not changed and our financial position remains strong. The Company believes that such impact is temporary, and with the gradual easing and cessation of the Epidemic, operations will return to normal. The Company remains firmly confident that the Group will maintain steady development in the middle and long-term.

As at 31 March 2020, the unaudited equity attributable to owners of the Company was HK\$41,410 million (31 December 2019: HK\$41,156 million (audited)), increasing by approximately HK\$254 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\$986 million and the other comprehensive loss of HK\$741 million in relation to the exchange differences on translation of foreign operations as a result of RMB depreciation.

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 511 million tons (2019: 543 million tons), decreasing by 5.9%, generating a revenue of HK\$1,589 million (2019: HK\$1,656 million), a decrease of 4.0% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 0.3% to HK\$1,315 million (2019: HK\$1,311 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period decreased by 20.6% to HK\$274 million (2019: HK\$345 million) was mainly due to the decrease of water supply volume by 15.8%. The profit before tax for the Period, excluding net exchange differences and net interest income, of the Dongshen Water Supply Project was HK\$1,081 million (2019: HK\$1,097 million), 1.5% lower 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 (the "PRC").

As at 31 March 2020, 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 9,023,000 tons per day (31 December 2019: 9,003,000 tons per day) and 1,331,000 tons per day (31 December 2019: 1,331,000 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.▲), 盱眙粵海水務有限公司 (Xuyi Guangdong Water Company Limited▲), 高州粵海水務有限公司 (Gaozhou Guangdong Water Company Limited▲) and 江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries ("Jiangxi Guangdong Group") is 290,000 tons, 310,000 tons, 150,000 tons, 100,000 tons, 130,000 tons, 100,000 tons, 355,000 tons, 120,000 tons, 70,000 tons, 50,000 tons, 73,500 tons, 150,000 tons, 100,000 tons and 650,000 tons per day, respectively, totaling 2,648,500 tons per day (2019: 1,953,500 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.▲), 汕尾粵海環保有限公司 (Shanwei Yuehai Huanbao Co., Ltd.▲), 五華粵海綠源環保有限公司 (Wuhua Yuehai Luyuan Huanbao Co., Ltd.▲), 六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Company Limited▲), Jiangxi Guangdong Group and 昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd.▲) is 100,000 tons, 140,000 tons, 70,000 tons, 50,000 tons, 40,000 tons, 40,000 tons, 3,000 tons, 25,000 tons, 15,000 tons, 30,000 tons, 11,000 tons, 115,000 tons, 81,000 tons and 15,000 tons per day, respectively, totaling 735,000 tons per day (2019: 463,000 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 (2019: 1,840,000 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, 雲浮粵海水務有限公司 (Yunfu Guangdong Water Company Limited▲), 恩施粵海正源水務有限公司 (Enshi Guangdong Zheng Yuan Water Company Limited▲), Jiangxi Guangdong Group, 高郵港郵供水有限公司 (Gaoyou Gangyou Water Supply Company Limited▲), 湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Company Limited▲), 邳州粵海水務有限公司 (Pizhou Guangdong Water Company Limited▲) and 荔浦粵海水務有限公司 (Lipu Guangdong Water Company Limited▲) is 50,000 tons, 400,000 tons, 80,000 tons, 50,000 tons, 1,060,000 tons, 250,000 tons and 80,000 tons per day, respectively, totaling 1,970,000 tons per day .
- The waste water processing capacity of the sewage treatment plants under construction of each of the subsidiaries of the Company, namely, 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▲), 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲), 韶關粵海綠源環保有限公司 (Shaoguan Yuehai Luyuan Huanbao Co., Ltd.▲), 陽山粵海環保有限公司 (Yangshan Guangdong Huanbao Co., Ltd.▲), 陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲), 吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲) and 潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Company Limited▲) is 22,000 tons, 20,000 tons, 150,000 tons, 28,500 tons, 35,300 tons, 20,000 tons, 25,000 tons and 20,000 tons per day, respectively, totaling 320,800 tons per day.
- The water supply capacity of the water supply plants under construction of the associate of the Company, namely, 興化粵海水務有限公司 (Xinghua Guangdong Water Company Limited▲) is 430,000 tons per day.

Revenue of Other Water Resources Projects for the Period in aggregate amounted to HK\$651,741,000 (2019: HK\$421,383,000), increasing by 54.7% over the same period last year. The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched and increase in construction revenue from those projects under construction. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$132,441,000 (2019: HK\$61,268,000) in aggregate, 116.2% higher than that in the same period last year.

## *New Water Resources Project*

After the end of the reporting period, the Group entered into a supplemental concession agreement for construction of a new water supply plant located in Fengshun City, Guangdong Province, the PRC, with designed water supply capacity of 146,000 tons per day, and the expected investment amount of the project is approximately RMB497 million (equivalent to approximately HK\$544 million).

## **Property Investment and Development**

### *Mainland China*

#### *GDH Teem*

As at 31 March 2020, the Group held an effective interest of 76.13% in 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited<sup>▲</sup>) (“GDH 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 GDH Teem’s property investment business mainly 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 of Teem Plaza. During the Period, revenue of GDH Teem decreased by 6.3% to HK\$280,242,000 (2019: HK\$299,023,000), which was mainly caused by decrease in the HK\$ equivalent of profit from rental operation as a result of decrease in average exchange rate of RMB of 4.3% compared with that in the same period last year, and the rental concession granted to tenants following the Epidemic. Due to the exemption of real estate tax and certain cost saving, the profit before tax for the Period, excluding changes in fair value of investment properties and net interest income, increased by 2.5% to HK\$210,311,000 (2019: HK\$205,134,000).

The shopping mall of Teem Plaza, known as the Teemall, had an average occupancy rate of nearly 99.9% during the Period (2019: 99.9%). The mall is successful in retaining existing brand-name tenants and attracting new ones.

The office building of Teem Plaza, known as Teem Tower, with an average occupancy rate of 96.9% (2019: 97.1%) during the Period, had a total revenue for the Period of HK\$50,625,000 (2019: HK\$53,716,000), decreasing by 5.8%. The profit before tax for the Period, excluding changes in fair value of investment properties, increased by 9.2% to HK\$48,772,000 (2019: HK\$44,674,000).

#### *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<sup>▲</sup>) (“Wanye”) is 31.06%. 廣州天河城投資有限公司 (Guangzhou Tianhecheng Investment Co., Ltd.<sup>▲</sup>), a 60%-owned subsidiary of GDH Teem, directly holds 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 gross floor area (“GFA”) of approximately 385,000 square meters (“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 31 March 2020, the cumulative land and development cost incurred by the Group for Panyu Wanbo CBD Project amounted to approximately HK\$3,174 million (31 December 2019: approximately HK\$3,230 million).

The pre-sale of the commercial residential units and offices of Panyu Wanbo CBD Project had commenced in 2018, with contracts signed for accumulated GFA of approximately 90,000 sq.m. as at 31 March 2020 (31 December 2019: approximately 89,000 sq.m.).

As at 31 March 2020, accumulated GFA of approximately 27,900 sq. m. (31 December 2019: approximately 27,900 sq. m.) had been delivered to customers. Loss before tax for Panyu Wanbo CBD Project for the Period, excluding changes in fair value of investment properties and net interest income amounted to HK\$5,342,000 (2019: HK\$7,565,000).

### *Tianjin Teem Shopping Mall*

The Group held an effective interest of 76.02% in Tianjin YueHai Teem Shopping Center Co., Ltd., the property owner of Tianjin Teem Shopping Mall. Tianjin Teem Shopping Mall, with a total GFA of approximately 205,000 sq. m., of which 145,000 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, with tenants ranging from local enterprises to well-known multinationals, had a lower average occupancy rate of 92.0% (2019: 97.1%) as compared with same period last year arising from certain lease terminations during the Epidemic. Revenue of Tianjin Teem Shopping Mall for the Period was HK\$41,517,000 (2019: HK\$44,711,000), decreasing by 7.1%. 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\$18,589,000 (2019: HK\$13,521,000), increasing by 37.5% mainly due to certain cost saving outweighing the decrease in revenue.

### *GD Land*

The Company’s effective interest in Guangdong Land Holdings Limited (“GD Land”) is approximately 73.82%. GD Land holds a 100% interest in the GDH City Project, which is a multi-functional commercial complex with jewelry as the main theme, located in Luohu District, Shenzhen City, the PRC. As at 31 March 2020, the cumulative development costs and direct expenses incurred by the Group for the GDH City Project amounted to approximately HK\$8,689 million (31 December 2019: approximately HK\$8,815 million).

In relation to the property sale of the GDH City Project, the pre-sale of the properties with total GFA of approximately 116,000 sq. m. in the Northwestern Land had commenced in December 2018. As at 31 March 2020, accumulated GFA with contracts signed amounted to approximately 16,880 sq. m. (31 December 2019: approximately 15,660 sq.m.).

GD Land holds a 100% interest in the Laurel House Project located in Yuexiu District, Guangzhou City, the PRC. The Laurel House Project includes residential units, commercial properties and car-parking spaces, among which all the residential units and some of the car-parking spaces are for sale, while the remaining properties are for lease.

The sale of the residential units with total GFA of approximately 65,636 sq. m. under the Laurel House Project commenced in November 2018. As at 31 March 2020, the accumulated GFA of the residential units under the Laurel House Project which had been delivered to customers amounted to approximately 27,408 sq. m. (31 December 2019: approximately 22,718 sq. m.).

GD Land also holds a 100% interest in the Chenyuan Road Project, which is located in Pengjiang District, Jiangmen City, the PRC, with a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of plot ratio of approximately 164,216 sq. m.. The proposed types of properties, including residential units, commercial units and car parking spaces, will all be for sale.

Revenue of GD Land for the Period increased by 143.4% to HK\$441,053,000 (2019: HK\$181,179,000), of which sales of properties amounted to HK\$437,391,000 (2019: HK\$180,171,000). The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$19,814,000 (2019: HK\$4,836,000).

## ***Hong Kong***

### *Guangdong Investment Tower*

The average occupancy rate of Guangdong Investment Tower for the Period was 100.0% (2019: 99.5%). The total revenue for the Period increased by 2.7% to HK\$14,867,000 (2019: HK\$14,475,000).

## **Department Store Operation**

As at 31 March 2020, the Group operated seven stores with a total leased area of approximately 135,600 sq. m. (31 December 2019: 136,000 sq. m.). The total revenue for the Period decreased by 47.3% to HK\$112,123,000 (2019: HK\$212,598,000). The profit before tax for the Period decreased by 76.3% to HK\$23,293,000 (2019: HK\$98,225,000). The decrease in total revenue and profit before tax for the Period was mainly due to reduced foot traffic and sales volume as a result of the Epidemic.

The revenue of the stores operated by the Group for the three months ended 31 March 2020 was as follows:

	Leased area sq. m.	Revenue for the three months ended 31 March		Changes %
		2020 HK\$'000	2019 HK\$'000	
Teemall Store	39,500	70,614	148,684	-52.5
Wan Bo Store	19,600	12,590	24,109	-47.8
Ming Sheng Store	11,900	4,654	13,026	-64.3
Dong Pu Store	28,300	16,538	13,398	+23.4
Ao Ti Store	21,500	7,054	11,814	-40.3
Dongguan Store	9,800	558	997	-44.0
Nanhai Store	5,000	115	570	-79.8
	<u>135,600</u>	<u>112,123</u>	<u>212,598</u>	<u>-47.3</u>

## Hotel Ownership, Operation and Management

As at 31 March 2020, the Group's hotel management team managed a total of 34 hotels (31 December 2019: 35 hotels), of which three were located in Hong Kong, one in Macau and 30 in Mainland China. As at 31 March 2020, five star-rated hotels, of which two in Hong Kong, one in each of Shenzhen, Guangzhou and Zhuhai, were owned by the Group. Of these five hotels, four were managed by our hotel management team with the exception of the one located in 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\$1,054 (2019: HK\$1,223) whereas the average room rate of the remaining four star-rated hotels was HK\$386 (2019: HK\$784). The average occupancy rate of Sheraton Guangzhou Hotel was 31.4% (2019: 93.9%) and that of the other four star-rated hotels was 31.4% (2019: 77.8%) during the Period.

The Epidemic has led to global travel bans and overall demand for accommodation has declined significantly. Accordingly, the revenue of hotel ownership, operation and management business for the Period decreased by 69.6% to HK\$50,232,000 (2019: HK\$165,024,000). The loss before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$34,241,000 (2019: profit before tax, excluding net exchange differences, of HK\$43,180,000).

## Energy Projects

### *Zhongshan Energy Project*

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds a 75% interest in 中山粤海能源有限公司 (Zhongshan GDH Energy Co., Ltd.<sup>▲</sup>) ("Zhongshan Energy"). Zhongshan Energy has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the Period amounted to 496 million kwh (2019: 493 million kwh), increasing by 0.6%. Due to the decrease in electricity tariff and decline in the steam demand as a result of the Epidemic, revenue of Zhongshan Energy Project (including intersegment sales) generated from electricity sales, steam sales and related operations for the Period decreased by 13.5% to HK\$246,064,000 (2019: HK\$284,357,000). The profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$31,764,000 (2019: HK\$51,548,000), a decrease of 38.4%.

### *Guangdong Yudean Jinghai Power Generation Co., Ltd. ("Yudean Jinghai Power")*

The Group's effective interest in Yudean Jinghai Power is 25%. As at 31 March 2020, 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 1,776 million kwh (2019: 2,284 million kwh), a decrease of 22.2%. Due to the decline in the electricity demand as a result of the Epidemic, revenue for the Period decreased by 19.9% to HK\$793,597,000 (2019: HK\$991,308,000). The profit before tax of Yudean Jinghai Power for the Period was HK\$831,000 (2019: HK\$58,561,000), a decrease of 98.6%. The Group's share of profit in Yudean Jinghai Power amounted to HK\$156,000 (2019: HK\$10,819,000) during the Period, a decrease of 98.6%.

## Road and Bridge

### *Xingliu Expressway*

廣西粵海高速公路有限公司 (Guangxi GDH Highway Co., Ltd.▲) (“GDH Highway”) 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 toll traffic flow of the Xingliu Expressway was 9,136 vehicle trips during the Period (2019: 27,060 vehicle trips), decreasing by 66.2%. The revenue of GDH Highway during the Period amounted to HK\$59,175,000 (2019: HK\$199,731,000), decreasing by 70.4%. Profit before tax, excluding net finance costs, during the Period amounted to HK\$3,409,000 (2019: HK\$131,504,000), decreasing by 97.4%. The decrease in revenue and profit before tax was mainly because the Group exempted the toll fees of vehicles passing along the Xingliu Expressway from midnight of 17 February 2020 until the end of the prevention and control period of the Epidemic (upon further notice) in accordance with the policy issued by the Ministry of Transport of the PRC on 15 February 2020.

### *Yinping PPP Project*

In 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\$5.203 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 31 March 2020, three Project Roads (31 December 2019: three Project Roads) were under construction. The Accrued Interest Amount and Management Fee of Yuehai Yinping recognised during the Period amounted to HK\$14,216,000 in total (2019: HK\$7,466,000) and profit before tax during the Period amounted to HK\$12,132,000 (2019: HK\$2,791,000).

## PROSPECTS

Faced with adverse impact on foot traffic, logistics, business operations, capital markets, interest rates and exchange rate market fluctuations due to the Epidemic, the Group will closely monitor changes in macroeconomic and business operational conditions, continue to implement its steady growth development strategy, and strengthen its risk management capabilities in order to create long-term value for its stakeholders.

The Group will continue its investments in water resources management, property investment and development as well as infrastructure segments. The Group endeavours to proactively seek potential opportunities arising from “The Greater Bay Area Initiative” by pooling its existing business and resources, and continue to monitor potential industry consolidation, public-private-partnership projects as well as acquisition opportunities arising from core business along the supply chain to promote profit growth so as to further enhance the Company’s financial performance and create long-term value.

## REVIEW OF UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group for the three months ended 31 March 2020 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 three months ended 31 March 2020.

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  
**HOU Wailin**  
Chairman

Hong Kong, 27 April 2020

▲ *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. HOU Wailin, Mr. LIN Tiejun, Mr. WEN Yinheng and Mr. TSANG Hon Nam; three Non-Executive Directors, namely, Mr. CAI Yong, Ms. ZHAO Chunxiao and Mr. LAN Runing; 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.*