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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 )

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**Unaudited financial highlights for the six months ended 30 June**

	2022 HK\$'000	2021 HK\$'000	Changes %
<b>Revenue</b>	<u>11,913,356</u>	<u>13,651,759</u>	-12.7
<i>Changes in fair value of investment properties</i>	475,134	100,634	
<b>Profit before tax</b>	<u>4,417,082</u>	<u>4,524,795</u>	-2.4
<b>Profit attributable to owners of the Company</b>	<u>2,949,518</u>	<u>2,762,835</u>	+6.8
<b>Earnings per share – Basic</b>	<u>HK 45.11 cents</u>	<u>HK 42.26 cents</u>	+6.8
<b>Interim dividend per share</b>	<u>HK 18.71 cents</u>	<u>HK 18.17 cents</u>	+3.0

## CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021. These results have not been audited, but have been reviewed by the Company’s Audit Committee and independent auditor, Messrs. KPMG.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *For the six months ended 30 June 2022*

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
REVENUE	4	11,913,356	13,651,759
Cost of sales		<u>(6,583,913)</u>	<u>(7,859,452)</u>
Gross profit		5,329,443	5,792,307
Other income and gains, net		210,208	224,600
Changes in fair value of investment properties		475,134	100,634
Selling and distribution expenses		(327,572)	(393,957)
Administrative expenses		(1,248,695)	(1,039,663)
Exchange differences, net		50,286	(29,235)
Other operating income, net		263,854	24,833
Finance costs	5	(356,494)	(224,699)
Share of profits less losses of associates		<u>20,918</u>	<u>69,975</u>
PROFIT BEFORE TAX	6	4,417,082	4,524,795
Income tax expense	7	<u>(1,025,293)</u>	<u>(1,360,623)</u>
PROFIT FOR THE PERIOD		<u>3,391,789</u>	<u>3,164,172</u>
Attributable to:			
Owners of the Company		2,949,518	2,762,835
Non-controlling interests		<u>442,271</u>	<u>401,337</u>
		<u>3,391,789</u>	<u>3,164,172</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK45.11 cents</u>	<u>HK42.26 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 June 2022*

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<u>3,391,789</u>	<u>3,164,172</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		
- Subsidiaries	(2,499,655)	559,184
- Associates	<u>(223,429)</u>	<u>96,367</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(2,723,084)</u>	<u>655,551</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>668,705</u></u>	<u><u>3,819,723</u></u>
Attributable to:		
Owners of the Company	943,527	3,261,256
Non-controlling interests	<u>(274,822)</u>	<u>558,467</u>
	<u><u>668,705</u></u>	<u><u>3,819,723</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2022**

	Note	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,934,018	8,125,506
Investment properties		25,040,262	23,807,224
Right-of-use assets		623,343	798,966
Goodwill		781,886	804,957
Other intangible assets		24,396	34,461
Investments in associates		4,203,137	4,390,628
Operating concession rights		22,452,191	21,787,134
Receivables under service concession arrangements		15,463,337	14,902,721
Receivables under a cooperative arrangement		2,215,773	2,346,599
Equity investments designated at fair value through other comprehensive income		18,162	30,568
Prepayments and other receivables		504,282	613,588
Deferred tax assets		<u>1,221,863</u>	<u>1,224,167</u>
Total non-current assets		<u>80,482,650</u>	<u>78,866,519</u>
<b>CURRENT ASSETS</b>			
Properties held for sale under development		34,662,834	33,852,306
Completed properties held for sale		679,545	987,625
Tax recoverable		135,935	104,637
Inventories		279,486	309,215
Receivables under service concession arrangements		371,875	485,485
Receivables, prepayments and other receivables	10	5,597,707	4,510,793
Due from non-controlling equity holders of subsidiaries		905,809	849,731
Restricted bank balances		545,094	469,412
Cash and bank balances		<u>10,526,576</u>	<u>9,595,100</u>
Total current assets – page 5		<u>53,704,861</u>	<u>51,164,304</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**30 June 2022**

	Note	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Total current assets – page 4		<u>53,704,861</u>	<u>51,164,304</u>
<b>CURRENT LIABILITIES</b>			
Payables, accruals and other liabilities	11	(14,311,890)	(21,783,591)
Contract liabilities		(4,067,514)	(3,658,674)
Tax payables		(3,381,149)	(3,704,614)
Due to non-controlling equity holders of subsidiaries		(1,082,373)	(1,080,315)
Bank and other borrowings	12	(7,076,175)	(6,928,489)
Lease liabilities		(78,101)	(89,116)
Dividend payables		<u>(2,781,189)</u>	<u>-</u>
Total current liabilities		<u>(32,778,391)</u>	<u>(37,244,799)</u>
NET CURRENT ASSETS		<u>20,926,470</u>	<u>13,919,505</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>101,409,120</u>	<u>92,786,024</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	12	(32,565,100)	(21,812,864)
Lease liabilities		(603,827)	(937,322)
Due to non-controlling equity holders of subsidiaries		(142,319)	(115,732)
Other liabilities and contract liabilities		(1,664,714)	(1,584,899)
Deferred tax liabilities		<u>(6,459,801)</u>	<u>(6,430,330)</u>
Total non-current liabilities		<u>(41,435,761)</u>	<u>(30,881,147)</u>
Net assets		<u>59,973,359</u>	<u>61,904,877</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		8,966,177	8,966,177
Reserves		<u>35,563,405</u>	<u>37,244,521</u>
		44,529,582	46,210,698
<b>Non-controlling interests</b>		<u>15,443,777</u>	<u>15,694,179</u>
Total equity		<u>59,973,359</u>	<u>61,904,877</u>

Notes:

1. GENERAL INFORMATION AND ACCOUNTING POLICIES

Guangdong Investment Limited is a limited liability company incorporated and domiciled in Hong Kong whose shares are publicly traded. The principal activities of the Group are described in note 3.

This unaudited interim financial information of the Group for the six months ended 30 June 2022 set out in this announcement has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). This unaudited interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) for the first time for the current period's unaudited interim financial information, as further detailed in note 2 below.

The financial information relating to the year ended 31 December 2021 included in this unaudited interim financial information for the six months ended 30 June 2022 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 those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 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 former auditor has reported on those consolidated financial statements for the year ended 31 December 2021. 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 section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

### *Application of amendments to HKFRSs*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim financial information.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has seven reportable operating segments as follows:

- (i) The water resources segment engages in water distribution, sewage treatment, construction of water supply and sewage treatment infrastructure and water pipeline installation for customers in the People's Republic of China (the "PRC" or "Mainland China") and Hong Kong;
- (ii) The property investment and development segment mainly invests in various properties in Hong Kong and Mainland China that are held for rental income purposes and engages in the development and sale of properties in Mainland China. This segment also provides property management services to certain commercial properties;
- (iii) The department store operation segment operates department stores which engages in sale of goods and concessionaire sales, and management and sub-letting of operating area in Mainland China;
- (iv) The electric power generation segment operates coal-fired power plants supplying electricity and steam in the Guangdong Province, Mainland China;
- (v) The hotel operation and management segment operates the Group's hotels and provides hotel management services to certain third parties' hotels in Hong Kong and Mainland China;
- (vi) The road and bridge segment invests in road and bridge projects, which engages in toll road operation and road management in Mainland China; and
- (vii) The "others" segment provides treasury services in Hong Kong and Mainland China and engages in the provision of corporate services to other segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that bank interest income, net gain on disposal of subsidiaries, dividends received from equity investment designated at fair value through other comprehensive income, finance costs (other than interest on lease liabilities) and share of profits less losses of associates are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and bank balances, restricted bank balances, equity investments designated at fair value through other comprehensive income and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, tax payables, deferred tax liabilities, dividend payables and other unallocated liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. Intersegment sales are eliminated in full on consolidation.



### 3. OPERATING SEGMENT INFORMATION (continued)

	<u>Water resources</u>		<u>Property investment and development</u>		<u>Department store operation</u>	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Revenue from external customers	9,036,584	8,021,854	1,248,664	3,299,321	437,697	339,008
Intersegment sales	-	-	49,026	48,761	-	-
Other income and gains from external sources	23,819	7,374	3,469	4,060	8,873	10,657
Other income from intersegment transactions	-	-	-	-	-	-
<b>Total</b>	<u>9,060,403</u>	<u>8,029,228</u>	<u>1,301,159</u>	<u>3,352,142</u>	<u>446,570</u>	<u>349,665</u>
<b>Segment results</b>	<u>3,297,010</u>	<u>2,940,757</u>	<u>1,184,410</u>	<u>1,298,805</u>	<u>85,463</u>	<u>81,917</u>
Bank interest income						
Dividends received from equity investment designated at fair value through other comprehensive income	-	2	-	-	-	-
Net gain on disposal of subsidiaries	5,872	-	-	-	-	-
Finance costs						
Share of profits less losses of associates	85,366	63,838	-	-	(7,043)	(10,267)
Profit before tax						
Income tax expense						
Profit for the period						

3. OPERATING SEGMENT INFORMATION (continued)

	<u>Electric power generation</u>		<u>Hotel operation and management</u>		<u>Road and bridge</u>	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Revenue from external customers	675,016	723,918	174,430	179,222	340,965	1,088,436
Intersegment sales	170,732	154,791	-	-	-	-
Other income and gains from external sources	20,715	30,672	19	348	70,744	67,410
Other income from intersegment transactions	-	-	-	-	-	-
<b>Total</b>	<u>866,463</u>	<u>909,381</u>	<u>174,449</u>	<u>179,570</u>	<u>411,709</u>	<u>1,155,846</u>
<b>Segment results</b>	<u>43,915</u>	<u>77,462</u>	<u>(24,482)</u>	<u>(25,418)</u>	<u>233,535</u>	<u>232,101</u>
Bank interest income						
Dividends received from equity investment designated at fair value through other comprehensive income	-	-	-	-	-	-
Net gain on disposal of subsidiaries	-	-	-	-	-	-
Finance costs						
Share of profits less losses of associates	(57,405)	16,404	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the period						

3. OPERATING SEGMENT INFORMATION (continued)

	<u>Others</u>		<u>Eliminations</u>		<u>Consolidated</u>	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>						
Revenue from external customers	-	-	-	-	11,913,356	13,651,759
Intersegment sales	8,607	-	(228,365)	(203,552)	-	-
Other income and gains from external sources	-	47	-	-	127,639	120,568
Other income from intersegment transactions	<u>2,081</u>	<u>12,115</u>	<u>(2,081)</u>	<u>(12,115)</u>	<u>-</u>	<u>-</u>
Total	<u>10,688</u>	<u>12,162</u>	<u>(230,446)</u>	<u>(215,667)</u>	<u>12,040,995</u>	<u>13,772,327</u>
<b>Segment results</b>	<u>(159,076)</u>	<u>(35,542)</u>	<u>(7,196)</u>	<u>(7,161)</u>	4,653,579	4,562,921
Bank interest income					76,697	104,030
Dividends received from equity investment designated at fair value through other comprehensive income	-	-	-	-	-	2
Net gain on disposal of subsidiaries	-	-	-	-	5,872	-
Finance costs					(339,984)	(212,133)
Share of profits less losses of associates	-	-	-	-	<u>20,918</u>	<u>69,975</u>
Profit before tax					4,417,082	4,524,795
Income tax expense					<u>(1,025,293)</u>	<u>(1,360,623)</u>
Profit for the period					<u>3,391,789</u>	<u>3,164,172</u>

### 3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities:

	Water resources		Property investment and development		Department store operation	
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Segment assets	44,198,738	41,796,613	62,390,471	60,625,635	1,159,653	1,430,738
Investments in associates	3,208,938	3,286,170	-	-	139,465	153,020
Unallocated assets						
Total assets						
Segment liabilities	10,826,944	10,939,312	8,151,634	14,559,955	1,712,685	2,203,460
Unallocated liabilities						
Total liabilities						

Other segment information:

	For the six months ended 30 June 2022 (Unaudited) HK\$'000		For the six months ended 30 June 2021 (Unaudited) HK\$'000		For the six months ended 30 June 2022 (Unaudited) HK\$'000	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Exchange gains/(losses), net	4,475	(38,568)	145,624	(34,562)	(21,911)	5,539

### 3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	<u>Electric power generation</u>		<u>Hotel operation and management</u>		<u>Road and bridge</u>	
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Segment assets	2,336,038	2,482,404	2,260,021	2,257,931	5,812,889	6,215,021
Investments in associates	854,734	951,438	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	472,452	703,569	199,464	212,663	537,007	744,346
Unallocated liabilities						
Total liabilities						

Other segment information: (continued)

	<u>For the six months ended 30 June</u>		<u>For the six months ended 30 June</u>		<u>For the six months ended 30 June</u>	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Exchange gains/(losses), net	20,550	(6,639)	4,357	1,805	(13,671)	5,946

### 3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	Others		Eliminations		Consolidated	
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Segment assets	34,296	31,777	(742,593)	(698,554)	117,449,513	114,141,565
Investments in associates	-	-	-	-	4,203,137	4,390,628
Unallocated assets					<u>12,534,861</u>	<u>11,498,630</u>
Total assets					<u>134,187,511</u>	<u>130,030,823</u>
Segment liabilities	263,067	164,090	(285,029)	(339,791)	21,878,224	29,187,604
Unallocated liabilities					<u>52,335,928</u>	<u>38,938,342</u>
Total liabilities					<u>74,214,152</u>	<u>68,125,946</u>

Other segment information: (continued)

	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Exchange gains/(losses), net	(90,471)	35,175	1,333	2,069	50,286	(29,235)

#### 4. REVENUE

Revenue represents income from water distribution, sewage treatment, construction services, water pipeline installation and consultancy services and sale of machineries; the invoiced value of electricity and steam sold; the invoiced revenue arising from the sale of goods in department stores; commissions income from concessionaire sales; management fee income; revenue from hotel operation; rental income; toll revenue; management and maintenance fee income; finance income from service concession arrangements and invoiced value arising from the sale of completed properties, net of sales related tax, during the period.

Disaggregation of revenue is analysed as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>(a) Types of goods or services:</b>		
<u>Water resources segment</u>		
Income from water distribution - Hong Kong	2,694,788	2,664,835
Income from water distribution - the PRC	1,783,881	1,576,522
Income from sewage treatment services	402,341	386,435
Income from construction services	2,592,267	2,570,826
Income from water pipeline installation and consultancy services	722,100	493,846
Sale of machineries	488,303	87,760
<u>Property investment and development segment</u>		
Sale of properties	480,524	2,564,304
Management fee income	89,501	79,233
<u>Department store operation segment</u>		
Commissions income from concessionaire sales	203,671	260,523
Sale of goods	198,051	43,901
Management fee income	5,761	5,132
<u>Electric power generation segment</u>		
Sale of electricity and steam	675,016	723,918
<u>Hotel operation and management segment</u>		
Hotel income	147,957	152,324
Management fee income	6,288	7,734
<u>Road and bridge segment</u>		
Toll revenue	332,865	277,451
Income from construction services	-	799,754
Management and maintenance fee income	8,100	11,231
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>	10,831,414	12,705,729

4. REVENUE (continued)

Disaggregation of revenue is analysed as follows: (continued)

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>(a) Types of goods or services: (continued)</b>		
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	352,904	241,630
Rental income	<u>729,038</u>	<u>704,400</u>
Total revenue	<u>11,913,356</u>	<u>13,651,759</u>
<b>(b) Geographical locations*:</b>		
<u>Mainland China</u>		
Water resources segment	8,683,680	7,780,224
Property investment and development segment	570,025	2,643,537
Department store operation segment	407,483	309,556
Electric power generation segment	675,016	723,918
Hotel operation and management segment	98,045	118,259
Road and bridge segment	<u>340,965</u>	<u>1,088,436</u>
	<u>10,775,214</u>	<u>12,663,930</u>
<u>Hong Kong</u>		
Hotel operation and management segment	<u>56,200</u>	<u>41,799</u>
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>	10,831,414	12,705,729
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	352,904	241,630
Rental income	<u>729,038</u>	<u>704,400</u>
Total revenue	<u>11,913,356</u>	<u>13,651,759</u>

\* The geographical location is based on the location of which the services were rendered or goods were delivered from.



## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank and other borrowings	417,702	276,978
Interest on loans from 廣東粵海控股集團有限公司 (Guangdong Holdings Limited <sup>▲</sup> ) (“Guangdong Holdings”), the Company's ultimate holding company	79,768	42,695
Interest on loans from fellow subsidiaries	136,412	26,485
Interest on lease liabilities	<u>16,510</u>	<u>12,648</u>
Finance costs incurred	650,392	358,806
Less: Interest capitalised	<u>(293,898)</u>	<u>(134,107)</u>
Finance costs charged for the period	<u>356,494</u>	<u>224,699</u>

The capitalised interest rates applied to funds borrowed and used for the development of properties held for sale and investment properties under development are between 2.05% and 6.50% per annum for the six months ended 30 June 2022 (2021: between 1.99% and 6.50% per annum).

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income**	(76,697)	(104,030)
Interest income from receivables under a cooperative arrangement**	(67,022)	(65,791)
Cost of inventories sold*	941,675	755,965
Cost of services rendered*	4,755,245	4,989,609
Cost of properties sold*	228,473	1,502,545
Depreciation of property, plant and equipment	275,174	280,580
Depreciation of right-of-use assets	33,397	39,788
Government subsidies***^	(25,447)	(16,856)
Amortisation of operating concession rights*	658,520	611,333
Amortisation of other intangible assets	<u>1,439</u>	<u>2,128</u>

\* Included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

\*\* Included in "Other income and gains, net" on the face of the condensed consolidated statement of profit or loss.

\*\*\* Included in "Other operating income, net" on the face of the condensed consolidated statement of profit or loss.

^ The government subsidies recognised during the period mainly represented subsidies received from certain government authorities in respect of the fulfilment of certain specific criteria by the Group.

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current - Hong Kong		
Charge for the period	5,303	4,566
Current - Mainland China		
Charge for the period	811,760	1,610,609
(Over)/under-provision in prior years	(15,224)	3,615
Deferred tax	<u>223,454</u>	<u>(258,167)</u>
Total tax charge for the period	<u>1,025,293</u>	<u>1,360,623</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Enterprises are subject to corporate income tax at a rate of 25% (2021: 25%). Land appreciation tax ("LAT") has been provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

8. DIVIDENDS

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interim – HK 18.71 cents (2021: HK 18.17 cents) per ordinary share	<u>1,223,226</u>	<u>1,187,922</u>

At a meeting of the board of directors held on 30 August 2022 (2021: 30 August 2021), the directors resolved to pay to shareholders of the Company an interim dividend of HK 18.71 cents (2021: HK 18.17 cents) per ordinary share for the six months ended 30 June 2022.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of the basic earnings per share amounts for the six months ended 30 June 2022 and 2021 are based on:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	<u>2,949,518</u>	<u>2,762,835</u>
	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	Number of shares	Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	<u>6,537,821,440</u>	<u>6,537,821,440</u>

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 2022 and 2021 in the calculation of diluted earnings per share as there were no potential dilutive ordinary shares during the periods ended 30 June 2022 and 2021.

## 10. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

Included in the Group's receivables, prepayments and other receivables as at 30 June 2022 are trade and bills receivables of HK\$2,680,529,000 (31 December 2021: HK\$2,134,546,000), net of impairments, from the Group's customers. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade and bills receivables relate principally to the water distribution, sewage treatment and electricity supply businesses. The Group has certain concentration of credit risk whereby 17% (31 December 2021: 5%) of the total trade and bills receivables were due from one customer. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest bearing.

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the payment due date and net of loss allowance, is as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Current or less than 3 months past due	2,164,529	1,646,679
3 months to 6 months past due	120,701	161,285
6 months to 1 year past due	254,847	128,548
More than 1 year past due	<u>164,463</u>	<u>252,430</u>
	2,704,540	2,188,942
Less: Loss allowance	<u>(24,011)</u>	<u>(54,396)</u>
	<u><u>2,680,529</u></u>	<u><u>2,134,546</u></u>

## 11. PAYABLES, ACCRUALS AND OTHER LIABILITIES

Except certain bills payables, the Group's payables, accruals and other liabilities are non-interest-bearing and are normally settled on 60-day terms. Included in the Group's payables, accruals and other liabilities as at 30 June 2022 are trade and bills payables of HK\$3,490,666,000 (31 December 2021: HK\$3,827,705,000). An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within 3 months	3,109,796	3,207,803
3 months to 6 months	184,388	188,216
6 months to 1 year	<u>196,482</u>	<u>431,686</u>
	<u><u>3,490,666</u></u>	<u><u>3,827,705</u></u>

## 12. BANK AND OTHER BORROWINGS

As at 30 June 2022, included in the Group's bank and other borrowings represented loans from Guangdong Holdings of HK\$4,375,521,000 (31 December 2021: HK\$2,130,640,000), loans from fellow subsidiaries of HK\$9,057,186,000 (31 December 2021: HK\$2,004,519,000) and a loan from an associate of HK\$26,894,000 (31 December 2021: Nil).

## 13. CONTINGENT LIABILITIES

As at 30 June 2022, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties held for sale. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the relevant outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 30 June 2022, the Group's outstanding guarantees amounted to HK\$1,267,728,000 (31 December 2021: HK\$898,781,000) for these guarantees.

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

The Board hereby reports the results of the Group for the six months ended 30 June 2022 (the “Period”). The Group’s unaudited consolidated profit attributable to owners of the Company amounted to HK\$2,950 million (2021: HK\$2,763 million), an increase of 6.8% as compared with the same period last year. Basic earnings per share increased by 6.8% over the same period last year to HK 45.11 cents (2021: HK 42.26 cents).

## INTERIM DIVIDEND

The Board declares an interim dividend of HK 18.71 cents per ordinary share for the Period (2021: HK 18.17 cents).

## FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK\$11,913 million (2021: HK\$13,652 million), a decrease of 12.7% 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 for the Period decreased by 2.4% or HK\$108 million to HK\$4,417 million (2021: HK\$4,525 million), of which, the profit before tax of water resources business maintained steady growth, which partially offset the impact of the decrease in property investment and development business and electric power generation business. The net gain arising from fair value adjustments for investment properties was HK\$475 million (2021: HK\$101 million), causing an addition in profit before tax by HK\$374 million for the Period. The net exchange gain of the Group for the Period amounted to HK\$50 million (2021: net exchange loss of HK\$29 million). Net finance costs of the Group for the Period was HK\$263 million (2021: HK\$108 million). The unaudited consolidated profit attributable to owners of the Company for the Period increased by 6.8% to HK\$2,950 million (2021: HK\$2,763 million).

As at 30 June 2022, the unaudited equity attributable to owners of the Company was HK\$44,530 million (31 December 2021: HK\$46,211 million (audited)), decreased by approximately HK\$1,681 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\$2,950 million, dividends distributed during the Period of HK\$2,781 million and the other comprehensive loss of HK\$2,006 million in relation to the exchange differences on translation of foreign operations as a result of Renminbi depreciation.

## **BUSINESS REVIEW**

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*

The profit contribution from the Dongshen Water Supply Project continued to form a significant part of the Group's profit. As at 30 June 2022, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.04% (31 December 2021: 96.04%). GH Water Holdings holds a 99.0% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion tons. Total volume of water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 1.119 billion tons (2021: 1.294 billion tons), a decrease of 13.5%, which generated a revenue of HK\$3,446 million (2021: HK\$3,539 million), a decrease of 2.6% over the same period last year.

The Hong Kong Water Supply Agreement for 2021 to 2023 (the "Water Supply Agreement") between the Government of the Hong Kong Special Administrative Region and the Guangdong Provincial Government was signed on 28 December 2020. Pursuant to the Water Supply Agreement, the annual basic water prices for the three years of 2021, 2022 and 2023 are HK\$4,885.53 million, HK\$4,950.51 million and HK\$5,016.35 million, respectively. The actual water price for 2021 was frozen at the 2020 level (i.e. HK\$4,821.41 million), which is a special arrangement of the Guangdong Provincial Government in consideration of the impact of the COVID-19 pandemic in Hong Kong.

According to the water price deduction mechanism adopted and applicable for the years from 2021 to 2029, the annual basic water price shall be deducted based on the quantity of water supplied to Hong Kong which is conserved (i.e. the difference between the annual supply ceiling of 820 million tons and the actual quantity of water imported, with a minimum annual water supply quantity of 615 million tons from 2021 to 2023) in a particular year at a certain unit rate. The unit rates for each cubic metre of water supplied to Hong Kong which is conserved for the three years of 2021, 2022 and 2023 are HK\$0.300, HK\$0.304 and HK\$0.308, respectively.

The revenue from water sales to Hong Kong for the Period increased by 1.1% to HK\$2,695 million (2021: HK\$2,665 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 14.1% to HK\$751 million (2021: HK\$874 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\$2,279 million (2021: HK\$2,360 million), 3.4% 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 acquired/contracted for three new water resources projects which were located in Heyuan City and Jiexi County of Guangdong Province and Wuxi City of Jiangsu Province, the PRC, respectively, 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 1,090,000 tons per day and 265,700 tons per day, respectively. The expected total investment amount of these projects is approximately RMB1,614 million (equivalent to approximately HK\$1,887 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 30 June 2022 are 14,873,200 tons per day (31 December 2021: 13,783,200 tons per day) and 2,900,900 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.▲)	560,000	-
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	500,000	-
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.▲)	40,000	-
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	-

## Capacity of Water Resources Projects in Operation (continued)

<u>Name of subsidiaries of the Group (continued)</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
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. ▲)	70,000	-
五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd. ▲)	-	40,000
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	-
河源市粵海水務有限公司 (Heyuan City Guangdong Water Co., Ltd. ▲)	<u>100,000</u>	-
Total as at 30 June 2022	<u>5,421,800</u>	<u>1,663,200</u>
Total as at 30 June 2021	<u>4,543,000</u>	<u>1,544,300</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. ▲)	<u>430,000</u>
Total as at 30 June 2022	<u>2,380,000</u>
Total as at 30 June 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 30 June 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
湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd. ▲)	200,000	-
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd. ▲)	-	3,500
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

## Capacity of Water Resources Projects under Construction (continued)

<u>Name of subsidiaries of the Group</u> (continued)	<u>Water supply capacity</u> <u>(tons per day)</u>	<u>Waste water processing capacity</u> <u>(tons per day)</u>
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	-
河源市粵海水務有限公司 (Heyuan City Guangdong Water Co., Ltd. ▲)	200,000	-
雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd. ▲)	-	40,000
Total	<u>2,720,000</u>	<u>318,500</u>

Revenue of Other Water Resources Projects for the Period in aggregate increased by 24.7% to HK\$5,612,344,000 (2021: HK\$4,500,581,000), of which income from construction services amounted to HK\$2,592,267,000 (2021: HK\$2,570,826,000). The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$1,111,123,000 (2021: HK\$681,987,000) in aggregate, 62.9% higher than that in the same period last year.

## Property Investment and Development

### Mainland China

#### GDH Teem

As at 30 June 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<sup>▲</sup>) (“Guangdong Teem”) and its subsidiaries, and held an effective interest of 76.02% in Tianjin Yuehai Teem Shopping Center Co., Ltd. (collectively the “GDH Teem”). The projects of GDH Teem included GDH Teem Plaza, Panyu GDH Plaza, Guangzhou Comic City and Tianjin Yuehai Teem Shopping Mall.

During the Period, Guangdong Teem as the purchaser entered into an equity transfer agreement with 廣東粵海控股集團有限公司 (Guangdong Holdings Limited<sup>▲</sup>) (“Guangdong Holdings”), the ultimate holding company of the Company and 廣州粵海仰忠匯置業有限公司 (Guangzhou Yuehai Yangzhonghui Land Co., Ltd.<sup>▲</sup>), a direct wholly-owned subsidiary of Guangdong Holdings, to purchase 85% equity interest in 廣州粵海動漫星城有限公司 (Guangzhou Yuehai Comic City Co., Ltd.<sup>▲</sup>) (“Yuehai Comic City”), for an aggregate adjusted consideration of approximately RMB764,360,000 (equivalent to approximately HK\$900,646,000). Yuehai Comic City is the property owner of Guangzhou Comic City, and is responsible for operating and managing Guangzhou Comic City.

Revenue of GDH Teem’s property investment and development business mainly comprises rental income (including rentals from the department stores operated by the Group) from properties held and income from sale of properties. The revenue and profit before tax (excluding net interest income) of GDH Teem’s property development business (sales of properties by Panyu GDH Plaza) for the same period last year was HK\$290,400,000 and HK\$163,210,000 respectively. There is no sales of properties for the Period. The revenue of GDH Teem’s property investment business for the Period increased by 4.2% to HK\$764,018,000 (2021: HK\$733,313,000). The profit before tax, excluding changes in fair value of investment properties, net interest income and other operating income, of GDH Teem’s property investment business for the Period increased by 2.3% to HK\$488,240,000 (2021: HK\$477,136,000)

The revenue of the GDH Teem’s property investment business for the six months ended 30 June 2022 was as follows:

	Gross floor area (“GFA”) sq.m.	Average occupancy rate %	Revenue for the six months ended 30 June		Changes %
			2022 HK\$’000	2021 HK\$’000	
Teem Plaza - Teemall	106,000	99.5	398,429	389,162	+2.4
Teem Plaza - Teem Tower	88,000	93.6	109,744	109,550	+0.2
Panyu GDH Plaza - Panyu Teemall	144,000	93.7	126,256	138,537	-8.9
Tianjin Yuehai Teem Shopping Mall	145,000	94.3	127,566	96,064	+32.8
Guangzhou Comic City (acquired in June 2022)	<u>23,000</u>	85.3	<u>2,023</u>	<u>-</u>	<u>+100.0</u>
	<u>506,000</u>		<u>764,018</u>	<u>733,313</u>	<u>+4.2</u>

*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 the 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	100,144	6,193	99,889	86.9%
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	6,173	277	6,173	76.7%

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 structure topped out and the masonry and renovation works in progress, and superstructure construction and masonry 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, the first phase of the properties completed, and renovation works of the remaining properties 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 the first phase of the properties topped out, and renovation and masonry works in progress; superstructure construction works for other properties 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 of the first phase of the properties topped out, and renovation and masonry works in progress; superstructure construction works for other properties underway	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 underway	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Superstructure of the first phase of the properties topped out, and superstructure construction works for other properties underway	2023
Guangzhou Yungang City Project	Guangzhou City, the PRC	Residential/ Commercial	100%	114,463	506,000	Basement and superstructure construction works of each phase of the properties underway	2025

*The asterisk (\*) denotes that the approximate GFA includes (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.*

## Projects which Pre-sale has Commenced

Property Project	Location	Use	Interest held by GD Land	Approximate	Approximate	Accumulated	The proportion of accumulated GFA contracted to GFA available for sale	Date of pre-sale
				GFA included in calculation of plot ratio (sq.m.)	GFA contracted Period under review (sq.m.)			
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	164,216	20,395	51,000	31.1%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 - 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	396,600	13,374	39,294	9.9%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	166,692	10,187	23,132	13.9%	June 2021
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	247,028	5,620	22,997	9.3%	September 2021
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	151,493	12,851	16,152	10.7%	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 64,000 sq.m. (2021: 85,000 sq.m.) and 7,000 sq.m. (2021: 31,000 sq.m.), respectively. Revenue of GD Land for the Period decreased by 78.4% to HK\$492,400,000 (2021: HK\$2,283,775,000), of which income from sales of properties amounted to HK\$480,524,000 (2021: HK\$2,273,904,000). The net gain arising from fair value adjustments for investment properties was HK\$351,232,000 (2021: HK\$79,456,000), causing an addition in profit before tax by HK\$271,776,000 for the Period. The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$39,820,000 (2021: HK\$566,906,000).

## ***Hong Kong***

### *Guangdong Investment Tower*

The average occupancy rate of Guangdong Investment Tower for the Period was 97.5% (2021: 85.5%). The total revenue for the Period increased by 5.8% to HK\$25,984,000 (2021: HK\$24,563,000).



## Department Store Operation

As at 30 June 2022, the Group operated six stores with a total leased area of approximately 222,100 sq.m. (31 December 2021: 123,900 sq.m.). The total revenue for the Period increased by 29.1% to HK\$437,697,000 (2021: HK\$339,008,000). The profit before tax for the Period increased by 49.4% to HK\$125,867,000 (2021: HK\$84,258,000), 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\$81,296,000 (2021: Nil).

The revenue of the stores operated by the Group for the six months ended 30 June 2022 was as follows:

	Leased area sq.m.	Revenue for the six months ended 30 June		Changes %
		2022 HK\$'000	2021 HK\$'000	
Teemall Store	42,000	327,988	221,274	+48.2
Wan Bo Store	20,200	28,133	32,396	-13.2
Ming Sheng Store	11,900	10,674	13,184	-19.0
Dong Pu Store	28,300	41,737	47,327	-11.8
Ao Ti Store	21,200	23,106	24,524	-5.8
Nanhai Store (closed in October 2021)	-	-	303	-100.0
Hua Du Store (opened in January 2022)	98,500	6,059	-	+100.0
	<u>222,100</u>	<u>437,697</u>	<u>339,008</u>	<u>+29.1</u>

## Hotel Ownership, Operation and Management

As at 30 June 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 twenty-two in Mainland China. As at 30 June 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 other hotel management group. The construction of the hotel which is situated in Zhuhai and was originally used as staff dormitory, has been completed during the Period.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$814 (2021: HK\$937) whereas the average room rate of the remaining four star-rated hotels were HK\$400 (2021: HK\$356). The average occupancy rate of Sheraton Guangzhou Hotel was 69.7% (2021: 69.3%) and that of the other four star-rated hotels was 56.8% (2021: 54.0%) during the Period.

Due to the continuous spread of the COVID-19 pandemic beyond expectations, the overall demand for hotel accommodation continued to decline. Accordingly, the revenue of hotel ownership, operation and management business for the Period decreased by 2.7% to HK\$174,430,000 (2021: HK\$179,222,000). The loss before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$31,032,000 (2021: HK\$31,374,000).

## Energy Projects

### *GDH Energy Project*

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds 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 1,106 million kwh (2021: 1,405 million kwh), decreased by 21.3%. Due to the mixed impact of decrease in sales of electricity and increase in electricity tariff, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the Period decreased by 3.8% to HK\$845,748,000 (2021: HK\$878,709,000). 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\$23,368,000 (2021: HK\$84,103,000), a decrease of 72.2%.

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

The Group’s effective interest in Yudean Jinghai Power is 25%. As at 30 June 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 6,521 million kwh (2021: 7,481 million kwh), a decrease of 12.8%. Due to the increase in electricity tariff, revenue for the Period increased by 5.7% to HK\$3,577,612,000 (2021: HK\$3,385,508,000). As a result of the significant increase in coal price, Yudean Jinghai Power recorded a loss before tax of HK\$306,161,000 (2021: profit before tax of HK\$87,488,000) for the Period. The Group’s share of loss in Yudean Jinghai Power amounted to HK\$57,405,000 (2021: share of profit of HK\$16,404,000) 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 20.8% to 23,182 vehicle trips (2021: 19,195 vehicle trips). The revenue of GDH Highway during the Period amounted to HK\$332,865,000 (2021: HK\$1,077,205,000), decreased by 69.1%, which was due to the absence of revenue generated from construction services (2021: HK\$799,754,000) arising from the highway enhancement project during the Period. Profit before tax during the Period, excluding net finance costs, amounted to HK\$180,195,000 (2021: HK\$149,791,000), increased by 20.3%.

## *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 Province, 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\$5.559 billion). The Xiegang Government shall pay the Development Costs by 10 annual instalments throughout the maintenance period, being ten years (the "Maintenance Period") from the acceptance of the Project Roads by the Xiegang Government.

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

As at 30 June 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) was under construction. As at 30 June 2022, the cumulative Development Costs in relation to the Yinping PPP Project amounted to RMB1,817 million (equivalent to approximately HK\$2,125 million) (31 December 2021: approximately RMB1,724 million (equivalent to approximately HK\$2,109 million)).

The total Accrued Interest Amount, Management Fee and maintenance fee of Yuehai Yinping recognised during the Period decreased by 2.5% to HK\$75,122,000 (2021: HK\$77,022,000). The profit before tax, excluding other operating income, decreased by 3.5% to HK\$68,193,000 (2021: HK\$70,698,000) during the Period.

## LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2022, cash and bank balances of the Group increased by HK\$932 million to HK\$10,527 million (31 December 2021: HK\$9,595 million), of which 76.23% was denominated in Renminbi, 23.76% in Hong Kong dollars and 0.01% in United States dollars.

As at 30 June 2022, the Group's financial borrowings increased by HK\$10,899 million to HK\$39,759 million (31 December 2021: HK\$28,860 million), of which 19.0% was denominated in Hong Kong dollars and 81.0% in Renminbi, including loans from the ultimate holding company, fellow subsidiaries and an associate of HK\$13,460 million (31 December 2021: HK\$4,135 million) and the non-interest-bearing advance of HK\$118 million (31 December 2021: HK\$118 million). Of the Group's total financial borrowings, HK\$7,194 million was repayable within one year while the remaining balances of HK\$23,566 million and HK\$8,999 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively. Furthermore, the interest rate structure of the Group's total financial borrowings consists of 74.7% floating rate borrowings, 24.9% fixed rate borrowings and 0.4% non-interest bearing borrowings as at 30 June 2022.

The Group maintained a credit facility of HK\$16,119 million as at 30 June 2022 (31 December 2021: HK\$15,324 million).

As at 30 June 2022, the Group's gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was 71.2% (31 December 2021: 48.9%). The Group was in a healthy debt servicing position with the EBITDA/finance cost incurred as at 30 June 2022 being 8.8 times (31 December 2021: 12.8 times).

Net cash outflows from operating activities for the Period amounted to approximately HK\$5,591 million (2021: HK\$1,871 million), which was mainly due to completion of payment for the land parcels held by GD Land. GD Land recorded net cash outflows from operating activities for the Period which amounted to approximately HK\$7,788 million (2021: HK\$4,129 million). The Group's other segments continue to remain sound with consistent positive net operating cash inflows. The existing cash resources of the Group, together with steady cash flows generated from the Group's operations, are sufficient to meet the Group's payment obligation and business requirements.

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 30 June 2022, except for (i) certain property assets of HK\$21,956 million (31 December 2021: HK\$11,506 million); (ii) certain revenue entitlement under service concession arrangements of water distribution, sewage treatment and toll road operations as security for bank and other loans of HK\$10,100 million (31 December 2021: HK\$8,866 million); (iii) equity interest in certain subsidiaries of the Group with total costs of approximately HK\$5,530 million (31 December 2021: approximately HK\$4,561 million), which were pledged to secure certain bank and other loans, none of the property, plant and equipment, concession rights for water distribution, sewage treatment and toll road operations (comprising operating concession rights and receivables under service concession agreements) were pledged to secure bank and other loans granted to the Group.

Except for the guarantees made to certain banks in relation to the mortgages of properties sold of approximately HK\$1,268 million (31 December 2021: approximately HK\$899 million) as disclosed in note 13 of this announcement, there was no other material contingent liability as at 30 June 2022 and 31 December 2021.

## **CAPITAL EXPENDITURE**

The Group's capital expenditure during the Period amounted to HK\$5,591 million which was principally related to the construction and asset acquisition cost for water supply and sewage treatment plants (including operating concession rights and receivables under service concession arrangements), development cost for investment property projects and acquisitions of subsidiaries.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES**

As at 30 June 2022, total Renminbi borrowings amounted to HK\$32,181 million (31 December 2021: HK\$21,482 million). The Group did not use derivative financial instruments to hedge its foreign currency risk. The Group believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

As at 30 June 2022, the Group's total floating rate borrowings amounted to HK\$29,702 million (31 December 2021: HK\$28,560 million). The interest rate risk exposure was considered to be low and thus no interest rate hedging was considered necessary. The Group will continue to review the market trend as well as its business operation's needs, so as to arrange the most effective risk management tools.

## PRINCIPAL RISKS AND UNCERTAINTIES

### *Macroeconomic Risk*

As a diversified conglomerate with investments in different business segments, the financial and operating performance of the Company is inextricably linked to the macroeconomic environment.

Internationally, the global economic outlook remains highly volatile amid the COVID-19 pandemic flare-up, global inflations, geopolitical disputes and the pressure to cope with climate change. Domestically, macroeconomic development increasingly faces dilemmas, as it is necessary to maintain growth without causing inflation, and the implementation of stable economic policies should be effective and moderate. The foundation for the recovery of the domestic economic fundamentals is not solid and there are many uncertainties in the development environment, which may cause uncertainties in future macroeconomic policies in areas such as fiscal, taxation, credit and exchange rate. Consequently, the Company will closely monitor changes in macroeconomic conditions, capital markets and business operating environments, and provide regular market updates to management according to existing company procedures in order to ensure effective implementation of the Company's development strategies and maintain its corporate competitiveness under such external economic environment.

### *Foreign Currency Risk*

As most of the Company's business operations are located in Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to manage foreign exchange risk.

### *Market Competition Risk*

As market competition intensifies, the Company faces difficulties in its expansion efforts and further decline in project investment returns in the sectors it operates in. In this regard, the Company seeks to explore new sources of revenue and reduce operating costs through product improvement, operating efficiency enhancement and strengthening of the project management team so as to enhance profitability of its projects.

### *Project Safety Management Risk*

Project safety management risk encompasses product safety management risk as well as personnel safety management risk. With respect to product safety risk, the Company will systemise the relevant risk control mechanism so as to establish firmwide standardised risk management procedures. On the other hand, the Company will strengthen production quality control by performing regular safety inspections on its production and operational facilities as a preventive measure, and by seeking market supervision and taking timely actions to rectify existing problems to avoid adverse impact.

With respect to personnel safety risk, each investment project in the Company's investment portfolio has a customised safety liability mechanism best suited to its operating environment. These safety liability mechanisms clearly define the assignment of duty and responsibility, and serve as the related performance evaluation guidelines. On top of that, the Company also provides regular operational safety training to its employees, and puts in place contingency plans to emergency events in order to ensure that such risks are effectively managed.

Regarding the ongoing risks to the Company's business operations arising from the COVID-19 pandemic, the Company has established and improved its management systems and emergency plans, and will do the best to prevent and control the pandemic to guarantee safe and smooth production of different business segments and effectively minimize the product safety management risk as well as personnel safety management risk that come from the COVID-19 pandemic.

### **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2022, the Group had a total of 10,530 employees, of which 2,111 were at the managerial level. Among the employees, 10,328 were employed by subsidiaries in Mainland China and 202 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK\$970,930,000 (2021: approximately HK\$744,776,000).

Upholding a corporate culture with "Commitment, Performance and Teamwork" at the core, the Group actively promoted its brand slogan of "Corporation Thrives on Solid Efforts" in 2022, with an aim to encourage its staff to be committed and aggressive and strive for excellence. With a firm belief that people are the most important assets of an organisation, the Group has made great efforts to recruit professionals and experts with international visions urgently needed for its business development, established the incentive and protection mechanism by strengthening the commitment of senior management and employees at all levels, and promoted to form a correct orientation of "advancing the capable, rewarding the excellent, demoting the mediocre, and eliminating the inferior". Through cultivation of a committed workforce, optimisation of its operation and management and strengthening of its core competencies, the Group continuously enhances its competitiveness and market value.

The remuneration policy of the Group is designed to ensure that the remuneration is competitive and in line with the development objectives and business performance of the Group. The remuneration package includes fixed salary, discretionary bonus, insurance and fringe benefits. The remuneration standards are based on factors such as qualifications, experience, job responsibility and performance of individual employees and market conditions. Discretionary bonus is subject to the performance-based incentive policy.

In order to enhance its employees' capabilities and skills, the Group encourages them to attend training and refresher programmes in their spare time for self-improvement, and provides targeted professional and compliance training sessions as per its business development requirements and on an as-needed basis.

## REVIEW

In the first half of 2022, the momentum of global economic recovery has weakened; the COVID-19 pandemic has not been effectively controlled around the world, showing signs of rebound in many countries; bottlenecks in supply chains have continued, geopolitical conflicts have intensified, commodity prices have risen, and inflation pressure in major economies has continued to increase, making the global environment more complex and severe. In the first half of the year, the COVID-19 pandemic has occurred frequently in many areas of China, the shocks of which exceeded expectations. The new downward pressure on the economy has increased, which, even then, still shows strong resilience and huge potential. With the introduction of a series of important economic stabilising policies, the economy has stabilised and rebounded in June. Faced with an increasingly complex and changing external environment, the Group adhered to the development strategy of “balancing progress and stability and enhancing quality and efficiency”. On the one hand, the Group continued to strengthen operational efficiency of its core operations while further optimizing its corporate governance and risk management mechanisms. On the other hand, the Group actively seized market opportunities and intensified efforts to scale up its core operations, thus strengthening the foundation for the sustainable development of the Company.

## PROSPECTS

In the second half of 2022, the COVID-19 pandemic flare-up has increased the uncertainty of pandemic prevention and control. Uneven global economic recovery, supply chain pressure, and high commodity prices will continue, and the external environment will be even more complex, severe and uncertain. China’s economic development is still under “triple pressure” - shrinking demand, supply shocks and weakening expectations. Faced with the unstable foundation of the economic recovery as well as adverse impact on human mobility, logistics, business operations, capital markets, interest rates and exchange rate market may continue 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.

In the second half of the year, 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 historical opportunities brought by the governance and prosperity of Hong Kong, 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, help Hong Kong integrate into the Greater Bay Area and better participate in the national development.



## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **CORPORATE GOVERNANCE CODE**

The Company had complied with the code provisions in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2022 and, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

Due to the COVID-19 pandemic, the Chairman of the board of Directors (the “Board”), who is also the Chairman of the Nomination Committee, was unable to attend the annual general meeting of the Company held on 23 June 2022 (the “2022 AGM”) as required by Code Provision F.2.2. With the consent of other Directors present, Mr. Wen Yinheng, the Managing Director, chaired the 2022 AGM. The chairmen and members of the Audit Committee and the Remuneration Committee as well as members of the Nomination Committee attended the 2022 AGM.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

### **INTERIM DIVIDEND**

The Board has resolved to declare the payment of an interim dividend of HK 18.71 cents (2021: HK 18.17 cents) per ordinary share for the six months ended 30 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 11 October 2022. The interim dividend is expected to be paid on or about Thursday, 27 October 2022.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on Tuesday, 11 October 2022 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 10 October 2022.

### **REVIEW OF INTERIM RESULTS**

The unaudited interim results of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company and Messrs. KPMG, independent auditor of the Company.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.gdi.com.hk) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

▲ *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.*

By Order of the Board  
**HOU Wailin**  
Chairman

Hong Kong, 30 August 2022

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