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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 2022

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 2022 (the “Period”) together with the comparative figures.

Unaudited financial highlights			
	For the three months ended 31 March		
	2022	2021	Changes
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	5,506,568	6,343,475	-13.2
<i>Changes in fair value of investment properties</i>			
	265,250	30,393	
Profit before tax	2,306,555	2,270,293	+1.6
Profit attributable to owners of the Company	1,487,428	1,371,294	+8.5
	31 March 2022	31 December 2021	Changes
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total Assets	132,827,504	130,030,823	+2.2
Equity attributable to owners of the Company	48,067,306	46,210,698	+4.0

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 2021 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 2021 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\$5,507 million (2021: HK\$6,343 million), a decrease of 13.2% as compared with the same period last year. The decrease in revenue was mainly attributable to a drop of revenue in property investment and development business during the Period.

The unaudited consolidated profit before tax of the Group for the Period increased by 1.6% to HK\$2,307 million (2021: HK\$2,270 million), which was mainly due to a better performance in water resources business and infrastructure business, the effect of which was partly offset by the decrease in property investment and development business. The net gain arising from fair value adjustments for investment properties was HK\$265 million (2021: HK\$30 million), causing an addition in profit before tax by HK\$235 million for the Period. The net exchange loss of the Group for the Period amounted to HK\$12 million (2021: net exchange gain of HK\$16 million). Net finance costs of the Group for the Period was HK\$127 million (2021: HK\$31 million). The unaudited consolidated profit attributable to owners of the Company for the Period increased by 8.5% to HK\$1,487 million (2021: HK\$1,371 million).

As at 31 March 2022, the unaudited equity attributable to owners of the Company was HK\$48,067 million (31 December 2021: HK\$46,211 million (audited)), increased by approximately HK\$1,856 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\$1,487 million and the other comprehensive income of HK\$355 million in relation to the exchange differences on translation of foreign operations as a result of Renminbi appreciation.

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 558 million tons (2021: 630 million tons), decreased by 11.4%, with a revenue of HK\$1,733 million (2021: HK\$1,746 million), a decrease of 0.7% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 1.4% to HK\$1,350 million (2021: HK\$1,332 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 7.5% to HK\$383 million (2021: HK\$414 million) during the Period. The profit before tax for the Period, excluding net exchange differences and net finance costs, of the Dongshen Water Supply Project was HK\$1,121 million (2021: HK\$1,190 million), 5.8% 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").

During the Period, the Group successfully contracted for a new water resources project located in Jiexi County of Guangdong Province, the PRC, and entered into a supplementary concession agreement for expansion of an existing sewage treatment plant located in Yunfu City of Guangdong Province, the PRC, with total designed water supply capacity and waste water processing capacity of 410,000 tons per day and 40,000 tons per day, respectively. The expected total investment amount of these projects is approximately RMB233 million (equivalent to approximately HK\$287 million).

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 2022 are 14,193,200 tons per day (31 December 2021: 13,783,200 tons per day) and 2,675,200 tons per day (31 December 2021: 2,635,200 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 Group are as follows:

<u>Name of subsidiaries of the Group</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.	150,000	-
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.▲)	100,000	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.▲)	150,000	-
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.▲)	-	66,000
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
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	781,500	81,000
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.▲)	24,000	20,000
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.▲)	-	21,900
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.▲)	400,000	-
潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd.▲)	-	20,000
廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)	674,000	-
吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲)	-	25,000
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)	20,000	-
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	10,000	453,000
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)	250,000	-
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
信宜粵海水務有限公司 (Xinyi Guangdong Water Co., Ltd.▲)	134,200	-
揭西粵海水務有限公司 (Jiexi Guangdong Water Co., Ltd.▲)	40,000	-
Total as at 31 March 2022	<u>5,047,200</u>	<u>1,623,200</u>
Total as at 31 March 2021	<u>3,625,500</u>	<u>1,091,300</u>

<u>Name of associates of the Group</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
興化粵海水務有限公司 (Xinghua Guangdong Water Co., Ltd. ▲)	430,000
Total as at 31 March 2022	<u>2,380,000</u>
Total as at 31 March 2021	<u>1,950,000</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 of the Group as at 31 March 2022 are as follows:

<u>Name of subsidiaries of the Group</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	-
湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd. ▲)	1,060,000	-
荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd. ▲)	80,000	-
豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd. ▲)	50,000	-
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. ▲)	80,000	-
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd. ▲)	-	3,500
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd. ▲)	20,000	-
揭陽粵海國業水務有限公司 (Jieyang Guangdong Guoye Water Co., Ltd. ▲) (formerly known as 揭陽粵海四航國業水務有限公司)	220,000	-
邳州粵海環保有限公司 (Pizhou Guangdong Huanbao Co., Ltd. ▲)	-	35,000
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd. ▲) and its subsidiaries	-	15,000
雲浮市雲安粵海城鄉供水有限公司 (Yunfu City Yunan Guangdong Urban and Rural Water Supply Co., Ltd. ▲)	24,600	-
信宜粵海水務有限公司 (Xinyi Guangdong Water Co., Ltd. ▲)	100,000	-
開平粵海淨水有限公司 (Kaiping Guangdong Water Purification Co., Ltd. ▲)	-	25,000
汕尾粵海供水有限公司 (Shanwei Guangdong Water Supply Co., Ltd. ▲)	410,000	-
Total	<u>2,744,600</u>	<u>318,500</u>

Revenue of Other Water Resources Projects for the Period in aggregate increased by 96.6% to HK\$2,183,905,000 (2021: HK\$1,110,810,000), of which income from construction services amounted to HK\$785,731,000 (2021: HK\$365,566,000). The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched as well as the 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\$502,503,000 (2021: HK\$204,605,000) in aggregate, 145.6% higher than that in the same period last year.

Property Investment and Development

Mainland China

GDH Teem

As at 31 March 2022, 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 increased by 22.4% to HK\$298,938,000 (2021: HK\$244,185,000). The profit before tax for the Period, excluding changes in fair value of investment properties, net interest income and other operating income, increased by 22.6% to HK\$218,889,000 (2021: HK\$178,597,000).

The shopping mall of Teem Plaza, known as the Teemall, had an average occupancy rate of nearly 99.9% during the Period (2021: 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 94.5% (2021: 93.3%) during the Period, had a total revenue for the Period of HK\$57,653,000 (2021: HK\$55,940,000), increased by 3.1% as compared with the same period last year. The profit before tax for the Period, excluding changes in fair value of investment properties, increased by 2.7% to HK\$49,020,000 (2021: HK\$47,743,000).

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 Panyu GDH Plaza which is a large-scale integrated commercial project with a total gross floor area ("GFA") of approximately 383,000 sq.m. (including car-parking spaces) and located in Panyu Wanbo Central Business District. As at 31 March 2022, the cumulative land and development cost incurred by the Group for Panyu GDH Plaza amounted to approximately HK\$3,846 million (31 December 2021: approximately HK\$3,815 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 2022, sales contracts for accumulated GFA of approximately 109,200 sq.m. (31 December 2021: approximately 109,200 sq.m.) had been signed, in which properties with accumulated GFA of approximately 109,200 sq.m. (31 December 2021: approximately 109,200 sq.m.) had been delivered, representing 99.5% (31 December 2021: approximately 99.5%) 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 was opened on 25 December 2020. 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. During the Period, Panyu Teemall had an occupancy rate of 94.2% (2021: 85.6%).

Revenue of Panyu GDH Plaza for the Period was HK\$63,710,000 (2021: HK\$255,327,000), of which no income from sales of properties had been recorded (2021: HK\$177,974,000), while revenue of Panyu Teemall amounted to HK\$63,710,000 (2021: HK\$77,353,000). 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\$23,705,000 (2021: HK\$148,194,000).

Tianjin Yuehai 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 Yuehai Teem Shopping Mall. Tianjin Yuehai 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 Yuehai Teem Shopping Mall with tenants comprising of local and well-known multinationals enterprises, had an average occupancy rate of 95.8% (2021: 91.0%) during the Period. Revenue of Tianjin Yuehai Teem Shopping Mall for the Period was HK\$53,261,000 (2021: HK\$46,475,000), increased by 14.6%. The profit before tax of Tianjin Yuehai Teem Shopping Mall for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$21,617,000 (2021: HK\$17,988,000), increased by 20.2%.

Guangdong Land Holdings Limited (“GD Land”)

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

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	Use	Interest held by GD Land	Approximate GFA of project (sq.m.)	Accumulated GFA contracted (sq.m.)	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
						Period under review (sq.m.)	Accumulated (sq.m.)	
Northwestern Land of Shenzhen GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,986	99,530	4,752	98,448	85.6%
Guangzhou Laurel House	Guangzhou City, the PRC	Car-parking spaces	100%	2,764	2,617	800	2,579	93.3%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	5,908	12	5,908	73.4%

Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Use	Interest held by GD Land	Approximate total site area (sq.m.)	Approximate GFA* (sq.m.)	Progress	Expected completion and filing date
Southern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Commercial shopping building superstructure topped out and the masonry works and renovation works in progress, and superstructure construction and masonry works and renovation works of the office tower underway	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Superstructure of all phases topped out, and renovation works in progress	2nd half of 2022

Properties Held for Sale under Development and Investment Properties under Development (continued)

Property project	Location	Use	Interest held by GD Land	Approximate total site area (sq.m.)	Approximate GFA* (sq.m.)	Progress	Expected completion and filing date
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Superstructure of some properties of the first phase topped out and superstructure construction works of the other properties in progress, and basement structural works for the properties of other phases underway	2024
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	43,284	151,493	Superstructure construction works of each phase of the properties in progress	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	98,811	247,028	Superstructure construction works of each phase of the properties in progress	2023
Jiangmen Ganhua Project (Jiangmen Land No. 3 - 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	174,538	396,600	Superstructure of all properties on Land No.3 topped out and renovation works in progress, and superstructure of some properties on Land No.4 topped out and superstructure construction works of other properties in progress	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Superstructure of the properties of the first phase topped out and superstructure construction works of the other properties in progress	2023
Guangzhou Yungang City Project	Guangzhou City, the PRC	Residential/ Commercial	100%	114,463	506,000	Basement and earthwork excavation of each phase of the properties underway	2025

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

Properties Held for Sale under Development which Pre-sale has Commenced

Property project	Location	Use	Interest held by GD Land	Approximate GFA included in calculation of plot ratio (sq.m.)	Approximate GFA contracted under review (sq.m.)	Approximate GFA Accumulated (sq.m.)	The proportion of accumulated GFA contracted to GFA available for sale	Date of pre-sale
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	164,216	6,726	37,331	22.7%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 - 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	396,600	7,598	33,517	8.5%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	166,692	4,892	17,837	10.7%	June 2021
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	247,028	1,686	19,063	7.7%	September 2021
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	151,493	5,910	9,211	6.1%	October 2021

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 27,000 sq.m. (2021: 32,000 sq.m.) and 6,000 sq.m. (2021: 19,000 sq.m.), respectively. Revenue of GD Land for the Period decreased by 72.9% to HK\$386,718,000 (2021: HK\$1,424,922,000), of which income from sales of properties amounted to HK\$381,265,000 (2021: HK\$1,420,086,000). The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$77,128,000 (2021: HK\$346,122,000).

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2021: 87.9%). The total revenue for the Period increased by 3.9% to HK\$13,284,000 (2021: HK\$12,783,000).

Department Store Operation

As at 31 March 2022, the Group operated six stores with a total leased area of approximately 222,400 sq. m. (31 December 2021: 123,900 sq. m.). The continuous spread of the COVID-19 pandemic (the “Pandemic”) beyond expectations during the Period had caused a reduced foot traffic and decrease in sales volume, and as such the total revenue for the Period decreased by 5.2% to HK\$194,927,000 (2021: HK\$205,531,000). The profit before tax for the Period increased by 71.2% to HK\$136,652,000 (2021: HK\$79,836,000), which includes a gain arising from the shortening of lease period of a store (including the write-back of corresponding lease liabilities) amounting to approximately HK\$82,764,000 (2021: Nil).

The revenue of the stores operated by the Group for the three months ended 31 March 2022 was as follows:

	Leased area sq. m.	Revenue for the three months ended 31 March		Changes %
		2022 HK\$'000	2021 HK\$'000	
Teemall Store	42,300	132,575	137,802	-3.8
Wan Bo Store	20,200	16,970	19,646	-13.6
Ming Sheng Store	11,900	5,925	7,859	-24.6
Dong Pu Store	28,300	22,378	25,326	-11.6
Ao Ti Store	21,200	13,622	14,729	-7.5
Nanhai Store (closed in October 2021)	-	-	169	-100.0
Hua Du Store (opened in January 2022)	98,500	3,457	-	+100.0
	<u>222,400</u>	<u>194,927</u>	<u>205,531</u>	<u>-5.2</u>

Hotel Ownership, Operation and Management

As at 31 March 2022, the Group’s hotel management team managed a total of 25 hotels (31 December 2021: 27 hotels), of which three were located in Hong Kong and 22 in Mainland China. As at 31 March 2022, 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 hotel, which was originally used as staff dormitory, situated in Zhuhai City was under construction by the Group as at 31 March 2022.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$835 (2021: HK\$874) whereas the average room rate of the remaining four star-rated hotels was HK\$257 (2021: HK\$356). The average occupancy rate of Sheraton Guangzhou Hotel was 70.3% (2021: 77.7%) and that of the other four star-rated hotels was 52.0% (2021: 49.1%) during the Period.

Due to the continuous spread of the Pandemic beyond expectations, the overall demand for accommodation continued to decline. Accordingly, the revenue of hotel ownership, operation and management business for the Period decreased by 19.8% to HK\$73,019,000 (2021: HK\$91,056,000). The loss before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$28,956,000 (2021: HK\$15,479,000).

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 572 million kwh (2021: 641 million kwh), decreasing by 10.8%. Due to increase in electricity tariff, revenue of GDH Energy Project (including intersegment sales) generated from electricity sales and related operations for the Period increased by 7.7% to HK\$433,466,000 (2021: HK\$402,580,000). As a result of the significant increase in coal price, the profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$16,718,000 (2021: HK\$47,949,000), a decrease of 65.1%.

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 2022, 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 2,764 million kwh (2021: 3,054 million kwh), a decrease of 9.5%. Due to the increase in electricity tariff, revenue for the Period increased by 11.7% to HK\$1,571,951,000 (2021: HK\$1,407,476,000). As a result of the significant increase in coal price, the loss before tax of Yudean Jinghai Power for the Period was HK\$79,994,000 (2021: profit before tax of HK\$3,750,000). The Group’s share of loss in Yudean Jinghai Power amounted to HK\$14,999,000 (2021: share of profit of HK\$703,000) during the Period.

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 increased by 82.7% to 26,303 vehicle trips (2021: 14,398 vehicle trips). The revenue of GDH Highway during the Period amounted to HK\$180,755,000 (2021: HK\$895,296,000), decreased by 79.8%, which was due to the absence of revenue generated from construction services (2021: HK\$795,483,000) arising from the highway enhancement project during the Period. Profit before tax during the Period, excluding net finance costs, amounted to HK\$98,495,000 (2021: HK\$53,854,000), increased by 82.9%.

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\$5.862 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 2022, out of a total of eight Project Roads, four Project Roads (31 December 2021: four Project Roads) were completed and one Project Road (31 December 2021: one Project Road) were under construction. As at 31 March 2022, Development Costs amounting to approximately RMB1,769 million (equivalent to approximately HK\$2,179 million) (31 December 2021: approximately RMB1,724 million (equivalent to approximately HK\$2,109 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 decreased by 14.9% to HK\$32,176,000 (2021: HK\$37,828,000) and profit before tax decreased by 18.7% to HK\$28,332,000 (2021: HK\$34,837,000) during the Period, which was mainly due to the decrease in the Accrued Interest Amount and Management Fee recognised during the Period as two more Project Roads were completed as compared with the same period last year.

PROSPECTS

The current world situation is complex and evolving, the Pandemic has repeatedly spread beyond expectations, commodity prices are still at a high level, and the impact of the international supply chain continues. China's economy is generally operating within a reasonable range and has strong resilience, but the internal and external environment is becoming more uncertain. China's economic development is still facing "triple pressure" -- shrinking demand, supply shocks and weakening expectations, and the resurgence of the Pandemic may cause further disruptions to the economic activities. Faced with uncertain prospects for the economic recovery as well as adverse impact on human mobility, logistics, business operations, capital markets, interest rates and exchange rate market fluctuations due to the treacherous pandemic, the Group will adhere to the development strategy of "balancing progress and stability and enhancing quality and efficiency", maintain stable growth of its core operations and strengthen its risk management capabilities 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 2022 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 2022.

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 2022

▲ *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.