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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 2021

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 2021 (the “Period”) together with the comparative figures.

Unaudited financial highlights			
	For the three months ended 31 March		
	2021	2020	Changes
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	6,343,475	3,415,246	+85.7
<i>Changes in fair value of investment properties</i>	30,393	(185,449)	
Profit before tax	2,270,293	1,386,877	+63.7
Profit attributable to owners of the Company	1,371,294	986,163	+39.1
	31 March 2021	31 December 2020	Changes
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total Assets	99,326,524	89,600,542	+10.9
Equity attributable to owners of the Company	45,405,376	44,227,798	+2.7

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 2020 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 2020 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\$6,343 million (2020: HK\$3,415 million), an increase of 85.7% as compared with the same period last year. The increase in revenue was mainly attributable to a better performance in property investment and development business, water resources business and infrastructure business during the Period.

The unaudited consolidated profit before tax of the Group for the Period increased by 63.7% to HK\$2,270 million (2020: HK\$1,387 million), which was mainly due to a better performance in property investment and development business and water resources business during the Period. Furthermore, the performance in infrastructure business, department store operation business and hotel operation and management business for the Period had various degree of recovery as compared to the first outbreak of COVID-19 Pandemic (the "Pandemic") in the same period last year. The net gain arising from fair value adjustments for investment properties was HK\$30 million (2020: net deficit of HK\$185 million), causing an addition in profit before tax by HK\$215 million for the Period. The net exchange gain of the Group for the Period amounted to HK\$16 million (2020: HK\$66 million), HK\$50 million lower than that in the same period last year. Net finance costs of the Group for the Period was HK\$31 million (2020: net interest income of HK\$32 million). The unaudited consolidated profit attributable to owners of the Company for the Period increased by 39.1% to HK\$1,371 million (2020: HK\$986 million).

As at 31 March 2021, the unaudited equity attributable to owners of the Company was HK\$45,405 million (31 December 2020: HK\$44,228 million (audited)), increasing by approximately HK\$1,177 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\$1,371 million and the other comprehensive loss of HK\$180 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 630 million tons (2020: 511 million tons), increasing by 23.3%, generating a revenue of HK\$1,746 million (2020: HK\$1,589 million), an increase of 9.9% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 1.3% to HK\$1,332 million (2020: HK\$1,315 million). Shenzhen and Dongguan are facing drought after months of low rainfall. In order to meet the higher water supply demand, the volume of water supply to Shenzhen and Dongguan increased by 39.4% during the Period. As a result, the revenue from water sales to Shenzhen and Dongguan areas increased by 51.1% to HK\$414 million (2020: HK\$274 million) during the Period. The profit before tax for the Period, excluding net exchange differences and net interest income, of the Dongshen Water Supply Project was HK\$1,190 million (2020: HK\$1,081 million), 10.1% 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 (the "PRC").

During the Period, the Group successfully bid/contracted for four new water resources projects respectively located in Jieyang City of Guangdong Province, Pizhou City and Xuyi County of Jiangsu Province and Nanchang County of Jiangxi Province, the PRC, with total designed water supply capacity and waste water processing capacity of 482,000 tons per day and 68,000 tons per day, respectively. The expected total investment amount of these projects is approximately RMB2,131 million (equivalent to approximately HK\$2,521 million). As such, 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 as at 31 March 2021 are 12,844,000 tons per day (31 December 2020: 12,412,000 tons per day) and 1,807,200 tons per day (31 December 2020: 1,739,200 tons per day), respectively.

Capacity of Water Resources Projects in Operation

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants operated by each of the subsidiaries and associates of the Company are as follows:

<u>Name of subsidiaries of the Company</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd. ▲)	290,000	-
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd. ▲)	310,000	250,000
Yizheng Yuehai Water Supply Co., Ltd.	150,000	-
Gaoyou GDH Water Co., Ltd.	100,000	-
Baoying GDH Water Co., Ltd.	130,000	-
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd. ▲)	100,000	-
梧州粵海江河水務有限公司 (Wuzhou Guangdong Jianghe Water Co., Ltd. ▲)	355,000	-
Zhaoqing HZ GDH Water Co., Ltd.	120,000	-
遂溪粵海水務有限公司 (Suixi Guangdong Water Co., Ltd. ▲)	70,000	-
海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd. ▲)	50,000	20,000
豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd. ▲)	73,500	-
盱眙粵海水務有限公司 (Xuyi Guangdong Water Co., Ltd. ▲)	100,000	-
Wuzhou GDH Environmental Protection Development Co., Ltd.	-	140,000
東莞市常平粵海環保有限公司 (Dongguan Changping Guangdong Huanbao Co., Ltd. ▲)	-	70,000
開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd. ▲)	-	50,000
五華粵海環保有限公司 (Wuhua Guangdong Huanbao Co., Ltd. ▲)	-	40,000
東莞市道滘粵海環保有限公司 (Dongguan Daojiao Guangdong Huanbao Co., Ltd. ▲)	-	40,000
興寧粵海環保有限公司 (Xingning Guangdong Huanbao Co., Ltd. ▲)	-	3,000
開平粵海污水處理有限公司 (Kaiping Guangdong Sewage Treatment Co., Ltd. ▲)	-	25,000
五華粵海清源環保有限公司 (Wuhua Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	15,000
汕尾粵海環保有限公司 (Shanwei Guangdong Huanbao Co., Ltd. ▲)	-	30,000
高州粵海水務有限公司 (Gaozhou Guangdong Water Co., Ltd. ▲)	100,000	-
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”)	692,000	81,000
五華粵海綠源環保有限公司 (Wuhua Guangdong Luyuan Huanbao Co., Ltd. ▲)	-	11,000
六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd. ▲)	-	115,000
昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd. ▲)	-	15,000
雲浮粵海水務有限公司 (Yunfu Guangdong Water Co., Ltd. ▲)	50,000	-
大埔粵海環保有限公司 (Dapu Guangdong Huanbao Co., Ltd. ▲)	-	21,500
韶關粵海綠源環保有限公司 (Shaoguan Guangdong Luyuan Huanbao Co., Ltd. ▲)	-	28,500
陽山粵海環保有限公司 (Yangshan Guangdong Huanbao Co., Ltd. ▲)	-	11,300
雲浮市自來水有限公司 (Yunfu City Water Supply Co., Ltd. ▲)	105,000	-
雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd. ▲)	-	60,000
雲浮市雲安區怡源環保有限公司 (Yunfu City Yunan District Yiyuan Huanbao Co., Ltd. ▲)	-	10,000
雲浮市粵海清源環保有限公司 (Yunfu City Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	15,000
郁南縣粵海環保有限公司 (Yunan County Guangdong Huanbao Co., Ltd. ▲)	-	20,000
陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd. ▲)	-	20,000
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd. ▲)	460,000	-
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd. ▲)	370,000	-
Total as at 31 March 2021	<u>3,625,500</u>	<u>1,091,300</u>
Total as at 31 March 2020	<u>2,648,500</u>	<u>735,000</u>

<u>Name of associates of the Company</u>	<u>Water supply capacity (tons per day)</u>
Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd	600,000
Guangzhou Nansha GDH Water Co., Ltd.	430,000
汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd. ▲)	920,000
Total as at 31 March 2021	<u>1,950,000</u>
Total as at 31 March 2020	<u>1,840,000</u>

Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by each of the subsidiaries and associate of the Company as at 31 March 2021 are as follows:

<u>Name of subsidiaries of the Company</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
恩施粵海水務有限公司 (Enshi Guangdong Water Co., Ltd. ▲)	400,000	-
Jiangxi Guangdong Group	50,000	-
Gaoyou GDH Water Co., Ltd.	50,000	-
湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd. ▲)	1,060,000	-
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd. ▲)	250,000	-
荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd. ▲)	80,000	-
吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd. ▲)	-	25,000
潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd. ▲)	-	20,000
豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd. ▲)	50,000	-
昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd. ▲)	34,000	10,000
惠來粵海清源環保有限公司 (Huilai Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	8,500
惠來粵海綠源環保有限公司 (Huilai Guangdong Luyuan Huanbao Co., Ltd. ▲)	-	20,000
海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd. ▲)	50,000	-
廣東粵海詔投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd. ▲)	674,000	-
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	200,000
五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd. ▲)	-	40,000
湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd. ▲)	200,000	-
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd. ▲)	100,000	-
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd. ▲)	100,000	-
Total	<u>3,098,000</u>	<u>323,500</u>

<u>Name of associate of the Company</u>	<u>Water supply capacity (tons per day)</u>
興化粵海水務有限公司 (Xinghua Guangdong Water Co., Ltd. ▲)	<u>430,000</u>

Revenue of Other Water Resources Projects for the Period in aggregate increased by 70.4% to HK\$1,110,810,000 (2020: HK\$651,741,000), of which income from construction services amounted to HK\$365,566,000 (2020: HK\$217,749,000). The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched and increase in revenue from construction services. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$204,605,000 (2020: HK\$132,441,000) in aggregate, 54.5% higher than that in the same period last year.

New Water Resources Projects

After the end of the reporting period, the Group entered into certain share transfer agreements for the acquisition of an aggregate of 53% of the total registered capital of 嘉誠環保工程有限公司 (Jiacheng Environmental Engineering Company Limited[▲]) (“Jiacheng Environmental Engineering”). Jiacheng Environmental Engineering and its subsidiaries are primarily engaged in conducting environmental engineering works in the PRC. Pursuant to the share transfer agreements, an aggregate amount of no more than RMB3,970 million (equivalent to approximately HK\$4,697 million), comprising share transfer considerations, guarantee for bank refinancing and commitments to provide financial assistance to existing and new water investment projects, is contemplated to be provided by the Group. The total designed water supply capacity and designed waste water processing capacity of existing water projects operated by Jiacheng Environmental Engineering and its subsidiaries are 50,000 tons per day and 468,000 tons per day, respectively. In addition, Jiacheng Environmental Engineering has successfully bid for certain water resources projects and the total designed waste water processing capacity of these potential projects is 320,000 tons per day. Further details of the transaction are set out in the Company’s announcement dated 19 April 2021.

Property Investment and Development

Mainland China

GDH Teem

As at 31 March 2021, 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[▲]) (“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 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 12.9% to HK\$244,185,000 (2020: HK\$280,242,000), which was the result of mixed impacts of the drop in property management fee income of HK\$42,944,000 following the disposal of 廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.[▲]) and the increase in the Hong Kong dollar equivalent of revenue from rental operation as a result of increase in average exchange rate of Renminbi by 7.1% compared with that in last Period. Since the real estate tax exemption policy introduced in the same period last year ceased to exist, the profit before tax for the Period, excluding changes in fair value of investment properties and net interest income, decreased by 15.1% to HK\$178,597,000 (2020: HK\$210,311,000).

The shopping mall of Teem Plaza, known as the Teemall, had an average occupancy rate of nearly 99.9% during the Period (2020: 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 93.3% (2020: 96.9%) during the Period, had a total revenue for the Period of HK\$55,940,000 (2020: HK\$50,625,000), increasing by 10.5%. The profit before tax for the Period, excluding changes in fair value of investment properties, decreased by 2.1% to HK\$47,743,000 (2020: HK\$48,772,000).

Panyu GDH Plaza

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%. 廣州粵海天河城投資有限公司 (Guangzhou YueHai Tianhecheng Investment Co., Ltd. [▲]), 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 a new commercial area in Guangzhou City. This parcel of land has been developed into a large-scale integrated commercial project with a total gross floor area ("GFA") of approximately 383,000 sq. m. (including car-parking spaces) and is now known as Panyu GDH Plaza. As at 31 March 2021, the cumulative land and development cost incurred by the Group for Panyu GDH Plaza amounted to approximately HK\$3,691 million (31 December 2020: approximately HK\$3,706 million).

The development of the commercial residential units and offices of Panyu GDH Plaza with a total GFA of approximately 166,000 sq. m. (including car-parking spaces) had been completed and are available for sale, of which properties with GFA of approximately 109,700 sq. m. are held for sale. As at 31 March 2021, sales contracts for accumulated GFA of approximately 106,600 sq.m. (31 December 2020: approximately 102,800 sq.m.) had been signed, in which properties with accumulated GFA of approximately 104,300 sq.m. (31 December 2020: approximately 99,000 sq.m.) had been delivered, representing 95.1% (31 December 2020: approximately 90.2%) of available completed properties held for sale.

The shopping mall complex of Panyu GDH Plaza, known as Panyu Teemall, comprises two connected shopping areas and it was opened on 25 December 2020 with an occupancy rate of 84.0%. Panyu Teemall has a total GFA of approximately 217,000 sq. m. (including car-parking spaces), of which the commercial area for lease is approximately 144,000 sq. m.. Panyu Teemall had an average occupancy rate of 85.6% (2020: Nil) for the Period.

Revenue of Panyu GDH Plaza for the Period was HK\$255,327,000 (2020: Nil), of which income from sales of properties and revenue of Panyu Teemall amounted to HK\$177,974,000 (2020: Nil) and HK\$77,353,000 (2020: Nil), respectively. Profit before tax of Panyu GDH Plaza for the Period, excluding changes in fair value of investment properties and net interest income amounted to HK\$148,194,000 (2020: loss before tax of HK\$5,342,000).

Tianjin Teemall

The Group held an effective interest of 76.02% in Tianjin YueHai Teem Shopping Center Co., Ltd., the property owner of Tianjin Teemall. Tianjin Teemall, which has 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 Teemall with tenants ranging from local enterprises to well-known multinationals, had an average occupancy rate of 91.0% (2020: 92.0%) during the Period. Revenue of Tianjin Teemall for the Period was HK\$46,475,000 (2020: HK\$41,517,000), increasing by 11.9%. The profit before tax of Tianjin Teemall for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$17,988,000 (2020: HK\$18,589,000), decreasing by 3.2%.

Guangdong Land Holdings Limited (“GD Land”)

The Company’s effective interest in GD Land is approximately 73.82%.

On 29 October 2020, GD Land entered into agreements with certain subsidiaries of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited[▲]) (“Guangdong Holdings”), the ultimate holding company of the Company, to acquire 51% interest in 江門粵海置地有限公司(Jiangmen Yuehai Land Co., Ltd.[▲]) and its 51% outstanding shareholder’s loan at a total consideration of approximately RMB954 million (equivalent to approximately HK\$1,086 million) and 100% interest in 惠陽粵海房產發展有限公司(Huiyang Yuehai Property Development Co., Ltd.[▲]) at a consideration of approximately RMB274 million (equivalent to approximately HK\$316 million). The two acquisitions were completed in January 2021.

Details of the completed properties held for sale, properties held for sale under development and investment properties under development of GD Land are listed below:

Completed Properties Held for Sale

Property project	Location	Usage	Interest held by GD Land	Approximate GFA of the project (sq.m.)	Accumulated GFA contracted (sq.m.)	Approximate GFA delivered under review (sq.m.)	Accumulated GFA delivered (sq.m.)	The proportion of accumulated GFA delivered to GFA available for sale
Northwestern Land of the GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,654	57,534	10,861	33,020	28.8%
Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	63,992	7,536	61,732	94.1%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	97	3,781	97.3%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,617	193	94,617	100.0%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	5,180	194	5,173	64.2%

During the Period, GD Land’s properties recorded total contracted GFA (including completed properties held for sale and properties held for sale under development) and delivered GFA of approximately 32,000 sq.m. (2020: 3,300 sq.m.) and 19,000 sq.m. (2020: 5,900 sq.m.), respectively. Revenue of GD Land for the Period increased by 223.1% to HK\$1,424,922,000 (2020: HK\$441,053,000), of which income from sales of properties amounted to HK\$1,420,086,000 (2020: HK\$437,391,000). The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$346,122,000 (2020: HK\$19,814,000).

Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Usage	Interest held by GD Land	Approximate total site area (sq.m.)	Approximate GFA* (sq.m.)	Progress	Expected completion and filing date
Northern Land of the GDH City Project	Shenzhen City, the PRC	Commercial/ Office/Mall	100%	33,802	146,551	Commercial properties superstructure topped out, and construction works of tower superstructure in progress	2nd half of 2022
Southern Land of the GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Construction works of tower superstructure and commercial shopping building's basement structure in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Main structure construction for the first phase properties topped out, under pre-sale and contracted GFA of approximately 12,000 sq.m. Main structure construction of buildings for the second to fourth phases underway	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Main structure construction for the first phase properties and piling works for other phases underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	43,284	151,493	Preliminary works such as site formation and establishing of temporary construction facilities underway	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	80%	98,811	247,028	Preliminary works such as site formation and establishing of temporary construction facilities underway	2023
Jiangmen Ganhua Project (Jiangmen Land No. 3-5)	Jiangmen City, the PRC	Residential/ Commercial	51%	174,538	396,600	Construction permit has been obtained and main structure construction underway	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Earthworks and foundation pit support works underway	2023

*Note: Including (1) underground commercial area of the GDH City Project with a GFA of 30,000 sq. m.; and (2) common area and area to be transferred to the local government of each project.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 87.9% (2020: 100.0%). The total revenue for the Period decreased by 14.0% to HK\$12,783,000 (2020: HK\$14,867,000).

Department Store Operation

As at 31 March 2021, the Group operated six stores with a total leased area of approximately 126,100 sq. m. (31 December 2020: 125,800 sq. m.). The total revenue for the Period increased by 83.3% to HK\$205,531,000 (2020: HK\$112,123,000). The profit before tax for the Period increased by 242.7% to HK\$79,836,000 (2020: HK\$23,293,000). The increase in total revenue and profit before tax for the Period was mainly due to slight rebound in foot traffic and sales volume as compared to the first outbreak of the Pandemic in the same period last year.

The revenue of the stores operated by the Group for the three months ended 31 March 2021 was as follows:

	Leased area sq. m.	Revenue for the three months ended 31 March		Changes %
		2021 HK\$'000	2020 HK\$'000	
Teemall Store	39,800	137,802	70,614	+95.1
Wan Bo Store	19,600	19,646	12,590	+56.0
Ming Sheng Store	11,900	7,859	4,654	+68.9
Dong Pu Store	28,300	25,326	16,538	+53.1
Ao Ti Store	21,500	14,729	7,054	+108.8
Dongguan Store (closed in April 2020)	-	-	558	-100.0
Nanhai Store	<u>5,000</u>	<u>169</u>	<u>115</u>	<u>+47.0</u>
	<u>126,100</u>	<u>205,531</u>	<u>112,123</u>	<u>+83.3</u>

Hotel Ownership, Operation and Management

As at 31 March 2021, the Group's hotel management team managed a total of 34 hotels (31 December 2020: 37 hotels), of which three were located in Hong Kong, one in Macau and 30 in Mainland China. As at 31 March 2021, 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. One new star-rated hotel situated in Zhuhai City was under construction by the Group as at 31 March 2021.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$874 (2020: HK\$1,054) whereas the average room rate of the remaining four star-rated hotels was HK\$356 (2020: HK\$386). The average occupancy rate of Sheraton Guangzhou Hotel was 77.7% (2020: 31.4%) and that of the other four star-rated hotels was 49.1% (2020: 31.4%) during the Period.

As compared to the first outbreak of the Pandemic in the same period last year, the overall demand for accommodation has recovered slightly. Accordingly, the revenue of hotel ownership, operation and management business for the Period increased by 81.3% to HK\$91,056,000 (2020: HK\$50,232,000). The loss before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$15,479,000 (2020: HK\$34,241,000).

Energy Projects

GDH Energy Project

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds a 75% interest in 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.▲) (“GDH Energy”). GDH Energy has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the Period amounted to 641 million kwh (2020: 496 million kwh), increasing by 29.2%. Due to increase in sales of electricity and electricity tariff, revenue of GDH Energy Project (including intersegment sales) generated from electricity sales and related operations for the Period increased by 63.6% to HK\$402,580,000 (2020: HK\$246,064,000). The profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$47,949,000 (2020: HK\$31,764,000), an increase of 51.0%.

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 2021, 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 3,054 million kwh (2020: 1,776 million kwh), an increase of 72.0%. Revenue for the Period increased by 77.4% to HK\$1,407,476,000 (2020: HK\$793,597,000). The profit before tax of Yudean Jinghai Power for the Period was HK\$3,750,000 (2020: HK\$831,000), an increase by 3.5 times. The Group’s share of profit in Yudean Jinghai Power amounted to HK\$703,000 (2020: HK\$156,000) during the Period, an increase by 3.5 times.

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. As at 31 March 2021, the main structural work of highway enhancement project of Xingliu Expressway has been completed with accumulated construction costs incurred was approximately RMB1,244 million (equivalent to approximately HK\$1,472 million) and it has been fully opened to traffic.

Due to the absence of the 79 days toll-free period as announced in the same period last year, together with the impact of closed lanes caused by the highway enhancement project during the Period, the average daily toll traffic flow of the Xingliu Expressway increased by 57.6% to 14,398 vehicle trips (2020: 9,136 vehicle trips). The revenue of GDH Highway during the Period amounted to HK\$895,296,000 (2020: HK\$59,175,000), increasing by 14.1 times, which was due to the increase in revenue from construction services of HK\$795,483,000 (2020: Nil) arising from the highway enhancement project. Profit before tax during the Period, excluding net finance costs, amounted to HK\$53,854,000 (2020: HK\$3,409,000), increasing by 14.8 times.

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\$5.625 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 2021, out of a total of eight Project Roads, two Project Roads (31 December 2020: two Project Roads) were completed and three Project Roads (31 December 2020: three Project Roads) were under construction. As at 31 March 2021, Development Costs amounting to approximately RMB1,511 million (equivalent to approximately HK\$1,788 million) (31 December 2020: approximately RMB1,453 million (equivalent to approximately HK\$1,726 million)) have been paid in relation to the Yinping PPP Project.

The total Accrued Interest Amount, Management Fee and maintenance fee of Yuehai Yinping recognised during the Period increased by 166.1% to HK\$37,828,000 (2020: HK\$14,216,000) and profit before tax increased by 187.1% to HK\$34,837,000 (2020: HK\$12,132,000) during the Period.

PROSPECTS

Though continuous implementation of COVID-19 vaccination programmes and global monetary policy easing may lead to a synchronized global economic rebound, global economic recovery is likely to be subdued and uneven, as most economies may experience the need for structural change as well as continuous disruption of supply chain. Successful second wave Pandemic control, securing the healthy development of domestic economic flow, and effective handling of global liquidity spillover are the most crucial risks and challenges hindering China's continuous economic growth. Faced with economic policy uncertainties as well as adverse impact on population flow, logistics, business operations, capital markets, interest rates and exchange rate market fluctuations due to the Pandemic, the Group will continue to implement its steady growth development strategy, maintain stable growth of its core businesses 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, expanding its core business segments while optimizing its asset portfolio and resource allocation. In accordance with its existing business and resources, the Group endeavours to proactively seek potential opportunities arising from “The Greater Bay Area Initiative”, and continue to monitor potential industry consolidation, public-private-partnership projects as well as core business industry chain extension market acquisition opportunities 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 2021 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 2021.

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, 28 April 2021

▲ *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 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 five Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses, Mr. WU Ting Yuk, Anthony and Mr. LI Man Bun, Brian David.