



GUANGDONG INVESTMENT LIMITED
(粵 海 投 資 有 限 公 司)

Stock Code : 00270

Interim Report
2021



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Corporate Information

as at 30 August 2021

Board of Directors

Executive Directors

Mr. HOU Wailin (*Chairman*)
Mr. LIN Tiejun (*Vice Chairman*)
Mr. WEN Yinheng (*Managing Director*)
Mr. TSANG Hon Nam (*Deputy General Manager*)
Ms. LIANG Yuanjuan (*Chief Financial Officer*)

Non-Executive Directors

Mr. CAI Yong
Mr. LAN Runing
Mr. FENG Qingchun

Independent Non-Executive Directors

Dr. CHAN Cho Chak, John, *GBS, JP*
Mr. FUNG Daniel Richard, *SBS, QC, SC, JP*
Dr. the Honourable CHENG Mo Chi, Moses,
GBM, GBS, OBE, JP
Mr. WU Ting Yuk, Anthony,
Standing Committee Member of CPPCC National Committee,
GBS, JP
Mr. LI Man Bun, Brian David, *JP, MA (Cantab), MBA, FCA*

Audit Committee

Mr. WU Ting Yuk, Anthony (*Committee Chairman*)
Dr. CHAN Cho Chak, John
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. LI Man Bun, Brian David

Remuneration Committee

Dr. CHAN Cho Chak, John (*Committee Chairman*)
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. WU Ting Yuk, Anthony
Mr. LI Man Bun, Brian David

Nomination Committee

Mr. HOU Wailin (*Committee Chairman*)
Dr. CHAN Cho Chak, John
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. WU Ting Yuk, Anthony
Mr. LI Man Bun, Brian David

Company Secretary

Ms. YANG Na

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers

Bank of China (Hong Kong) Limited
China CITIC Bank, Guangzhou Branch
China Merchants Bank
Chong Hing Bank
Dah Sing Bank
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Limited
Industrial and Commercial Bank of China,
Shenzhen Branch
Standard Chartered Bank

Registered Office

28th and 29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Telephone : (852) 2860 4368
Facsimile : (852) 2528 4386
Email : ir@gdi.com.hk
Website : <http://www.gdi.com.hk>

Share Registrar

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Customer Service Hotline: (852) 2980 1333

Share Information

Place of Listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	00270
Board Lot	2,000 shares
Financial Year End	31 December

Shareholders' Calendar

Closure of Register of Members	12 October 2021
Interim Dividend Payable on or about	HK18.17 cents per ordinary share 28 October 2021

Report on Review of Interim Financial Information



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To the board of directors of Guangdong Investment Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 46, which comprises the condensed consolidated statement of financial position of Guangdong Investment Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

30 August 2021

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	4	13,651,759	9,485,522
Cost of sales		(7,859,452)	(4,837,219)
Gross profit		5,792,307	4,648,303
Other income and gains		224,600	316,448
Changes in fair value of investment properties		100,634	(305,765)
Selling and distribution expenses		(393,957)	(198,851)
Administrative expenses		(1,039,663)	(708,356)
Exchange differences, net		(29,235)	51,487
Other operating income, net		24,833	20,364
Finance costs	5	(224,699)	(141,206)
Share of profits less losses of associates		69,975	123,384
PROFIT BEFORE TAX	6	4,524,795	3,805,808
Income tax expense	7	(1,360,623)	(1,113,099)
PROFIT FOR THE PERIOD		3,164,172	2,692,709
Attributable to:			
Owners of the Company		2,762,835	2,369,219
Non-controlling interests		401,337	323,490
		3,164,172	2,692,709
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		HK 42.26 cents	HK 36.24 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	3,164,172	2,692,709
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		
– Subsidiaries	559,184	(838,017)
– Associates	96,367	(50,617)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	655,551	(888,634)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Fair value gains of property, plant and equipment and right-of-use assets upon transfer to investment properties, net of tax	–	32,249
Share of an associate's remeasurement loss on defined benefit plan, net of tax	–	(585)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	655,551	(856,970)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,819,723	1,835,739
Attributable to:		
Owners of the Company	3,261,256	1,686,523
Non-controlling interests	558,467	149,216
	3,819,723	1,835,739

Condensed Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,769,806	7,683,847
Investment properties		22,372,342	21,295,440
Right-of-use assets		788,034	604,667
Goodwill		613,902	594,086
Operating concession rights		20,119,616	15,060,664
Other intangible assets		73,158	30,025
Investments in associates		4,471,818	4,457,613
Receivables under service concession arrangements	10	13,066,509	9,391,825
Receivables under a cooperative arrangement		2,092,640	1,899,957
Equity investments designated at fair value through other comprehensive income		33,831	15,031
Prepayments and other receivables	11	574,148	533,271
Deferred tax assets		787,701	684,334
Total non-current assets		72,763,505	62,250,760
CURRENT ASSETS			
Properties held for sale under development		18,342,550	6,213,674
Completed properties held for sale		2,835,432	4,258,089
Tax recoverable		253,520	7,695
Inventories		315,953	223,280
Receivables under service concession arrangements	10	158,075	155,694
Receivables, prepayments and other assets	11	4,811,364	5,190,380
Due from non-controlling equity holders of subsidiaries		825,977	816,232
Restricted bank balances		805,088	117,254
Cash and cash equivalents		11,637,184	10,367,484
Total current assets – page 7		39,985,143	27,349,782

Condensed Consolidated Statement of Financial Position

30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Total current assets – page 6		39,985,143	27,349,782
CURRENT LIABILITIES			
Payables, accruals and other liabilities	12, 14	(11,759,684)	(6,881,504)
Contract liabilities	12	(4,560,038)	(3,381,512)
Tax payables		(2,660,631)	(2,577,480)
Due to non-controlling equity holders of subsidiaries		(1,325,857)	(1,180,059)
Bank and other borrowings	13	(5,079,718)	(5,690,306)
Lease liabilities		(77,333)	(56,073)
Dividend payables		(2,700,120)	–
Total current liabilities		(28,163,381)	(19,766,934)
NET CURRENT ASSETS		11,821,762	7,582,848
TOTAL ASSETS LESS CURRENT LIABILITIES		84,585,267	69,833,608
NON-CURRENT LIABILITIES			
Bank and other borrowings	13	(15,594,066)	(5,511,539)
Lease liabilities		(970,079)	(473,140)
Due to a non-controlling equity holder of a subsidiary		(12,750)	–
Other liabilities and contract liabilities	12, 14	(1,788,441)	(1,927,114)
Deferred tax liabilities		(6,377,553)	(5,965,854)
Total non-current liabilities		(24,742,889)	(13,877,647)
Net assets		59,842,378	55,955,961
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	8,966,177	8,966,177
Reserves	16	35,754,332	35,261,621
Non-controlling interests		44,720,509	44,227,798
		15,121,869	11,728,163
Total equity		59,842,378	55,955,961

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund reserve	Exchange fluctuation reserve	Other reserve	Fair value reserve	Defined benefit plan reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	8,966,177	445,025*	1,765,933*	3,611,969*	1,072,866*	(204,898)*	4,080*	(6,500)*	28,573,146*	44,227,798	11,728,163	55,955,961
Profit for the period	-	-	-	-	-	-	-	-	2,762,835	2,762,835	401,337	3,164,172
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations												
- Subsidiaries	-	-	-	-	402,054	-	-	-	-	402,054	157,130	559,184
- Associates	-	-	-	-	96,367	-	-	-	-	96,367	-	96,367
Total comprehensive income for the period	-	-	-	-	498,421	-	-	-	2,762,835	3,261,256	558,467	3,819,723
Put option on non-controlling interests in a subsidiary (note 12)	-	-	-	-	-	(67,451)	-	-	-	(67,451)	51,512	(15,939)
Acquisition of subsidiaries under business combinations (note 19)	-	-	-	-	-	-	-	-	-	-	2,335,561	2,335,561
Acquisition of subsidiaries under asset acquisitions (note 20)	-	-	-	-	-	-	-	-	-	-	746,317	746,317
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	142,624	142,624
Change in non-controlling interests without change in control	-	-	(974)	-	-	-	-	-	-	(974)	974	-
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(441,749)	(441,749)
Final 2020 dividend	-	-	-	-	-	-	-	-	(2,700,120)	(2,700,120)	-	(2,700,120)
At 30 June 2021	8,966,177	445,025*	1,764,959*	3,611,969*	1,571,287*	(272,349)*	4,080*	(6,500)*	28,635,861*	44,720,509	15,121,869	59,842,378

* These reserve accounts comprise the consolidated reserves of HK\$35,754,332,000 (31 December 2020: HK\$35,261,621,000) in the condensed consolidated statement of financial position as at 30 June 2021.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund reserve	Exchange fluctuation reserve	Other reserve	Fair value reserve	Defined benefit plan reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 January 2020	8,966,177	413,061	1,765,933	3,243,573	(1,318,889)	(142,891)	3,944	(7,229)	28,232,688	41,156,367	9,536,626	50,692,993
Profit for the period	-	-	-	-	-	-	-	-	2,369,219	2,369,219	323,490	2,692,709
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations												
– Subsidiaries	-	-	-	-	(658,512)	-	-	-	-	(658,512)	(179,505)	(838,017)
– Associates	-	-	-	-	(50,617)	-	-	-	-	(50,617)	-	(50,617)
Fair value gains of property, plant and equipment and right-of-use assets upon transfer to investment properties, net of tax	-	27,018	-	-	-	-	-	-	-	27,018	5,231	32,249
Share of an associate's remeasurement loss on defined benefit plan, net of tax	-	-	-	-	-	-	-	(585)	-	(585)	-	(585)
Total comprehensive income/(loss) for the period	-	27,018	-	-	(709,129)	-	-	(585)	2,369,219	1,686,523	149,216	1,835,739
Put option on non-controlling interests in a subsidiary (note 12)	-	-	-	-	-	(39,268)	-	-	-	(39,268)	13,251	(26,017)
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	340,295	340,295
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(247,480)	(247,480)
Final 2019 dividend	-	-	-	-	-	-	-	-	(2,647,818)	(2,647,818)	-	(2,647,818)
At 30 June 2020	8,966,177	440,079	1,765,933	3,243,573	(2,028,018)	(182,159)	3,944	(7,814)	27,954,089	40,155,804	9,791,908	49,947,712

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash flows from/(used in) operating activities		(1,870,576)	2,245,276
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		21,804	14,569
Net movement in receivables under a cooperative arrangement		(104,662)	(144,477)
Purchases of items of property, plant and equipment		(294,820)	(260,024)
Additions to investment properties		(438,681)	(272,308)
Additions to service concession arrangements		(2,078,113)	(807,580)
Acquisition of subsidiaries	19, 20	(911,471)	–
Increase in investment in an associate		(28,757)	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		354,575	(1,516,033)
Net cash flows used in investing activities		(3,480,125)	(2,985,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		12,360,301	1,605,957
Repayments of bank and other borrowings		(5,028,383)	(471,624)
Increase in a loan from a fellow subsidiary		–	320,334
Increase in amounts due to fellow subsidiaries		–	1,424
Capital contribution from non-controlling equity holders of subsidiaries		95,793	299,424
Principal portion of lease payments		(34,866)	(36,144)
Dividends paid to non-controlling equity holders of subsidiaries		(152,249)	(164,378)
Interest paid		(306,688)	(153,889)
Net cash flows from financing activities		6,933,908	1,401,104

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,583,207	660,527
Cash and cash equivalents at beginning of period	9,197,749	8,948,216
Effect of foreign exchange rate changes, net	32,129	(157,152)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,813,085	9,451,591
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,051,480	6,482,072
Non-pledged time deposits with original maturity of less than three months when acquired	2,761,605	2,969,519
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	10,813,085	9,451,591
Non-pledged time deposits with original maturity of more than three months when acquired	824,099	4,850,210
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	11,637,184	14,301,801

Notes to Interim Financial Information

30 June 2021

1. GENERAL INFORMATION AND ACCOUNTING POLICIES

Guangdong Investment Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong whose shares are publicly traded. The principal activities of the Company and its subsidiaries (collectively known as the “Group”) are described in note 3.

This unaudited interim financial information of the Group for the six months ended 30 June 2021 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 2020.

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 2020, 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 2020 included in this unaudited interim financial information for the six months ended 30 June 2021 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 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622). The Company’s auditor has reported on those consolidated financial statements for the year ended 31 December 2020. The auditor’s report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Chapter 622).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*COVID-19-Related Rent Concessions
beyond 30 June 2021 (early adopted)*

Notes to Interim Financial Information

30 June 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the RMB benchmark lending rate per annum announced by the People’s Bank of China as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendments did not have any material impact on the financial position and performance of the Group.

Notes to Interim Financial Information

30 June 2021

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, and 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, 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 cash equivalents, 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.

Notes to Interim Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

	Water resources		Property investment and development		Department store operation	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	8,021,854	5,584,431	3,299,321	2,907,864	339,008	219,723
Intersegment sales	–	–	48,761	41,729	–	–
Other income and gains from external sources	7,374	28,076	4,060	1,549	10,657	26,606
Other income from intersegment transactions	–	–	–	3,439	–	–
Total	8,029,228	5,612,507	3,352,142	2,954,581	349,665	246,329
Segment results	2,940,757	2,568,340	1,298,805	1,054,882	81,917	27,187
Bank interest income						
Dividends received from equity investment designated at fair value through other comprehensive income	2	–	–	–	–	–
Finance costs						
Share of profits less losses of associates	63,838	59,108	–	–	(10,267)	3,293
Profit before tax						
Income tax expense						
Profit for the period						

Notes to Interim Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operation and management		Road and bridge	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	723,918	499,389	179,222	102,064	1,088,436	172,051
Intersegment sales	154,791	109,296	–	–	–	–
Other income and gains from external sources	30,672	22,000	348	303	67,410	37,086
Other income from intersegment transactions	–	–	–	–	–	–
Total	909,381	630,685	179,570	102,367	1,155,846	209,137
Segment results	77,462	120,440	(25,418)	(117,293)	232,101	94,722
Bank interest income						
Dividends received from equity investment designated at fair value through other comprehensive income	–	–	–	–	–	–
Finance costs						
Share of profits less losses of associates	16,404	60,867	–	116	–	–
Profit before tax						
Income tax expense						
Profit for the period						

Notes to Interim Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	-	-	-	-	13,651,759	9,485,522
Intersegment sales	-	-	(203,552)	(151,025)	-	-
Other income and gains from external sources	47	6,075	-	-	120,568	121,695
Other income from intersegment transactions	12,115	2,214	(12,115)	(5,653)	-	-
Total	12,162	8,289	(215,667)	(156,678)	13,772,327	9,607,217
Segment results	(35,542)	(137,755)	(7,161)	2,246	4,562,921	3,612,769
Bank interest income					104,030	194,753
Dividends received from equity investment designated at fair value through other comprehensive income	-	-	-	-	2	-
Finance costs					(212,133)	(125,098)
Share of profits less losses of associates	-	-	-	-	69,975	123,384
Profit before tax					4,524,795	3,805,808
Income tax expense					(1,360,623)	(1,113,099)
Profit for the period					3,164,172	2,692,709

Notes to Interim Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities:

	Water resources		Property investment and development		Department store operation		Electric power generation		Hotel operation and management	
	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Segment assets	37,664,346	27,473,043	45,303,014	36,294,345	1,594,011	542,901	2,556,587	2,500,857	2,146,022	2,138,052
Investments in associates	3,190,044	3,067,803	-	-	170,926	179,171	1,110,848	1,210,639	-	-
Unallocated assets										
Total assets										
Segment liabilities	8,578,616	5,782,699	8,145,212	5,113,616	2,196,430	1,428,769	656,477	477,736	162,599	210,382
Unallocated liabilities										
Total liabilities										

Other segment information:

	For the six months ended 30 June 2021 (Unaudited) HK\$'000		For the six months ended 30 June 2020 (Unaudited) HK\$'000		For the six months ended 30 June 2021 (Unaudited) HK\$'000		For the six months ended 30 June 2020 (Unaudited) HK\$'000		For the six months ended 30 June 2021 (Unaudited) HK\$'000		For the six months ended 30 June 2020 (Unaudited) HK\$'000	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Exchange gains/(losses), net	(38,568)	59,300	(34,562)	51,966	5,539	(3,854)	(6,639)	14,115	1,805	(2,823)		

Notes to Interim Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	Road and bridge		Others		Eliminations		Consolidated	
	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Segment assets	5,997,934	5,026,837	21,629	19,727	(594,153)	(100,315)	94,689,390	73,895,447
Investments in associates	-	-	-	-	-	-	4,471,818	4,457,613
Unallocated assets							13,587,440	11,247,482
Total assets							112,748,648	89,600,542
Segment liabilities	923,922	728,595	149,616	141,747	(374,310)	-	20,438,562	13,883,544
Unallocated liabilities							32,467,708	19,761,037
Total liabilities							52,906,270	33,644,581

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		For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Exchange gains/(losses), net	5,946	8,167	35,175	(77,629)	2,069	2,245	(29,235)	51,487

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.

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4. REVENUE (continued)

Disaggregation of revenue is analysed as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
(a) Types of goods or services:		
<u>Water resources segment</u>		
Income from water distribution – Hong Kong	2,664,835	2,629,860
Income from water distribution – the PRC	1,576,522	1,024,364
Income from sewage treatment services	386,435	130,253
Income from construction services	2,570,826	1,348,805
Income from water pipeline installation and consultancy services	493,846	283,606
Sale of machineries	87,760	39,710
<u>Property investment and development segment</u>		
Sale of properties	2,564,304	2,298,898
Management fee income	79,233	84,028
<u>Department store operation segment</u>		
Commissions income from concessionaire sales	260,523	181,540
Sale of goods	43,901	38,183
Management fee income	5,132	–
<u>Electric power generation segment</u>		
Sale of electricity and steam	723,918	499,389
<u>Hotel operation and management segment</u>		
Hotel income	152,324	84,081
Management fee income	7,734	4,913
<u>Road and bridge segment</u>		
Toll revenue	277,451	168,483
Income from construction services	799,754	–
Management and maintenance fee income	11,231	3,568
<i>Revenue from contracts with customers</i>	12,705,729	8,819,681
<i>Revenue from other sources</i>		
<u>Water resources segment</u>		
Finance income from service concession arrangements	241,630	127,833
<u>Property investment and development segment</u>		
Rental income	655,784	524,938
<u>Department store operation segment</u>		
Rental income	29,452	–
<u>Hotel operation and management segment</u>		
Rental income	19,164	13,070
Total revenue	13,651,759	9,485,522

Notes to Interim Financial Information

30 June 2021

4. REVENUE (continued)

Disaggregation of revenue is analysed as follows: (continued)

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
(b) Geographical locations*:		
<u>Mainland China</u>		
Water resources segment	7,780,224	5,456,598
Property investment and development segment	2,643,537	2,382,926
Department store operation segment	309,556	219,723
Electric power generation segment	723,918	499,389
Hotel operation and management segment	118,259	63,787
Road and bridge segment	1,088,436	172,051
	12,663,930	8,794,474
<u>Hong Kong</u>		
Hotel operation and management segment	41,799	25,207
<i>Revenue from contracts with customers</i>	12,705,729	8,819,681
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	241,630	127,833
Rental income	704,400	538,008
Total revenue	13,651,759	9,485,522

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

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5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank and other borrowings	276,978	144,364
Interest on a loan from Guangdong Holdings Limited ("Guangdong Holdings") (the Company's ultimate holding company) (note 23 (a)(vi))	42,695	–
Interest on loans from fellow subsidiaries (note 23 (a)(vii))	26,485	6,771
Interest on lease liabilities	12,648	16,240
Finance costs incurred	358,806	167,375
Less: Interest capitalised	(134,107)	(26,169)
Finance costs charged for the period	224,699	141,206

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 1.99% and 6.50% per annum for the six months ended 30 June 2021 (2020: between 4.45% and 4.90%).

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6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Bank interest income**	(104,030)	(194,753)
Interest income from receivables under a cooperative arrangement**	(65,791)	(35,042)
Cost of inventories sold*	755,965	451,586
Cost of services rendered*	4,989,609	2,517,727
Cost of properties sold*	1,502,545	1,330,400
Depreciation of property, plant and equipment	280,580	223,845
Depreciation of right-of-use assets	39,788	27,298
Government subsidies***^	(16,856)	(23,622)
Amortisation of operating concession rights*	611,333	537,506
Amortisation of other intangible assets	2,128	–

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

** Included in "Other income and gains" 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.

Notes to Interim Financial Information

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7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	4,566	5,418
Current – Mainland China		
Charge for the period	1,610,609	1,393,963
Underprovision in prior years	3,615	7,337
Deferred tax	(258,167)	(293,619)
Total tax charge for the period	1,360,623	1,113,099

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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. Under the PRC Corporate Income Tax Law, which became effective from 1 January 2018, enterprises are subject to corporate income tax at a rate of 25% (2020: 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interim – HK 18.17 cents (2020: HK 17.64 cents) per ordinary share	1,187,922	1,153,272

At a meeting of the board of directors held on 30 August 2021 (2020: 25 August 2020), the directors resolved to pay to shareholders of the Company an interim dividend of HK 18.17 cents (2020: HK 17.64 cents) per ordinary share for the six months ended 30 June 2021.

Notes to Interim Financial Information

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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 2021 and 2020 are based on:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	2,762,835	2,369,219

	For the six months ended 30 June	
	2021 (Unaudited) Number of shares	2020 (Unaudited) Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	6,537,821,440	6,537,821,440

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 2021 and 2020 in the calculation of diluted earnings per share as there were no dilutive potential ordinary shares during the periods ended 30 June 2021 and 2020.

10. SERVICE CONCESSION ARRANGEMENTS

(a) Receivables under service concession arrangements

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Receivables under service concession arrangements	13,224,584	9,547,519
Less: Portion classified as current assets	(158,075)	(155,694)
Non-current portion	13,066,509	9,391,825

Receivables under service concession arrangements were due from the government authorities in Mainland China in respect of the Group's water distribution and sewage treatment operations.

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10. SERVICE CONCESSION ARRANGEMENTS (continued)

(b) As at 30 June 2021, bank and other loans of HK\$7,007,553,000 (31 December 2020: HK\$2,957,442,000) (note 13(e)) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.

(c) **Contract assets**

As at 30 June 2021, contract assets which were presented as operating concession rights and receivables under service concession arrangements amounted to HK\$1,624,441,000 (31 December 2020: HK\$1,754,150,000) and HK\$4,004,645,000 (31 December 2020: HK\$3,640,568,000), respectively.

11. RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	Note	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade and bills receivables, net of impairment		2,342,329	1,097,927
Other receivables, prepayments and deposits		2,311,411	4,293,582
Contract assets		485,613	192,804
Contract costs		102,165	54,645
Due from the immediate holding company	23(d)	25	–
Due from the ultimate holding company	23(d)	841	832
Due from fellow subsidiaries	23(d)	5,716	6,568
Due from associates	23(d)	84,864	25,339
Loan to a fellow subsidiary	23(d)	52,548	51,954
		5,385,512	5,723,651
Less: Portion classified as non-current assets		(574,148)	(533,271)
Current portion		4,811,364	5,190,380

Except for trade and bills receivables as detailed below, none of the above assets is impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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 19% (31 December 2020: Nil) and 6% (31 December 2020: 11%) of the total trade and bills receivables were due from each of the two customers (31 December 2020: one customer). The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest bearing.

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11. RECEIVABLES, PREPAYMENTS AND OTHER ASSETS (continued)

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 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current or less than 3 months past due	1,863,833	967,479
3 months to 6 months past due	96,719	5,706
6 months to 1 year past due	86,800	52,748
More than 1 year past due	357,100	99,255
	2,404,452	1,125,188
Less: Loss allowance	(62,123)	(27,261)
	2,342,329	1,097,927

12. PAYABLES, ACCRUALS AND OTHER LIABILITIES, AND CONTRACT LIABILITIES

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade and bills payables	<i>(i)</i>	2,263,406	1,330,800
Accruals, other payables and other liabilities		9,347,936	6,409,743
Contract liabilities		4,572,338	3,389,028
Put option on non-controlling interests in a subsidiary	<i>(ii)</i>	676,249	652,794
Deferred revenue		295,806	292,874
Due to the immediate holding company	<i>23(d)</i>	33,279	25,886
Due to the ultimate holding company	<i>23(d)</i>	47,484	20,392
Due to fellow subsidiaries	<i>23(d)</i>	861,325	49,097
Due to associates	<i>23(d)</i>	10,340	19,516
		18,108,163	12,190,130
Less: Portion classified as non-current liabilities		(1,788,441)	(1,927,114)
Current portion		16,319,722	10,263,016

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12. PAYABLES, ACCRUALS AND OTHER LIABILITIES, AND CONTRACT LIABILITIES (continued)

Notes:

- (i) 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 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 3 months	1,748,031	1,260,388
3 months to 6 months	288,462	67,009
6 months to 1 year	226,913	3,403
	2,263,406	1,330,800

- (ii) In prior years, the Group entered into agreements with the non-controlling equity holders of 江西粤海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Company Limited[▲]) and a number of subsidiaries (collectively, the "Jiangxi Guangdong Group") pursuant to which the non-controlling equity holders have the right to sell the remaining 21% equity interest in the Jiangxi Guangdong Group owned by them (the "Put Option") to the Group at an agreed exercise price. The exercise price is primarily based on the acquisition price of the Jiangxi Guangdong Group at a cash consideration of RMB1,626,870,000 (equivalent to approximately HK\$1,896,442,000) ("Jiangxi Guangdong Acquisition") and the expected future undistributed profit of the Jiangxi Guangdong Group. The Put Option is exercisable within six months after three years from the completion date of the Jiangxi Guangdong Acquisition upon fulfilment of certain conditions specified in the agreements.

As at 30 June 2021 and 31 December 2020, the Group had not acquired a present ownership over the equity interest under the Put Option, the non-controlling interest continued to receive an allocation of profit or loss. Accordingly, at the end of each reporting date, the non-controlling interest of the Jiangxi Guangdong Group is derecognised as if it was acquired at the end of each of the reporting date. The Put Option is recognised in the condensed consolidated statement of financial position as a financial liability at the present value of the amount payable when it is exercised. The difference between the carrying amount of the Put Option and the carrying amount of the non-controlling interests derecognised is recorded in other reserve.

Except certain bills payables, the Group's payables, accruals and other liabilities are non-interest-bearing and are normally settled on 60-day terms.

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13. BANK AND OTHER BORROWINGS

	30 June 2021			31 December 2020		
	Effective interest rate	Maturity	(Unaudited) HK\$'000	Effective interest rate	Maturity	(Audited) HK\$'000
Current						
Bank loans – unsecured	0.55%–6.70%	2021-2022	3,213,061	0.55%–4.51%	2021	4,659,081
Bank loans – secured	1.50%–6.41%	2021-2022	1,123,202	3.75%–7.40%	2021	899,850
Other loans – unsecured	0.64%–6.83%	On demand	70,666	0.64%–6.83%	On demand	69,902
Other loans – unsecured	–	On demand	12,895	–	On demand	12,713
Other loans – secured	–	–	–	6.41%	On demand	24,996
Other loans – unsecured	4.00%–8.00%	2021-2022	313,338	–	–	–
Other loans – secured	4.05%–9.00%	2021-2022	346,556	4.05%	2021	23,764
			5,079,718			5,690,306
Non-current						
Bank loans – unsecured	1.50%–6.70%	2022-2033	813,982	4.04%–4.51%	2022–2032	368,343
Bank loans – secured	1.95%–6.37%	2022-2049	10,836,270	3.75%–6.41%	2022–2040	4,758,578
Other loans – unsecured	1.80%–6.50%	2022-2035	3,536,853	1.80%–4.90%	2024–2035	75,686
Other loans – secured	4.05%–9.00%	2022-2027	406,961	4.05%	2022–2023	308,932
			15,594,066			5,511,539
Total bank and other borrowings			20,673,784			11,201,845

Notes:

- (a) As at 30 June 2021, all bank and other borrowings were denominated in Hong Kong dollars except for bank and other loans of HK\$17,535,263,000 (31 December 2020: HK\$6,562,963,000) and HK\$8,522,000 (31 December 2020: Nil) were denominated in RMB and Euro, respectively.
- (b) As at 30 June 2021, bank loans of HK\$2,059,847,000 (31 December 2020: HK\$1,846,714,000) were secured by the pledge of certain of Group's completed properties held for sale, properties held for sale under development, investment properties under development and right-of-use assets amounted to nil (31 December 2020: HK\$72,531,000); HK\$4,636,704,000 (31 December 2020: HK\$1,351,819,000); HK\$4,464,126,000 (31 December 2020: HK\$4,323,483,000) and nil (31 December 2020: HK\$32,028,000), respectively.
- (c) As at 30 June 2021, bank and other loans of HK\$1,526,251,000 (31 December 2020: HK\$712,920,000) and HK\$1,172,956,000 (31 December 2020: Nil) were secured by pledges of 100% and 79% equity interests of certain non-wholly-owned subsidiaries, respectively.
- (d) Pursuant to the relevant bank loan agreement, a bank loan of HK\$883,323,000 (31 December 2020: HK\$879,268,000) is secured by a pledged bank deposit account. As at 30 June 2021, there was nil cash and bank deposit in this designated account (31 December 2020: Nil).
- (e) As at 30 June 2021, bank and other loans of HK\$7,007,553,000 (31 December 2020: HK\$2,957,442,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.
- (f) As at 30 June 2021, included in secured other borrowings represented a loan from Guangdong Holdings of HK\$2,093,536,000 (31 December 2020: Nil) and loans from fellow subsidiaries of HK\$1,467,415,000 (31 December 2020: HK\$332,696,000) (note 23(d)).

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14. OTHER LIABILITIES

As at 30 June 2021, included in other liabilities was a non-interest bearing advance of HK\$236,400,000 (31 December 2020: HK\$236,400,000), in which HK\$118,200,000 (31 December 2020: HK\$118,200,000) and HK\$118,200,000 (31 December 2020: HK\$118,200,000) were grouped in non-current liabilities and current liabilities, respectively.

In prior years, the Government of the Hong Kong Special Administrative Region (“HKSAR”) granted a loan facility with a principal amount of HK\$2,364 million (the “Loan Facility”) to the Guangdong Provincial Government (“GPG”) for the purpose of the Dongshen Water Supply Phase IV Renovation Project (the “Phase IV Renovation Project”). Pursuant to the concession agreement, the Loan Facility was utilised for the construction of the Phase IV Renovation Project. Upon the completion of the Phase IV Renovation Project during the year ended 31 December 2003, the Group acquired and recorded the assets of the Phase IV Renovation Project and assumed the repayment obligations of the Loan Facility from the GPG. The outstanding Loan Facility is settled through the deduction of future water revenue to be received by the Group from the Government of the HKSAR, by an annual amount of HK\$118,200,000 for 20 years commencing from December 2003.

15. SHARE CAPITAL

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Issued and fully paid: 6,537,821,440 ordinary shares	8,966,177	8,966,177

16. RESERVES

The amounts of the Group’s reserves and the movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity of this unaudited interim financial information.

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17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets 30 June 2021

	Equity investment at fair value through other comprehensive income (Unaudited) HK\$'000	Financial assets at amortised cost (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Receivables under a cooperative arrangement	–	2,092,640	2,092,640
Equity investments designated at fair value through other comprehensive income	33,831	–	33,831
Financial assets included in receivables under service concession arrangements	–	9,219,939	9,219,939
Financial assets included in receivables, prepayments and other assets	–	3,024,772	3,024,772
Due from non-controlling equity holders of subsidiaries	–	825,977	825,977
Restricted bank balances	–	805,088	805,088
Cash and cash equivalents	–	11,637,184	11,637,184
	33,831	27,605,600	27,639,431

Notes to Interim Financial Information

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17. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets (continued)

31 December 2020

	Equity investment at fair value through other comprehensive income (Audited) HK\$'000	Financial assets at amortised cost (Audited) HK\$'000	Total (Audited) HK\$'000
Receivables under a cooperative arrangement	–	1,899,957	1,899,957
Equity investments designated at fair value through other comprehensive income	15,031	–	15,031
Financial assets included in receivables under service concession arrangements	–	5,906,951	5,906,951
Financial assets included in receivables, prepayments and other assets	–	4,425,622	4,425,622
Due from non-controlling equity holders of subsidiaries	–	816,232	816,232
Restricted bank balances	–	117,254	117,254
Cash and cash equivalents	–	10,367,484	10,367,484
	15,031	23,533,500	23,548,531

Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Financial liabilities included in payables, accruals and other liabilities	11,776,754	5,664,192
Due to non-controlling equity holders of subsidiaries	1,338,607	1,180,059
Bank and other borrowings	20,673,784	11,201,845
Lease liabilities	1,047,412	529,213
Dividend payables	2,700,120	–
	37,536,677	18,575,309

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18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Aside from receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other assets, the non-current portion of bank and other borrowings, the non-current portion of lease liabilities, the non-current portion of an amount due to a non-controlling equity holder of a subsidiary and equity investments designated at fair value through other comprehensive income, management has assessed that the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 30 June 2021 and 31 December 2020 because of the immediate or short-term maturity of these financial instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other assets, the non-current portion of bank and other borrowings, the non-current portion of an amount due to a non-controlling equity holder of a subsidiary and the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 30 June 2021 and 31 December 2020 was assessed to be insignificant. The carrying amounts of these assets and liabilities approximate their fair values.

The fair values of certain unlisted equity investments designated at fair value through other comprehensive income are determined by reference to the contractual guaranteed amount.

The fair values of certain unlisted equity investments designated at fair value through other comprehensive income within Level 3 of fair value hierarchy has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For financial instruments in Level 3, prices are determined using valuation technique such as market-based valuation technique. Categorisation of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement.

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18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments in Level 3 as at 30 June 2021 and 31 December 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Market multiples	Average P/E multiple of peers	2021: 11.58 (31 December 2020: 11.58)	The higher the multiple, the higher the fair value
		Discount for lack of marketability	2021: 26.45% (31 December 2020: 26.45%)	The higher the discount the lower the fair value

The fair values of the financial instruments in Level 3 are not significantly sensitive to a reasonable change in these unobservable inputs.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>As at 30 June 2021 (Unaudited)</i>				
Equity investments designated at fair value through other comprehensive income	–	18,628	15,203	33,831
<i>As at 31 December 2020 (Audited)</i>				
Equity investments designated at fair value through other comprehensive income	–	–	15,031	15,031

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (31 December 2020: Nil).

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19. BUSINESS COMBINATIONS

During the period ended 30 June 2021, the Group acquired a number of subsidiaries which are principally engaged in water distribution and sewage treatment business activities in the PRC. Details of these acquisitions are as follows:

- (i) In January 2021, the Group acquired a 51% equity interest in Puning Guangdong Water Co., Ltd. from an independent third party through capital injection of RMB515,212,000 (equivalent to approximately HK\$612,175,000). Puning Guangdong Water Co., Ltd. is principally engaged in the water distribution business in the PRC;
- (ii) In January 2021, the Group acquired a 60% equity interest in Jieyang Guangdong Water Co., Ltd. and its subsidiaries (collectively, the "Jieyang Group") from an independent third party through capital injection of RMB916,806,000 (equivalent to approximately HK\$1,089,348,000). The Jieyang Group is principally engaged in the water distribution business in the PRC;
- (iii) In April 2021, the Group acquired a 70% equity interest in Nanchang County Ganbo Water Co., Ltd. from an independent third party at a cash consideration of RMB105,350,000 (equivalent to approximately HK\$124,650,000). Nanchang County Ganbo Water Co., Ltd. is principally engaged in the water distribution business in the PRC; and
- (iv) In April 2021, the Group acquired a 53% equity interest in Jiacheng Environmental Engineering Company Limited ("Jiacheng Environmental Engineering") and its subsidiaries (collectively, the "Jiacheng Group") from independent third parties at a total cash consideration of RMB796,568,000 (equivalent to approximately HK\$942,500,000). The Jiacheng Group is principally engaged in the water distribution and sewage treatment businesses in the PRC.

These acquisitions were made as part of the Group's strategy to expand its market share in the water resources segment in the PRC.

The Group had elected to measure the non-controlling interests in these acquisitions at the respective non-controlling interests' proportionate share of the acquirees' identifiable net assets.

Notes to Interim Financial Information

30 June 2021

19. BUSINESS COMBINATIONS (continued)

The provisional fair values of the identifiable assets and liabilities acquired as at the respective dates of acquisitions are set out as follows:

	(Unaudited) HK\$'000
Property, plant and equipment	44,259
Right-of-use assets	5,883
Other intangible assets	44,228
Operating concession rights	3,509,486
Equity investments designated at fair value through other comprehensive income	18,340
Investment in associates	4,941
Receivables under service concession arrangements	2,115,614
Deferred tax assets	23,323
Receivables, prepayments and other assets	2,537,039
Cash and cash equivalents	397,775
Inventories	39,579
Tax recoverable	1,506
Bank and other borrowings	(1,674,490)
Contract liabilities	(11,048)
Payables, accruals and other liabilities	(1,229,484)
Lease liabilities	(6,542)
Due to non-controlling equity holders of subsidiaries	(132,763)
Tax payables	(74,397)
Deferred tax liabilities	(524,834)
Total identifiable net assets at provisional fair values	5,088,415
Non-controlling interests	(2,335,561)
	2,752,854
Goodwill on acquisition	15,819
	2,768,673
Satisfied by cash consideration	2,768,673

As at the dates of acquisitions, the fair values of the receivables were their gross contractual amounts less trade receivables of HK\$37,140,000 which were expected to be uncollectible. The goodwill arising from the above mentioned acquisitions pertains to, but is not limited to, the expected synergies in the Group arising from the acquisitions.

The Group incurred transaction costs of HK\$3,805,000 in connection with the acquisitions. The transaction costs have been included in administrative expenses in the condensed consolidated statement of profit or loss.

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30 June 2021

19. BUSINESS COMBINATIONS (continued)

An analysis of the cash flows in respect of the acquisitions are as follows:

	(Unaudited) HK\$'000
Total consideration	(2,768,673)
Cash consideration paid in last year	164,336
Cash paid in form of capital injection	1,033,465
Cash consideration payable	799,345
Cash and cash equivalents acquired	397,775
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(373,752)
Transaction costs for the acquisitions included in cash flows used in operating activities	(3,805)
	(377,557)

As of 30 June 2021, the purchase price allocation processes of the above acquisitions were under progress. The purchase price allocations to the acquired assets and assumed liabilities of these acquisitions in the unaudited interim financial information have been determined on a provisional basis subject to the finalisation of the valuation of identifiable assets and liabilities and may be adjusted in the Group's consolidated financial statements for the year ending 31 December 2021 when the purchase price allocations are expected to be finalised. The provisional values were determined based on the best estimate of the directors of the Company.

Since the acquisitions, the above newly acquired businesses contributed revenue of HK\$254,914,000 and profit of HK\$5,988,000 to the Group for the period ended 30 June 2021.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the period ended 30 June 2021 would have been HK\$13,735,662,000 and HK\$3,150,076,000, respectively.

20. ASSET ACQUISITIONS

On 13 January 2021, Guangdong Land Holdings Limited ("GD Land"), a subsidiary of the Company, acquired a 51% equity interest of Jiangmen Yuehai Land Company Limited ("Jiangmen Yuehai") at a consideration of RMB954,180,000 (equivalent to HK\$1,143,490,000) (which included an amount of RMB306,000,000 (equivalent to HK\$366,710,000) to assume 51% of the loan from a fellow subsidiary).

On 18 January 2021, GD Land acquired a 100% equity interest of Huiyang Yuehai Property Development Company Limited and its subsidiary (together "Huiyang Yuehai") at a consideration of RMB273,798,000 (equivalent to HK\$328,119,000).

The vendors of both transactions are wholly-owned subsidiaries of Guangdong Holdings.

Notes to Interim Financial Information

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20. ASSET ACQUISITIONS (continued)

Management accounted for the transactions as acquisitions of assets and liabilities in accordance with the amendments to HKFRS 3 (*Revised*) *Business Combinations* which required the cost of acquisition to be allocated to individual identifiable assets and liabilities of the acquired companies on the basis of their relative fair values at the respective dates of acquisitions as summarised below:

	Jiangmen Yuehai carrying value upon completion (Unaudited) HK\$'000	Huiyang Yuehai carrying value upon completion (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Property, plant and equipment	657	632	1,289
Investment properties	–	8,088	8,088
Completed properties held for sale	–	5,105	5,105
Properties held for sale under development	2,209,657	234,197	2,443,854
Receivables, prepayments and other assets	43,921	882	44,803
Cash and cash equivalents	73,907	86,553	160,460
Deferred tax assets	1,165	1,161	2,326
Payables, accruals and other liabilities	(87,170)	(8,499)	(95,669)
Loan from a fellow subsidiary	(719,040)	–	(719,040)
Non-controlling interests	(746,317)	–	(746,317)
Total identifiable net assets at fair value acquired	776,780	328,119	1,104,899
Settlement of the outstanding loan from a fellow subsidiary	366,710	–	366,710
	1,143,490	328,119	1,471,609
Satisfied by cash consideration	1,143,490	328,119	1,471,609

An analysis of the cash flows in respect of the acquisitions are as follows:

	(Unaudited) HK\$'000
Total consideration	(1,471,609)
Cash consideration payable	773,430
Cash and cash equivalents acquired	160,460
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(537,719)

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21. COMMITMENTS

- (a) The Group had the following commitments at the end of the reporting period:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Capital commitments in respect of property, plant and equipment, investment properties and service concession arrangements: Contracted for	11,794,851	9,262,532
Capital commitments in respect of capital contribution payable to associates: Contracted for	69,858	97,585
Commitments in respect of project financing payable to an associate: Contracted for	1,891,350	1,869,946

- (b) On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 in respect of a public-private-partnership project (the "Yinping PPP Project") for the development of certain public roads which are not toll roads (the "Project Roads") in 銀瓶創新區 (Yinping Innovation Zone) in Dongguan, Guangdong, the PRC.

The Group shall be responsible for, inter alia, the provision of funding for the development of the Project Roads with the development costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.713 billion), and project management and maintenance of the Project Roads. At the end of the reporting period, an amount of RMB1,572,809,000 (equivalent to approximately HK\$1,890,202,000) (31 December 2020: RMB1,453,023,000 (equivalent to approximately HK\$1,726,482,000)), has been paid in relation to the Yinping PPP Project.

Further details of the Yinping PPP Project are set out in the Company's announcement dated 8 June 2016.

22. CONTINGENT LIABILITIES

As at 30 June 2021, 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 2021, the Group's outstanding guarantees amounted to HK\$1,261,514,000 (31 December 2020: HK\$1,284,465,000) for these guarantees.

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23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in this unaudited interim financial information, the Group had the following significant related party transactions during the period:

(a) Transactions with related parties

		For the six months ended 30 June	
	Notes	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Hotel management fees received from fellow subsidiaries	(i)	3,640	864
Rental income received from Guangdong Holdings, GDH Limited ("GDH") (the Company's immediate holding company) and certain fellow subsidiaries	(ii)	19,143	15,752
Water distribution income received from a fellow subsidiary and an associate	(iii)	22,557	15,964
Sale of electricity to fellow subsidiaries and associates	(iv)	59,822	19,183
Dividends paid and payable to GDH and certain of its subsidiaries by GH Water Supply (Holdings) Limited	(v)	96,362	185,841
Dividends paid and payable to GDH and certain of its subsidiaries by the Company	(v)	1,525,396	1,495,849
Interest expenses charged by Guangdong Holdings	(vi)	42,695	–
Interest expenses charged by fellow subsidiaries	(vii)	26,485	6,771
Consultancy service fees paid to a fellow subsidiary	(viii)	1,696	3,126
Property management fees paid to fellow subsidiaries	(ix)	41,821	7,059

Notes to Interim Financial Information

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23. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes:

- (i) The hotel management fees were charged in accordance with the terms of agreements entered into between the Group and the respective fellow subsidiaries.
- (ii) Rental income received was charged in accordance with the terms of respective tenancy agreements.
- (iii) Income on the supply of untreated water was charged in accordance with the terms of respective agreements.
- (iv) Income received from the sale of electricity was in accordance with the terms of the respective agreements.
- (v) The dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (vi) The interest expenses were charged at an effective interest rate of 4.75% per annum (2020: Nil).
- (vii) The interest expenses were charged at effective interest rates between 4.00% to 5.85% per annum (2020: 4.5125%).
- (viii) The consultancy service fees were charged in accordance with the terms of an agreement entered into between the Group and a fellow subsidiary.
- (ix) The property management fees were charged in accordance with the terms of respective agreements.

23. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties

- (i) On 15 April 2021, Jiacheng Environmental Engineering, which became a subsidiary of the Company on 20 April 2021, 行唐縣嘉誠水務有限公司 (Xingtang County Jiacheng Water Company Limited▲) (“Xingtang Jiacheng Water Co”), a wholly-owned subsidiary of Jiacheng Environmental Engineering, 邯鄲市永年區嘉誠污水處理有限公司 (Handan City Yongnian District Jiacheng Sewage Treatment Company Limited▲) (“Handan Jiacheng Sewage Treatment Co”), a wholly-owned subsidiary of Jiacheng Environmental Engineering and 嘉誠(焦作)水務有限公司 (Jiacheng (Jiaozuo) Water Company Limited▲) (“Jiacheng Jiaozuo Water Co”), a non-wholly owned subsidiary of Jiacheng Environmental Engineering entered into a finance lease arrangement with 廣東粵海融資租賃有限公司 (Guangdong Yuehai Financial Leasing Company Limited▲) (“Guangdong Financial Leasing”), a wholly-owned subsidiary of Guangdong Holdings which comprises, among other things, (i) the asset transfer agreement dated 15 April 2021 entered into between Guangdong Financial Leasing as the transferee, Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co as the transferors and Jiacheng Environmental Engineering, pursuant to which Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co agreed to sell a set of agreed construction-related assets as listed in the asset transfer agreement (“Leased Assets”) to Guangdong Financial Leasing at the consideration of RMB224,000,000; and (ii) the finance lease agreement, whereby Guangdong Financial Leasing agreed to lease back the Leased Assets to Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co for the lease consideration of RMB237,104,000, for a term of 12 months. Upon Jiacheng Environmental Engineering and its subsidiaries became subsidiaries of the Company, the said finance lease arrangement constituted a connected transaction of the Company as defined in Chapter 14A of the Listing Rules. Further details are set out in the announcement of the Company dated 19 April 2021.
- (ii) On 13 January 2021, GD Land acquired a 51% equity interest of Jiangmen Yuehai at a consideration of RMB954,180,000 (equivalent to HK\$1,143,490,000) (which included an amount of RMB306,000,000 (equivalent to HK\$366,710,000) for buying 51% of the loan from a fellow subsidiary) from Guangdong Yuegang Investment Development Company Limited (“GYID”).

On 18 January 2021, GD Land acquired a 100% equity interest of Huiyang Yuehai at a consideration of RMB273,798,000 (equivalent to HK\$328,119,000) from GDH Real Estates (Hui Yang) Limited (“GDH (Hui Yang)”) and GYID.

GYID and GDH (Hui Yang) are wholly-owned subsidiaries of Guangdong Holdings, the Company’s ultimate holding company. Hence, GYID and GDH (Hui Yang) are connected persons of the Company and the transactions constituted connected transaction of the Company under the Listing Rules. Further details are set out in the joint announcement of the Company and GD Land dated 29 October 2020.

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23. RELATED PARTY TRANSACTIONS (continued)

(c) Commitments with related parties as a lessor

The Group, as lessor, entered into several tenancy agreements with Guangdong Holdings, GDH and certain fellow subsidiaries of the Group (collectively, the "GDH Group") for leasing out several units in Hong Kong and Mainland China as office premises. The rental income received from the GDH Group for the period were included in note 23(a)(ii) to the unaudited interim financial information. Details of the Group's commitments with related parties at the end of the reporting period are as follows:

As at 30 June 2021

	Year ending 30 June 2022 (Unaudited) HK\$'000	Year ending 30 June 2023 (Unaudited) HK\$'000	Year ending 30 June 2024 (Unaudited) HK\$'000
Guangdong Holdings	16,616	12,766	3,191
GDH	2,540	260	–
GDH Finance Co., Ltd.	125	–	–
Guangdong Financial Leasing	834	626	–
Yuehai Property Management Co., Ltd	2,952	2,952	738

As at 31 December 2020

	Year ending 31 December 2021 (Audited) HK\$'000	Year ending 31 December 2022 (Audited) HK\$'000	Year ending 31 December 2023 (Audited) HK\$'000
Guangdong Holdings	16,429	14,524	9,466
GDH	8,420	1,040	–
GDH Finance Co., Ltd.	1,274	–	–
Guangdong Financial Leasing	825	825	206
Yuehai Property Management Co., Ltd	2,676	2,919	2,189

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23. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Balances due from related parties included in receivables, prepayments and other assets:			
Immediate holding company	(ii)	25	–
Ultimate holding company	(i)	841	832
Fellow subsidiaries	(i)	2,343	3,527
Fellow subsidiaries	(ii)	3,373	3,041
Associates	(i)	76,253	18,053
Associates	(ii)	8,611	7,286
Deposits placed at a fellow subsidiary	(v)	258,542	263,287
Loan to a fellow subsidiary	(vii)	52,548	51,954
Balances due to related parties included in payables, accruals and other liabilities:			
Immediate holding company	(i)	33,279	25,886
Ultimate holding company	(iii)	47,484	20,392
Fellow subsidiaries	(i)	860,679	48,477
Fellow subsidiaries	(ii)	646	620
Associates	(i)	9,404	11,631
Associates	(ii)	936	7,885
Loan from the ultimate holding company	(viii)	2,093,536	–
Loans from fellow subsidiaries	(iv)	1,467,415	332,696
Balances due to related parties included in dividend payables:			
Immediate holding company	(vi)	1,287,341	–
Fellow subsidiaries	(vi)	238,055	–

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30 June 2021

23. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties (continued)

Notes:

- (i) Balance included the consideration payable for the acquisitions of Huiyang Yuehai and Jiangmen Yuehai of RMB645,386,000 (equivalent to HK\$773,430,000 as at 30 June 2021) (31 December 2020: Nil) as disclosed in note 20 which is unsecured, interest-bearing at 4.35% per annum and repayable in January 2022. The remaining balances are unsecured, non-interest-bearing and have no specific terms of repayment.
- (ii) The balances due are unsecured, non-interest-bearing and repayable within 30 days.
- (iii) Included in the balance was HK\$4,319,000 (31 December 2020: HK\$3,121,000) which represented rental deposits received from the ultimate holding company. The balance due is unsecured, non-interest-bearing and repayable upon the expiry of the rental agreements. The remaining balance due was unsecured, non-interest-bearing and had no specific term of repayment.
- (iv) Balance included loans of HK\$593,689,000 (31 December 2020: HK\$332,696,000) secured by the pledge of revenue entitlement under water distribution and sewage treatment concession arrangements and interest-bearing at 0.2% - 2% plus the RMB benchmark 1-year loan prime rate per annum (31 December 2020: 0.2% plus the RMB benchmark 1-year loan prime rate per annum) announced by the People's Bank of China. These loans are repayable within 1 year and 3 years from 25 June 2020. The remaining balances of HK\$873,726,000 (31 December 2020: Nil) represented loans from fellow subsidiaries which are unsecured and interest-bearing at effective interest rates between 4.00% to 5.25% per annum. These loans are repayable within 3 to 5 years.
- (v) The balance represented deposits placed at a fellow subsidiary, a non-banking financial institution in the PRC. The balance due is unsecured, interest accrued at 50% higher than the RMB Agreed Deposit Rate offered by financial institutions as announced by the People's Bank of China.
- (vi) As at 30 June 2021, the balances are unsecured, non-interest-bearing and payable on 29 July 2021.
- (vii) The loan is unsecured, non-interest-bearing and repayable within 1 year.
- (viii) The loan is unsecured, interest-bearing at an effective interest rate of 4.75% per annum and repayable within three years.

Notes to Interim Financial Information

30 June 2021

23. RELATED PARTY TRANSACTIONS (continued)

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short-term employee benefits	4,956	4,300
Post-employment benefits	611	188
Total compensation paid to key management personnel	5,567	4,488

24. CAPITAL EXPENDITURE

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment, right-of-use assets, operating concession rights, other intangible assets and investment properties including those acquired through the acquisition of subsidiaries, in aggregate of approximately HK\$6,847,877,000 (2020: HK\$693,763,000).

25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This unaudited interim financial information was approved and authorised for issue by the board of directors of the Company on 30 August 2021.

Management Discussion and Analysis

RESULTS

The Board hereby reports the results of the Group for the six months ended 30 June 2021 (the "Period"). The Group's unaudited consolidated profit attributable to owners of the Company amounted to HK\$2,763 million (2020: HK\$2,369 million), an increase of 16.6% as compared with the same period last year. Basic earnings per share increased by 16.6% over the same period last year to HK 42.26 cents (2020: HK 36.24 cents).

INTERIM DIVIDEND

The Board declares an interim dividend of HK 18.17 cents per ordinary share for the Period (2020: HK 17.64 cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK\$13,652 million (2020: HK\$9,486 million), an increase of 43.9% as compared with the same period last year. The increase in revenue was mainly attributable to a better performance in water resources business, infrastructure business and property investment and development business during the Period.

The unaudited consolidated profit before tax for the Period increased by 18.9% or HK\$719 million to HK\$4,525 million (2020: HK\$3,806 million), which was mainly due to a better performance in property investment and development business and water resources business during the Period. Furthermore, the performance in infrastructure business, department store operation business and hotel operation and management business for the Period had various degree of recovery as compared to the outbreak of COVID-19 pandemic (the "Pandemic") in 2020. The net gain arising from fair value adjustments for investment properties was HK\$101 million (2020: net deficit of HK\$306 million), causing an addition in profit before tax by HK\$407 million for the Period. The net exchange loss of the Group for the Period amounted to HK\$29 million (2020: net exchange gain of HK\$51 million). Net finance costs of the Group for the Period was HK\$108 million (2020: net interest income of HK\$70 million). The unaudited consolidated profit attributable to owners of the Company for the Period increased by 16.6% to HK\$2,763 million (2020: HK\$2,369 million).

As at 30 June 2021, the unaudited equity attributable to owners of the Company was HK\$44,721 million (31 December 2020: HK\$44,228 million (audited)), increased by approximately HK\$493 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\$2,763 million, dividends distributed during the Period of HK\$2,700 million and the other comprehensive gain of HK\$498 million in relation to the exchange differences on translation of foreign operations as a result of Renminbi appreciation.

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 2021, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.04% (31 December 2020: 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 1.294 billion tons (2020: 1.056 billion tons), an increase of 22.5%, which generated a revenue of HK\$3,539 million (2020: HK\$3,233 million), an increase of 9.5% over the same period last year.

Management Discussion and Analysis

The Hong Kong Water Supply Agreement for 2021 to 2023 between the Government of the Hong Kong Special Administrative Region and the Guangdong Provincial Government was signed on 28 December 2020. Pursuant to the new Hong Kong 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 is to be 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 Pandemic in Hong Kong.

According to a water price deduction mechanism newly 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 using a 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 1.3% to HK\$2,665 million (2020: HK\$2,630 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period increased by 44.9% to HK\$874 million (2020: HK\$603 million). The profit before tax for the Period, excluding net exchange differences and net finance costs, of the Dongshen Water Supply Project was HK\$2,360 million (2020: HK\$2,181 million), 8.2% higher than that in the same period last year.

Other Water Resources Projects

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

On 20 April 2021, the Group completed the acquisition of 53% equity interest of 嘉誠環保工程有限公司 (Jiacheng Environmental Engineering Company Limited▲) ("Jiacheng Environmental Engineering") and its subsidiaries ("Jiacheng Environmental Engineering Group"). Jiacheng Environmental Engineering Group is mainly engaged in environmental engineering works in Henan Province and Hebei Province, the PRC. Pursuant to the share transfer agreements, an aggregate amount of no more than RMB3,970 million (equivalent to approximately HK\$4,771 million), comprising share transfer considerations, guarantee for bank refinancing and commitments to provide financial assistance to existing and new water investment projects, is contemplated to be provided by the Group. The total designed water supply capacity and designed waste water processing capacity of its existing water projects are 50,000 tons per day and 468,000 tons per day, respectively. In addition, Jiacheng Environmental Engineering has successfully bid for certain water resources projects and the total designed waste water processing capacity of these potential projects is 320,000 tons per day. Further details of the transaction are set out in the Company's announcement dated 19 April 2021. Other than the above investment, the Group also successfully bid/contracted for six new water resources projects respectively located in Jieyang City and Yunfu City of Guangdong Province, Pizhou City and Xuyi County of Jiangsu Province, Nanchang County of Jiangxi Province and Danzhou City of Hainan Province, the PRC, with total designed water supply capacity and waste water processing capacity of 517,000 tons per day and 83,000 tons per day, respectively. The expected total investment amount of these projects is approximately RMB2,351 million (equivalent to approximately HK\$2,825 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 2021 are 12,929,000 tons per day (31 December 2020: 12,412,000 tons per day) and 2,610,200 tons per day (31 December 2020: 1,739,200 tons per day), respectively.

Management Discussion and Analysis

Capacity of Water Resources Projects in Operation

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

Name of subsidiaries of the Company	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
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 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.▲)	100,000	–
Wuzhou GDH Environmental Protection Development Co., Ltd.	–	140,000
東莞市常平粵海環保有限公司 (Dongguan Changping Guangdong Huanbao Co., Ltd.▲)	–	70,000
開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.▲)	–	50,000
五華粵海環保有限公司 (Wuhua Guangdong Huanbao Co., Ltd.▲)	–	40,000
東莞市道滘粵海環保有限公司 (Dongguan Daojiao Guangdong Huanbao Co., Ltd.▲)	–	40,000
興寧粵海環保有限公司 (Xingning Guangdong Huanbao Co., Ltd.▲)	–	3,000
開平粵海污水處理有限公司 (Kaiping Guangdong Sewage Treatment Co., Ltd.▲)	–	25,000
五華粵海清源環保有限公司 (Wuhua Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	15,000
汕尾粵海環保有限公司 (Shanwei Guangdong Huanbao Co., Ltd.▲)	–	30,000
高州粵海水務有限公司 (Gaozhou Guangdong Water Co., Ltd.▲)	100,000	–
江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries	742,000	81,000
五華粵海綠源環保有限公司 (Wuhua Guangdong Luyuan Huanbao Co., Ltd.▲)	–	11,000
六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd.▲)	–	115,000
昆明粵海水務有限公司 (Kunming Guangdong Water Co., Ltd.▲)	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.▲)	–	21,500
韶關粵海綠源環保有限公司 (Shaoguan Guangdong Luyuan Huanbao Co., Ltd.▲)	–	28,500
陽山粵海環保有限公司 (Yangshan Guangdong Huanbao Co., Ltd.▲)	–	11,300
雲浮市自來水有限公司 (Yunfu City Water Supply Co., Ltd.▲)	105,000	–

Management Discussion and Analysis

Name of subsidiaries of the Company (continued)	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd.▲)	–	60,000
雲浮市雲安區怡源環保有限公司 (Yunfu City Yunan District Yiyuan Huanbao Co., Ltd.▲)	–	10,000
雲浮市粵海清源環保有限公司 (Yunfu City Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	15,000
郁南縣粵海環保有限公司 (Yunan County Guangdong Huanbao Co., Ltd.▲)	–	20,000
陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲)	–	20,000
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)	460,000	–
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	370,000	–
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
南昌縣贛渤水務有限公司 (Nanchang County Ganbo Water Co., Ltd.▲)	39,500	–
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)	20,000	–
Jiacheng Environmental Engineering Group	10,000	403,000
Total as at 30 June 2021	4,543,000	1,544,300
Total as at 30 June 2020	2,698,500	819,300

Name of associates of the Company	Water supply capacity (tons per day)
Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd	600,000
Guangzhou Nansha GDH Water Co., Ltd.	430,000
汕頭市粵海水務有限公司 (Shantou Guangdong Water Co., Ltd.▲)	920,000
Total as at 30 June 2021	1,950,000
Total as at 30 June 2020	1,920,000

Management Discussion and Analysis

Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by each of the subsidiaries and associate of the Company as at 30 June 2021 are as follows:

Name of subsidiaries of the Company	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
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	–
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)	250,000	–
荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd.▲)	80,000	–
豐順粵海水務有限公司 (Fengshun Guangdong Water Co., Ltd.▲)	50,000	–
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
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	200,000
五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd.▲)	–	40,000
湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd.▲)	200,000	–
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)	100,000	–
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	100,000	–
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	–
揭陽粵海四航國業水務有限公司 (Jieyang Guangdong Sihang Guoye Water Co., Ltd.▲)	220,000	–
邳州粵海環保有限公司 (Pizhou Guangdong Huanbao Co., Ltd.▲)	–	35,000
Jiacheng Environmental Engineering Group	–	65,000
Total	2,480,000	372,000

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

Revenue of Other Water Resources Projects for the Period in aggregate increased by 90.5% to HK\$4,500,581,000 (2020: HK\$2,362,688,000), of which income from construction services amounted to HK\$2,570,826,000 (2020: HK\$1,348,805,000). The growth was mainly attributable to additional returns from those water resources projects newly acquired or launched as well as an increase in construction revenue from those projects under construction. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$681,987,000 (2020: HK\$384,157,000) in aggregate, 77.5% higher than that in the same period last year.

Management Discussion and Analysis

Property Investment and Development

Mainland China

GDH Teem

As at 30 June 2021, the Group held an effective interest of 76.13% in 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited▲) (“GDH Teem”), the property owner of Teem Plaza. Teem Plaza comprises a shopping mall, an office building and a hotel. The shopping mall and the office building are held for investment purposes by the Group.

Revenue of GDH Teem’s property investment business mainly comprises rental income from both the shopping mall (including rentals from the department stores operated by the Group) and the office building of Teem Plaza. During the Period, revenue of GDH Teem decreased by 3.2% to HK\$498,712,000 (2020: HK\$515,444,000), which was the result of mixed impacts of the drop in property management fee income following the disposal of 廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.▲) and the increase in the Hong Kong dollar equivalent of revenue from rental operation as a result of increase in average exchange rate of Renminbi by 8.5% compared with that in the same period last year. Since the real estate tax exemption policy introduced in the same period last year ceased to exist, the profit before tax for the Period, excluding changes in fair value of investment properties and net interest income, decreased by 2.6% to HK\$363,625,000 (2020: HK\$373,339,000).

The shopping mall of Teem Plaza, known as the Teemall, had an average occupancy rate of nearly 99.9% during the Period (2020: 99.9%). The mall is successful in retaining existing brand-name tenants and attracting new ones.

The office building of Teem Plaza, known as Teem Tower, with an average occupancy rate of 94.1% (2020: 96.7%) during the Period, had a total revenue for the Period of HK\$109,550,000 (2020: HK\$100,057,000), increasing by 9.5%. The profit before tax for the Period, excluding changes in fair value of investment properties, increased by 2.3% to HK\$92,050,000 (2020: HK\$90,000,000).

Panyu GDH Plaza

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

Wanye owns a parcel of land in Panyu Wanbo Central Business District, which has been developed into a large-scale integrated commercial project with a total gross floor area (“GFA”) of approximately 383,000 sq.m. (including car-parking spaces) and is now known as Panyu GDH Plaza. As at 30 June 2021, the cumulative land and development cost incurred by the Group for Panyu GDH Plaza amounted to approximately HK\$3,749 million (31 December 2020: approximately HK\$3,706 million).

The development of the commercial residential units and offices of Panyu GDH Plaza with a total GFA of approximately 166,000 sq.m. (including car-parking spaces) had been completed and are available for sale, of which properties with GFA of approximately 109,700 sq.m. are held for sale. As at 30 June 2021, sales contracts for accumulated GFA of approximately 108,900 sq.m. (31 December 2020: approximately 102,800 sq.m.) had been signed, in which properties with accumulated GFA of approximately 107,300 sq.m. (31 December 2020: approximately 99,000 sq.m.) had been delivered, representing 97.8% (31 December 2020: approximately 90.2%) of available completed properties held for sale.

The shopping mall complex of Panyu GDH Plaza, known as Panyu Teemall, comprises two connected shopping areas and it was opened on 25 December 2020 with an occupancy rate of 84.0%. Panyu Teemall has a total GFA of approximately 217,000 sq.m. (including car-parking spaces), of which the commercial area for lease is approximately 144,000 sq.m.. Panyu Teemall had an average occupancy rate of 87.8% (2020: Nil) during the Period.

Management Discussion and Analysis

Revenue of Panyu GDH Plaza for the Period was HK\$428,937,000 (2020: HK\$408,195,000), of which income from sales of properties and revenue of Panyu Teemall amounted to HK\$290,400,000 (2020: HK\$408,195,000) and HK\$138,537,000 (2020: Nil), respectively. Profit before tax of Panyu GDH Plaza for the Period, excluding changes in fair value of investment properties and net interest income, amounted to HK\$241,382,000 (2020: HK\$262,460,000).

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 ranging from local enterprises to well-known multinationals, had an average occupancy rate of 92.5% (2020: 90.9%) during the Period. Revenue of Tianjin Yuehai Teem Shopping Mall for the Period was HK\$96,064,000 (2020: HK\$85,438,000), increasing by 12.4%. 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\$35,340,000 (2020: HK\$43,246,000), decreasing by 18.3%.

Guangdong Land Holdings Limited (“GD Land”)

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

On 29 October 2020, GD Land entered into agreements with certain subsidiaries of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited▲) (“Guangdong Holdings”), the ultimate holding company of the Company, to acquire 51% interest in 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.▲) and its 51% outstanding shareholder’s loan at a total consideration of approximately RMB954 million (equivalent to approximately HK\$1,143 million) and 100% interest in 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.▲) at a consideration of approximately RMB274 million (equivalent to approximately HK\$328 million). The two acquisitions were completed in January 2021.

Management Discussion and Analysis

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%	114,654	81,839	19,874	42,033	36.7%
Guangzhou Laurel House	Guangzhou City, the PRC	Residential	100%	65,636	64,821	9,971	64,167	97.8%
Baohuaxuan	Guangzhou City, the PRC	Residential	100%	3,884	3,884	200	3,884	100.0%
Ruyingju	Guangzhou City, the PRC	Residential	80%	94,617	94,617	193	94,617	100.0%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	5,254	267	5,246	65.2%

During the Period, GD Land's properties recorded total contracted GFA (including completed properties held for sale and properties held for sale under development) and delivered GFA of approximately 85,000 sq.m. (2020: 16,000 sq.m.) and 31,000 sq.m. (2020: 29,000 sq.m.), respectively. Revenue of GD Land for the Period increased by 20.3% to HK\$2,283,775,000 (2020: HK\$1,898,483,000), of which income from sales of properties amounted to HK\$2,273,904,000 (2020: HK\$1,890,703,000). The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$566,906,000 (2020: HK\$551,682,000).

Management Discussion and Analysis

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
Northern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Commercial/ Offices/Mall	100%	33,802	146,551	Commercial shopping building superstructure and tower superstructure topped out, and renovation works in progress	2nd half of 2022
Southern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Offices/Mall	100%	16,044	199,500	Construction works of tower superstructure and commercial shopping building structure in progress	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Superstructure of the first and second phases topped out, and superstructure construction works of the remaining properties in progress	2nd half of 2022
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	66,090	166,692	Superstructure construction works of the first phase properties in progress, and foundation piling 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 the first phase properties in progress, and foundation piling works for other properties underway	2023
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	98,811	247,028	Superstructure construction works of the first phase properties in progress, and construction works of foundation slab and piling 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 some properties on Land No.3 topped out, superstructure construction works of other properties in progress, and superstructure construction works of Land No.4 in progress	2026
Huizhou Dayawan Project	Huizhou City, the PRC	Residential/ Commercial	100%	30,698	92,094	Superstructure construction works, foundation piling works and earthworks in progress	2023

*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.

Management Discussion and Analysis

Projects 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		The proportion of accumulated GFA contracted to GFA available for sale (sq. m.)	Date of pre-sale
					Period under review (sq. m.)	Accumulated (sq. m.)		
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	164,216	24,922	24,922	15.2%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/ Commercial	100%	396,600	15,055	15,055	3.8%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	166,692	110	110	0.1%	June 2021

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 85.5% (2020: 99.2%). The total revenue for the Period decreased by 14.5% to HK\$24,563,000 (2020: HK\$28,739,000).

Department Store Operation

As at 30 June 2021, the Group operated six stores with a total leased area of approximately 126,600 sq. m. (31 December 2020: 125,800 sq. m.). The total revenue for the Period increased by 54.3% to HK\$339,008,000 (2020: HK\$219,723,000). The profit before tax for the Period increased by 63.0% to HK\$84,258,000 (2020: HK\$51,703,000). The increase in total revenue and profit before tax for the Period was mainly due to slight rebound in foot traffic and sales volume as compared to the outbreak of the Pandemic in 2020.

The revenue of the stores operated by the Group for the six months ended 30 June 2021 was as follows:

	Leased area sq. m.	Revenue for the six months ended 30 June		
		2021 HK\$'000	2020 HK\$'000	Changes %
Teemall Store	39,800	221,274	140,454	+57.5
Wan Bo Store	20,100	32,396	23,966	+35.2
Ming Sheng Store	11,900	13,184	7,998	+64.8
Dong Pu Store	28,300	47,327	32,121	+47.3
Ao Ti Store	21,500	24,524	13,906	+76.4
Dongguan Store (closed in April 2020)	–	–	1,021	-100.0
Nanhai Store	5,000	303	257	+17.9
	126,600	339,008	219,723	+54.3

Management Discussion and Analysis

Hotel Ownership, Operation and Management

As at 30 June 2021, the Group's hotel management team managed a total of 28 hotels (31 December 2020: 37 hotels), of which three were located in Hong Kong, one in Macau and 24 in Mainland China. As at 30 June 2021, five star-rated hotels, of which two in Hong Kong, one in each of Shenzhen, Guangzhou and Zhuhai, were owned by the Group. Of these five hotels, four were managed by our hotel management team with the exception of Sheraton Guangzhou Hotel in Guangzhou, which was managed by Sheraton Overseas Management Corporation. One new star-rated hotel situated in Zhuhai City was under construction by the Group as at 30 June 2021.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$937 (2020: HK\$852) whereas the average room rate of the remaining four star-rated hotels were HK\$356 (2020: HK\$365). The average occupancy rate of Sheraton Guangzhou Hotel was 69.3% (2020: 40.2%) and that of the other four star-rated hotels was 54.0% (2020: 27.4%) during the Period.

As compared to the outbreak of the Pandemic in 2020, the overall demand for accommodation has recovered slightly. Accordingly, the revenue of hotel ownership, operation and management business for the Period increased by 75.6% to HK\$179,222,000 (2020: HK\$102,064,000). The loss before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$31,374,000 (2020: HK\$64,997,000).

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 1,405 million kwh (2020: 1,257 million kwh), increasing by 11.8%. Due to increase in sales of electricity and electricity tariff, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the Period increased by 44.4% to HK\$878,709,000 (2020: HK\$608,685,000). Due to the significant increase in coal price, the profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$84,103,000 (2020: HK\$106,337,000), a decrease of 20.9%.

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 2021, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the Period amounted to 7,481 million kwh (2020: 5,573 million kwh), an increase of 34.2%. Revenue for the Period increased by 46.3% to HK\$3,385,508,000 (2020: HK\$2,314,358,000). As a result of the significant increase in coal price, the profit before tax of Yudean Jinghai Power for the Period was HK\$87,488,000 (2020: HK\$324,624,000), a decrease of 73.0%. The Group's share of profit in Yudean Jinghai Power amounted to HK\$16,404,000 (2020: HK\$60,867,000) during the Period, a decrease of 73.0%.

Road and Bridge

Xingliu Expressway

廣西粵海高速公路有限公司 (Guangxi GDH Highway Co., Ltd.▲) ("GDH Highway") is principally engaged in the operation of the Xingliu Expressway. The Xingliu Expressway comprises a main line which is approximately 100 km in length and three connection lines (to Xingye, Guigang and Hengxian) with an aggregate length of approximately 53 km. As at 30 June 2021, the main structural work of highway enhancement project of Xingliu Expressway has been completed with accumulated construction costs incurred of approximately RMB1,244 million (equivalent to approximately HK\$1,495 million) and it has been fully opened to traffic.

Management Discussion and Analysis

The average daily toll traffic flow of the Xingliu Expressway increased by 35.4% to 19,195 vehicle trips (2020: 14,176 vehicle trips) which was mainly due to the absence of the 79 days toll-free period as announced in the same period last year, the effect of which was partly offset by the impact of closed lanes caused by the highway enhancement project during the Period. The revenue of GDH Highway during the Period amounted to HK\$1,077,205,000 (2020: HK\$168,483,000), increasing by 5.39 times, which was due to the increase in revenue from construction services of HK\$799,754,000 (2020: Nil) arising from the highway enhancement project. Profit before tax during the Period, excluding net interest income, amounted to HK\$149,791,000 (2020: HK\$53,579,000), increasing by 1.80 times.

Yinping PPP Project

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

During the period of construction of the Project Roads (the "Development Period"), the Group shall be responsible for providing funding for the development of the Project Roads (the "Development Costs") depending on the overall development plan and progress of Yinping Innovation Zone in phases with the total Development Costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.713 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 2021, out of a total of eight Project Roads, three Project Roads (31 December 2020: two Project Roads) were completed and two Project Roads (31 December 2020: three Project Roads) were under construction. As at 30 June 2021, Development Costs amounting to approximately RMB1,573 million (equivalent to approximately HK\$1,890 million) (31 December 2020: approximately RMB1,453 million (equivalent to approximately HK\$1,726 million)) have been paid in relation to the Yinping PPP Project.

The total Accrued Interest Amount, Management Fee and maintenance fee of Yuehai Yinping recognised during the Period increased by 99.5% to HK\$77,022,000 (2020: HK\$38,609,000) and profit before tax increased by 129.1% to HK\$77,289,000 (2020: HK\$33,732,000) during the Period.

Management Discussion and Analysis

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2021, cash and cash equivalents of the Group increased by HK\$1,270 million to HK\$11,637 million (31 December 2020: HK\$10,367 million), of which 97.4% was denominated in Renminbi, 2.4% in Hong Kong dollars and 0.2% in United States dollars.

As at 30 June 2021, the Group's financial borrowings increased by HK\$9,472 million to HK\$20,910 million (31 December 2020: HK\$11,438 million), of which 16.1% was denominated in Hong Kong dollars and 83.9% in Renminbi, including the non-interest-bearing advance of HK\$236 million. Of the Group's total financial borrowings, HK\$5,198 million was repayable within one year while the remaining balances of HK\$10,233 million and HK\$5,479 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 96.0% floating rate borrowings, 2.6% fixed rate borrowings and 1.4% non-interest bearing borrowings as at 30 June 2021.

The Group maintained a credit facility of HK\$10,730 million as at 30 June 2021 (31 December 2020: HK\$5,591 million).

As at 30 June 2021, the Group's gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was 28.2% (31 December 2020: 6.6%). The Group was in a healthy debt servicing position with the EBITDA/finance cost incurred as at 30 June 2021 being 15.6 times (31 December 2020: 28.9 times).

Net cash outflows from operating activities for the Period amounted to approximately HK\$1,871 million (2020: net cash inflows from operating activities of HK\$2,245 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\$4,129 million (2020: net cash inflows from operating activities of HK\$255 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 2021, except for (i) certain property assets of HK\$9,101 million (31 December 2020: property assets and leasehold land of HK\$5,780 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\$7,008 million (31 December 2020: HK\$2,957 million); (iii) equity interest in certain subsidiaries of the Group with total costs of approximately HK\$4,634 million (31 December 2020: HK\$1,391 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\$1,262 million (31 December 2020: approximately HK\$1,284 million) as disclosed in note 22 of this interim report, there was no other material contingent liability as at 30 June 2021 and 31 December 2020.

Management Discussion and Analysis

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK\$10,432 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, construction cost for the highway enhancement project and acquisitions of subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2021, total Renminbi borrowings amounted to HK\$17,535 million (31 December 2020: HK\$6,563 million). The Group did not use derivative financial instruments to hedge its foreign currency risk.

As at 30 June 2021, the Group's total floating rate borrowings amounted to HK\$20,082 million (31 December 2020: HK\$11,103 million). The interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

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, global economic recovery has gained strength, but growth prospect varied greatly between developed countries and developing countries due to disparities in vaccine access and in economic structure. Domestically, the overall economic performance maintained a long-term stable and improving growth trend due to effective pandemic control measures. However, due to the combined effects of the novel coronavirus outbreak, acceleration of replacement of old growth drivers with new initiatives and Renminbi exchange rate fluctuations, economic fundamentals remain challenging. Macroeconomic development increasingly faces dilemmas such as maintaining growth while attempting further structural adjustment without causing high inflation, 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 contain 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.

Management Discussion and Analysis

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.

In regards to the risks from novel coronavirus epidemic, the Group will do the best to prevent and control by establishing and improving relevant management systems 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 novel coronavirus.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, the Group had a total of 10,038 employees, of which 1,991 were at the managerial level. Among the employees, 9,825 were employed by subsidiaries in Mainland China and 213 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK\$744,776,000 (2020: approximately HK\$586,858,000).

In 2021, the Group upheld its corporate culture with "responsibility, performance, teamwork and efficiency" as core values, encouraged its employees to work with diligence and commitment and exceed themselves. As part of its on-going efforts in building professional teams, the Group recruited more professionals and experts and talented university graduates that meet the needs of its business development, offered more training for employees with potential, and promoted the professional growth of its employees.

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 training sessions as per its business development requirements and on an as-needed basis.

REVIEW

In the first half of 2021, global economic recovery has gained strength, with world merchandise trade, global industrial production, key raw material prices all showing significant recovery, but growth prospect varied greatly between developed countries and developing countries due to disparities in vaccine access and in economic structure. China's economy sustained a steady recovery with improvement in both production and demand. Faced with complex and challenging external environment and waves of novel coronavirus epidemic outbreaks, the Group adhered to the development strategy of "make progress while ensuring stability". On the one hand, the Group continued to strengthen operational efficiency of its core businesses while further optimizing its corporate governance and risk management mechanisms. On the other hand, the Group actively seized market opportunities and intensified efforts to expand its core business segments to safeguard the sustainable development of the Company.

Management Discussion and Analysis

PROSPECTS

In the second half of 2021, divergence in world economic recovery is expected to continue, fueled by varying vaccine availability and fiscal support policies. The unprecedented global economic decline last year is expected to cause further aftershocks and supply-demand mismatches that could potentially hinder global economic recovery. China's economic recovery is expected to continue, though ongoing novel coronavirus outbreak control challenges, certain geopolitical and economic policy adjustments may cause short-term volatilities in the foreign exchange and interest rates markets, posing potential risks to business operations. The Group will continue to implement its steady growth development strategy, maintain stable growth of its core businesses and strengthen its risk management capabilities in order to create long-term value for its stakeholders.

Looking ahead, 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.

Directors' Interests and Short Positions in Securities

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
Chan Cho Chak, John	Personal	5,450,000	Long position	0.083%
Cheng Mo Chi, Moses	Personal	2,268,000	Long position	0.035%

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 30 June 2021.

INTERESTS AND SHORT POSITIONS IN GUANGDONG LAND HOLDINGS LIMITED

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 30 June 2021.

INTERESTS AND SHORT POSITIONS IN GDH GUANGNAN (HOLDINGS) LIMITED

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
Tsang Hon Nam	Personal	300,000	Long position	0.033%

Note: The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of GDH Guangnan (Holdings) Limited in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests

As at 30 June 2021, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited▲) ("Guangdong Holdings") (Note 2)	Interest in controlled corporation	3,693,453,546	Long position	56.49%
GDH Limited ("GDH") (Note 3)	Beneficial owner/ Interest in controlled corporation	3,693,453,546	Long position	56.49%
Guangdong Trust Ltd.	Beneficial owner/ Interest in controlled corporation	576,404,918	Long position	8.82%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 30 June 2021.
2. The attributable interest which Guangdong Holdings has in the Company is held through its 100% direct interest in GDH.
3. The interests of GDH set out above include attributable interest held through its wholly-owned subsidiary, Guangdong Trust Ltd.

Save as disclosed above, as at 30 June 2021, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2021 and, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

Due to travel restrictions as a result of the COVID-19 Pandemic (the “Pandemic”), the Chairman of the board of Directors (the “Board”) was unable to attend the annual general meeting of the Company held on 22 June 2021 (the “2021 Annual General Meeting”) as required by Code Provision E.1.2. With the consent of the other Directors present, the Vice Chairman of the Board chaired the 2021 Annual General Meeting.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code (the “Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standards of dealings as set out in the Code throughout the six months ended 30 June 2021.

CHANGES IN DIRECTORS’ INFORMATION

The changes in Directors’ information are set out below:

Mr. Wu Ting Yuk, Anthony ceased to be the Chairman of China Resources Medical Holdings Company Limited with effect from 23 April 2021 and remains as its Independent Non-Executive Director. He was also appointed an Independent Non-Executive Director of Sing Tao News Corporation Limited with effect from 3 June 2021.

Save for the above changes in Directors’ information, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The unaudited interim financial information of the Group and the Company’s interim report for the six months ended 30 June 2021 have been reviewed by the Audit Committee of the Company and Messrs. Ernst & Young, the auditor of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2021, 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.

Corporate Governance and Other Information

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 3 July 2018

Pursuant to a facility agreement (the "GDI July 2018 Facility Agreement") entered into between the Company and a bank on 3 July 2018 (as supplemented and amended by a letter dated 5 January 2021) in relation to a three-year term loan facility (the "GDI July 2018 Facility") in the amount of HK\$3,070 million made available by the bank to the Company, among others, it shall be an event of default if:

- (i) GDH ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company; and
- (ii) GDH ceases to be ultimately and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial People's Government of the People's Republic of China (the "Guangdong Provincial Government").

If an event of default under the GDI July 2018 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI July 2018 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI July 2018 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

There was no outstanding principal under the GDI July 2018 Facility as at 30 June 2021.

Facility Agreement dated 23 July 2020

Pursuant to a facility agreement (the "GDI July 2020 Facility Agreement") entered into between the Company and a bank on 23 July 2020 in relation to a term loan facility (the "GDI July 2020 Facility") for 364 days in the amount of HK\$2,000 million made available by the bank to the Company, among others, it shall be an event of default if:

- (i) GDH ceases to be ultimately controlled (directly and/or indirectly) by the Guangdong Provincial Government.
- (ii) GDH ceases to beneficially own, directly/indirectly, at least 51% of the shareholding in the Company.

If an event of default under the Facility Agreement has occurred, the bank may by notice to the Company declare that the advances under the Facility and all interest accrued have become immediately due and repayable whereupon:

- (i) the bank shall not be required to make any further advances under the Facility Agreement; and
- (ii) all amounts outstanding under the Facility shall immediately become due and payable.

The outstanding principal of the GDI July 2020 Facility as at 30 June 2021 amounted to HK\$2,000 million.

Corporate Governance and Other Information

Facility Agreement dated 3 February 2021

Pursuant to a facility letter issued by a bank and accepted by a subsidiary of the Company, Guangdong Land Holdings Limited (“GD Land”), on 3 February 2021 in relation to a term loan facility (the “GD Land February 2021 Facility”) for 360 days in the amount of HK\$1,000 million made available by the bank to GD Land, among others, the bank may by notice to GD Land require GD Land to fully repay the loans under the GD Land February 2021 Facility within one month if any one of the following events has occurred:

- (i) the Guangdong Provincial Government ceases to be the single largest shareholder and holds (directly or indirectly) less than 50% interest of Guangdong Holdings; or
- (ii) Guangdong Holdings ceases to be the single largest shareholder and holds (directly or indirectly) less than 50% interest of the Company.

The outstanding principal of the GD Land February 2021 Facility as at 30 June 2021 amounted to HK\$1,000 million.

Facility Agreement dated 27 May 2021

Pursuant to a facility agreement (the “GDI May 2021 Facility Agreement”) entered into between the Company and a bank on 27 May 2021 in relation to a term loan facility (the “GDI May 2021 Facility”) for not more than 36 months in the amount of HK\$3,000 million made available by the bank to the Company, among others, it shall be an event of default if:

- (i) GDH ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company;
- (ii) GDH ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government.

If an event of default under the GDI May 2021 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI May 2021 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI May 2021 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

There was no outstanding principal under the GDI May 2021 Facility as at 30 June 2021.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK18.17 cents (2020: HK17.64 cents) per ordinary share for the six months ended 30 June 2021 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 12 October 2021. The interim dividend is expected to be paid on or about Thursday, 28 October 2021.

Corporate Governance and Other Information

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Tuesday, 12 October 2021 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 11 October 2021.

- ▲ The English name of the entity marked with a ▲ is a translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

By Order of the Board
HOU Wailin
Chairman

Hong Kong, 30 August 2021



GUANGDONG INVESTMENT LIMITED
(粵 海 投 資 有 限 公 司)