



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

Stock Code : 00270

2022
INTERIM REPORT



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Corporate Information

as at 30 August 2022

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. LI Man Bun, Brian David,
JP, MA (Cantab), MBA, FCA

Audit Committee

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

Remuneration Committee

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

Company Secretary

Ms. YANG Na (*General Counsel*)

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Financial Reporting Council
Ordinance

Principal Bankers

Bank of China (Hong Kong) Limited
China CITIC Bank, Guangzhou Branch
China Merchants Bank
Chong Hing 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
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Email : ir@gdi.com.hk
Website : <http://www.gdi.com.hk>

Share Registrar

Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
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	11 October 2022
Interim Dividend Payable on or about	HK 18.71 cents per ordinary share 27 October 2022

Review Report



Review report to the board of directors of Guangdong Investment Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 4 to 47, which comprises the condensed consolidated statement of financial position of Guangdong Investment Limited and its subsidiaries as at 30 June 2022 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 an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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 report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2022

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

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

Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,934,018	8,125,506
Investment properties		25,040,262	23,807,224
Right-of-use assets		623,343	798,966
Goodwill		781,886	804,957
Other intangible assets		24,396	34,461
Investments in associates		4,203,137	4,390,628
Operating concession rights		22,452,191	21,787,134
Receivables under service concession arrangements	10	15,463,337	14,902,721
Receivables under a cooperative arrangement		2,215,773	2,346,599
Equity investments designated at fair value through other comprehensive income		18,162	30,568
Prepayments and other receivables	11	504,282	613,588
Deferred tax assets		1,221,863	1,224,167
Total non-current assets		80,482,650	78,866,519
CURRENT ASSETS			
Properties held for sale under development		34,662,834	33,852,306
Completed properties held for sale		679,545	987,625
Tax recoverable		135,935	104,637
Inventories		279,486	309,215
Receivables under service concession arrangements	10	371,875	485,485
Receivables, prepayments and other receivables	11	5,597,707	4,510,793
Due from non-controlling equity holders of subsidiaries		905,809	849,731
Restricted bank balances		545,094	469,412
Cash and bank balances		10,526,576	9,595,100
Total current assets		53,704,861	51,164,304

Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
CURRENT LIABILITIES			
Payables, accruals and other liabilities	12, 14	(14,311,890)	(21,783,591)
Contract liabilities	12	(4,067,514)	(3,658,674)
Tax payables		(3,381,149)	(3,704,614)
Due to non-controlling equity holders of subsidiaries		(1,082,373)	(1,080,315)
Bank and other borrowings	13	(7,076,175)	(6,928,489)
Lease liabilities		(78,101)	(89,116)
Dividend payables		(2,781,189)	–
Total current liabilities		(32,778,391)	(37,244,799)
NET CURRENT ASSETS		20,926,470	13,919,505
TOTAL ASSETS LESS CURRENT LIABILITIES		101,409,120	92,786,024
NON-CURRENT LIABILITIES			
Bank and other borrowings	13	(32,565,100)	(21,812,864)
Lease liabilities		(603,827)	(937,322)
Due to non-controlling equity holders of subsidiaries		(142,319)	(115,732)
Other liabilities and contract liabilities	12	(1,664,714)	(1,584,899)
Deferred tax liabilities		(6,459,801)	(6,430,330)
Total non-current liabilities		(41,435,761)	(30,881,147)
Net assets		59,973,359	61,904,877
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	8,966,177	8,966,177
Reserves	16	35,563,405	37,244,521
Non-controlling interests		44,529,582	46,210,698
		15,443,777	15,694,179
Total equity		59,973,359	61,904,877

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company																						
	Share capital (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Expansion fund reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserves (Unaudited) HK\$'000	Fair value reserve (Unaudited) HK\$'000	Defined benefit plan reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000											
At 1 January 2022	8,966,177	445,457*	1,756,326*	3,929,753*	2,335,724*	(265,404)*	1,227*	(22,844)*	29,064,282*	46,210,698	15,694,179	61,904,877											
Profit for the period	-	-	-	-	-	-	-	-	2,949,518	2,949,518	442,271	3,391,789											
Other comprehensive income for the period:																							
Exchange differences on translation of foreign operations																							
- Subsidiaries	-	-	-	-	(1,782,562)	-	-	-	-	(1,782,562)	(717,093)	(2,499,655)											
- Associates	-	-	-	-	(223,429)	-	-	-	-	(223,429)	-	(223,429)											
Total comprehensive income for the period	-	-	-	-	(2,005,991)	-	-	-	2,949,518	943,527	(274,822)	668,705											
Put option on non-controlling interests in a subsidiary (note 12)	-	-	-	-	-	156,546	-	-	-	156,546	(21,068)	135,478											
Disposal of subsidiaries	-	-	-	-	-	-	(1,311)	-	1,311	-	(92,584)	(92,584)											
Asset acquisition through acquisition of subsidiaries (note 20)	-	-	-	-	-	-	-	-	-	-	161,777	161,777											
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	101,315	101,315											
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(125,020)	(125,020)											
Transfer from retained profits	-	-	-	238	-	-	-	-	(238)	-	-	-											
Final 2021 dividend	-	-	-	-	-	-	-	-	(2,781,189)	(2,781,189)	-	(2,781,189)											
At 30 June 2022	8,966,177	445,457*	1,756,326*	3,929,991*	329,733*	(108,858)*	(84)*	(22,844)*	29,233,684*	44,529,582	15,443,777	59,973,359											

* These reserve accounts comprise the consolidated reserves of HK\$35,563,405,000 (31 December 2021: HK\$37,244,521,000) in the condensed consolidated statement of financial position as at 30 June 2022.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company											
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund reserve	Exchange fluctuation reserve	Other reserves	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 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)
Business combinations through acquisition of subsidiaries (note 19)	-	-	-	-	-	-	-	-	-	-	2,335,561	2,335,561
Asset acquisition through acquisition of subsidiaries (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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash flows used in operating activities		(5,590,692)	(1,870,576)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		51,994	21,804
Net movement in receivables under a cooperative arrangement		95,512	(104,662)
Purchases of items of property, plant and equipment		(284,096)	(294,820)
Additions to investment properties		(410,092)	(438,681)
Additions to service concession arrangements		(1,430,919)	(2,078,113)
Business combinations through acquisition of subsidiaries	19	(307,923)	(373,752)
Asset acquisitions through acquisition of subsidiaries	20	(880,139)	(537,719)
Capital injection in an associate		(35,842)	(28,757)
(Increase)/decrease in non-pledged time deposits with original maturity of more than three months when acquired		(1,080,621)	354,575
Net cash outflows arising from disposal of subsidiaries		(87,371)	–
Settlement of consideration payable for acquisition of subsidiaries in prior years		(732,532)	–
Net cash flows used in investing activities		(5,102,029)	(3,480,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		15,995,706	12,360,301
Repayments of bank and other borrowings		(4,376,054)	(5,028,383)
Capital contribution from non-controlling equity holders of subsidiaries		57,792	95,793
Principal portion of lease payments		(36,271)	(34,866)
Dividends paid to non-controlling equity holders of subsidiaries		(140,878)	(152,249)
Interest paid		(620,294)	(306,688)
Net cash flows from financing activities		10,880,001	6,933,908

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	187,280	1,583,207
Cash and cash equivalents at beginning of period	8,833,627	9,197,749
Effect of foreign exchange rate changes, net	(301,981)	32,129
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,718,926	10,813,085
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,163,505	8,051,480
Non-pledged time deposits with original maturity of less than three months when acquired	555,421	2,761,605
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	8,718,926	10,813,085
Non-pledged time deposits with original maturity of more than three months when acquired	1,807,650	824,099
Cash and bank balances as stated in the condensed consolidated statement of financial position	10,526,576	11,637,184

Notes to Interim Financial Report

30 June 2022

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 report of the Group for the six months ended 30 June 2022 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 (“HKICPA”) 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 report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

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

The unaudited interim financial report has been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included on page 3.

The financial information relating to the year ended 31 December 2021 included in this unaudited interim financial report for the six months ended 30 June 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to those statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s former auditor has reported on those consolidated financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Notes to Interim Financial Report

30 June 2022

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Application of amendments to HKFRSs

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

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

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

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:

- The water resources segment engages in water distribution, sewage treatment, construction of water supply and sewage treatment infrastructure and water pipeline installation for customers in the People's Republic of China (the "PRC" or "Mainland China") and Hong Kong;
- 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;
- 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;
- The electric power generation segment operates coal-fired power plants supplying electricity and steam in the Guangdong Province, Mainland China;
- 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;
- The road and bridge segment invests in road and bridge projects, which engages in toll road operation and road management in Mainland China; and
- The "others" segment provides treasury services in Hong Kong and Mainland China and engages in the provision of corporate services to other segments.

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

Notes to Interim Financial Report

30 June 2022

3. OPERATING SEGMENT INFORMATION (continued)

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

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

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

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

Notes to Interim Financial Report

30 June 2022

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

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

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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	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	44,198,738	41,796,613	62,390,471	60,625,635	1,159,653	1,430,738	2,336,038	2,482,404	2,260,021	2,257,931
Investments in associates	3,208,938	3,286,170	-	-	139,465	153,020	854,734	951,438	-	-
Unallocated assets										
Total assets										
Segment liabilities	10,826,944	10,939,312	8,151,634	14,559,955	1,712,685	2,203,460	472,452	703,569	199,464	212,663
Unallocated liabilities										
Total liabilities										

Other segment information:

	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		For the six months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(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
Exchange gains/(losses), net	4,475	(38,568)	145,624	(34,562)	(21,911)	5,539	20,550	(6,639)	4,357	1,805

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3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	Road and bridge		Others		Eliminations		Consolidated	
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Segment assets	5,812,889	6,215,021	34,296	31,777	(742,593)	(698,554)	117,449,513	114,141,565
Investments in associates	-	-	-	-	-	-	4,203,137	4,390,628
Unallocated assets							12,534,861	11,498,630
Total assets							134,187,511	130,030,823
Segment liabilities	537,007	744,346	263,067	164,090	(285,029)	(339,791)	21,878,224	29,187,604
Unallocated liabilities							52,335,928	38,938,342
Total liabilities							74,214,152	68,125,946

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Exchange gains/(losses), net	(13,671)	5,946	(90,471)	35,175	1,333	2,069	50,286	(29,235)

4. REVENUE

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

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4. REVENUE (continued)

Disaggregation of revenue is analysed as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
(a) Types of goods or services:		
<u>Water resources segment</u>		
Income from water distribution – Hong Kong	2,694,788	2,664,835
Income from water distribution – the PRC	1,783,881	1,576,522
Income from sewage treatment services	402,341	386,435
Income from construction services	2,592,267	2,570,826
Income from water pipeline installation and consultancy services	722,100	493,846
Sale of machineries	488,303	87,760
<u>Property investment and development segment</u>		
Sale of properties	480,524	2,564,304
Management fee income	89,501	79,233
<u>Department store operation segment</u>		
Commissions income from concessionaire sales	203,671	260,523
Sale of goods	198,051	43,901
Management fee income	5,761	5,132
<u>Electric power generation segment</u>		
Sale of electricity and steam	675,016	723,918
<u>Hotel operation and management segment</u>		
Hotel income	147,957	152,324
Management fee income	6,288	7,734
<u>Road and bridge segment</u>		
Toll revenue	332,865	277,451
Income from construction services	–	799,754
Management and maintenance fee income	8,100	11,231
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>	10,831,414	12,705,729
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	352,904	241,630
Rental income	729,038	704,400
Total revenue	11,913,356	13,651,759

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4. REVENUE (continued)

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

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank and other borrowings	417,702	276,978
Interest on loans from 廣東粵海控股集團有限公司 (Guangdong Holdings Limited▲) ("Guangdong Holdings"), the Company's ultimate holding company (note 23(a)(vi))	79,768	42,695
Interest on loans from fellow subsidiaries (note 23(a)(vii))	136,412	26,485
Interest on lease liabilities	16,510	12,648
Finance costs incurred	650,392	358,806
Less: Interest capitalised	(293,898)	(134,107)
Finance costs charged for the period	356,494	224,699

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

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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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Bank interest income**	(76,697)	(104,030)
Interest income from receivables under a cooperative arrangement**	(67,022)	(65,791)
Cost of inventories sold*	941,675	755,965
Cost of services rendered*	4,755,245	4,989,609
Cost of properties sold*	228,473	1,502,545
Depreciation of property, plant and equipment	275,174	280,580
Depreciation of right-of-use assets	33,397	39,788
Government subsidies***^	(25,447)	(16,856)
Amortisation of operating concession rights*	658,520	611,333
Amortisation of other intangible assets	1,439	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, net" on the face of the condensed consolidated statement of profit or loss.

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

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

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7. INCOME TAX EXPENSE

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

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

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

8. DIVIDENDS

(a) Dividends payable to shareholders of the Company attributable to the interim period:

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

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

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8. DIVIDENDS (continued)

- (b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the interim period:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final – HK 42.54 cents (2021: HK 41.30 cents) per ordinary share	2,781,189	2,700,120

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

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

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	2,949,518	2,762,835

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	Number of shares	Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	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 2022 and 2021 in the calculation of diluted earnings per share as there were no potential dilutive ordinary shares during the periods ended 30 June 2022 and 2021.

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10. SERVICE CONCESSION ARRANGEMENTS

(a) Receivables under service concession arrangements

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Receivables under service concession arrangements	15,835,212	15,388,206
Less: Portion classified as current assets	(371,875)	(485,485)
Non-current portion	15,463,337	14,902,721

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.

(b) As at 30 June 2022, bank and other loans of HK\$10,099,702,000 (31 December 2021: HK\$8,866,063,000) (note 13(e)) are 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 2022, contract assets which are presented as operating concession rights and receivables under service concession arrangements amounted to HK\$4,084,758,000 (31 December 2021: HK\$3,090,006,000) and HK\$3,228,038,000 (31 December 2021: HK\$2,651,229,000), respectively.

11. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	<i>Note</i>	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade and bills receivables, net of impairment		2,680,529	2,134,546
Other receivables, prepayments and deposits		2,415,102	2,370,239
Contract assets		625,421	524,700
Other contract costs		68,682	62,201
Due from the ultimate holding company	23(d)	–	2,324
Due from fellow subsidiaries	23(d)	219,072	15,480
Due from associates	23(d)	93,183	14,891
Less: Portion classified as non-current assets		6,101,989 (504,282)	5,124,381 (613,588)
Current portion		5,597,707	4,510,793

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11. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

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 a certain concentration of credit risk whereby 17% (31 December 2021: 5%) of the total trade and bills receivables were due from one customer. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest bearing.

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

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

12. PAYABLES, ACCRUALS AND OTHER LIABILITIES AND CONTRACT LIABILITIES

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade and bills payables	(i)	3,490,666	3,827,705
Accruals, other payables and other liabilities		10,950,290	11,043,119
Contract liabilities		4,087,360	3,677,834
Put option on non-controlling interests in a subsidiary	(ii)	542,609	704,894
Payables for land use rights		–	6,239,063
Defined benefit obligations		127,607	134,144
Deferred revenue		301,552	307,845
Due to the immediate holding company	23(d)	40,350	44,509
Due to the ultimate holding company	23(d)	177,161	125,323
Due to fellow subsidiaries	23(d)	197,631	921,409
Due to associates	23(d)	128,892	1,319
		20,044,118	27,027,164
Less: Portion classified as non-current liabilities		(1,664,714)	(1,584,899)
Current portion		18,379,404	25,442,265

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

- (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▲) ("Jiangxi Guangdong") and its 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 Jiangxi Guangdong 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 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 acquisition upon fulfilment of certain conditions specified in the agreements.

As at 30 June 2022 and 31 December 2021, the Group has not acquired a present ownership over the equity interest under the Put Option, the non-controlling interest continues 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 2022			31 December 2021		
	Effective interest rate	Maturity	(Unaudited) HK\$'000	Effective interest rate	Maturity	(Audited) HK\$'000
Current						
Bank loans – unsecured	0.48% – 4.04%	2022 – 2023	4,721,339	0.41% – 6.70%	2022	4,629,902
Bank loans – secured	1.95% – 5.39%	2022 – 2023	1,251,375	1.50% – 6.37%	2022	1,707,413
Other loans – unsecured	0.64% – 3.84%	On demand	53,851	0.64% – 3.84%	On demand	78,216
Other loans – unsecured	–	On demand	12,511	–	On demand	13,086
Other loans – unsecured	3.75% – 5.85%	2022 – 2023	731,912	4.00% – 5.85%	2022	475,410
Other loans – secured	3.95% – 4.00%	2022 – 2023	305,187	4.05%	2022	24,462
			7,076,175			6,928,489
Non-current						
Bank loans – unsecured	0.64% – 4.41%	2023 – 2040	4,019,510	0.61% – 6.50%	2023 – 2039	4,157,481
Bank loans – secured	1.40% – 5.39%	2024 – 2049	15,271,425	1.95% – 6.37%	2023 – 2049	13,104,111
Other loans – unsecured	3.34% – 6.50%	2023 – 2042	12,925,129	1.80% – 6.50%	2023 – 2040	4,257,728
Other loans – secured	3.95%	2024	349,036	4.05%	2023	293,544
			32,565,100			21,812,864
Total bank and other borrowings			39,641,275			28,741,353

Notes:

- As at 30 June 2022, all bank and other borrowings were denominated in Hong Kong dollars except for bank and other loans of HK\$32,181,388,000 (31 December 2021: HK\$21,482,460,000) which were denominated in RMB.
- As at 30 June 2022, bank and other borrowings of HK\$4,835,796,000 (31 December 2021: HK\$2,832,720,000) were secured by the pledge of certain of the Group's properties held for sale under development and investment properties amounted to HK\$13,172,457,000 (31 December 2021: HK\$4,451,985,000) and HK\$8,783,428,000 (31 December 2021: HK\$7,053,618,000), respectively.
- As at 30 June 2022, secured bank loans of HK\$1,862,204,000 (31 December 2021: HK\$1,390,616,000) and HK\$1,052,370,000 (31 December 2021: HK\$1,147,268,000) were secured by pledges of 100% and 79% equity interests of certain non-wholly-owned subsidiaries, respectively.
- As at 31 December 2021, pursuant to the relevant bank loan agreement, a bank loan of HK\$892,863,000 was secured by a pledged bank deposit account. As at 31 December 2021, there was nil cash and bank deposit in that designated account. This bank loan was fully repaid during the period.
- As at 30 June 2022, bank and other loans of HK\$10,099,702,000 (31 December 2021: HK\$8,866,063,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.
- As at 30 June 2022, included in secured and unsecured other borrowings represented loans from Guangdong Holdings of HK\$4,375,521,000 (31 December 2021: HK\$2,130,640,000), loans from fellow subsidiaries of HK\$9,057,186,000 (31 December 2021: HK\$2,004,519,000) and a loan from an associate of HK\$26,894,000 (31 December 2021: Nil) (note 23(d)).

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14. OTHER LIABILITIES

As at 30 June 2022, included in other liabilities under current liabilities was a non-interest bearing advance of HK\$118,200,000 (31 December 2021: HK\$118,200,000). 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 2022 (Unaudited) HK\$'000	31 December 2021 (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 report.

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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 2022

	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	–	2,215,773	2,215,773
Equity investments designated at fair value through other comprehensive income	18,162	–	18,162
Financial assets included in receivables under service concession arrangements	–	12,607,174	12,607,174
Financial assets included in receivables, prepayments and other receivables	–	3,538,117	3,538,117
Due from non-controlling equity holders of subsidiaries	–	905,809	905,809
Restricted bank balances	–	545,094	545,094
Cash and bank balances	–	10,526,576	10,526,576
	18,162	30,338,543	30,356,705

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17. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2021

	Equity investments 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	–	2,346,599	2,346,599
Equity investments designated at fair value through other comprehensive income	30,568	–	30,568
Financial assets included in receivables under service concession arrangements	–	12,736,977	12,736,977
Financial assets included in receivables, prepayments and other receivables	–	2,683,303	2,683,303
Due from non-controlling equity holders of subsidiaries	–	849,731	849,731
Restricted bank balances	–	469,412	469,412
Cash and bank balances	–	9,595,100	9,595,100
	30,568	28,681,122	28,711,690

Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Financial liabilities included in payables, accruals and other liabilities	13,742,287	21,032,245
Due to non-controlling equity holders of subsidiaries	1,224,692	1,196,047
Bank and other borrowings	39,641,275	28,741,353
Lease liabilities	681,928	1,026,438
Dividend payables	2,781,189	–
	58,071,371	51,996,083

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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 receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings, the non-current portion of lease liabilities, the non-current portion of amounts due to non-controlling equity holders of subsidiaries 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 2022 and 31 December 2021 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 the 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 receivables, the non-current portion of financial liabilities included in payables, accruals and other liabilities, the non-current portion of bank and other borrowings, the non-current portion of amounts due to non-controlling equity holders of subsidiaries 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 2022 and 31 December 2021 was assessed to be insignificant. The carrying amounts of these assets and liabilities approximate their fair values.

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates.

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19. BUSINESS COMBINATIONS THROUGH ACQUISITION OF SUBSIDIARIES

(a) Period ended 30 June 2022

In May 2022, the Group acquired the entire equity interests in four companies in Heyuan City from an independent third party at cash consideration of RMB345,000,000 (equivalent to approximately HK\$406,514,000). These companies are mainly engaged in the water distribution business 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 Mainland China.

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

	(Unaudited) HK\$'000
Property, plant and equipment	186,933
Right-of-use assets	10,771
Operating concession rights	519,395
Receivables under service concession arrangements	80,870
Receivables, prepayments and other receivables	109,593
Cash and bank balances	17,289
Inventories	11,737
Bank and other borrowings	(259,717)
Contract liabilities	(5,962)
Payables, accruals and other liabilities	(201,587)
Tax payables	(5,348)
Deferred tax liabilities	(58,094)
Total identifiable net assets at provisional fair values	405,880
Goodwill on acquisition	634
	406,514
Satisfied by:	
Cash consideration	406,514

As at the date of acquisitions, the fair values of the receivables were their gross contractual amounts. 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\$1,075,000 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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19. BUSINESS COMBINATIONS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(a) Period ended 30 June 2022 (continued)

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

	(Unaudited) HK\$'000
Total consideration	(406,514)
Cash consideration payables	81,302
Cash and bank balances acquired	17,289
Net outflow of cash and cash equivalents included in cash flows from investing activities	(307,923)
Transaction costs for the acquisition included in cash flows from operating activities	(1,075)
	(308,998)

As of 30 June 2022, the purchase price allocation process of the above acquisitions were under progress. The purchase price allocation to the acquired assets and assumed liabilities of these acquisitions in the unaudited interim financial report has 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 2022 when the purchase price allocation is 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\$15,970,000 and loss of HK\$240,000 to the Group for the period ended 30 June 2022.

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 2022 would have been HK\$11,998,091,000 and HK\$3,397,594,000, respectively.

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19. BUSINESS COMBINATIONS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) 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 Affairs 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 Affairs 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 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 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.

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19. BUSINESS COMBINATIONS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) Period ended 30 June 2021 (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 receivables	2,537,039
Cash and bank balances	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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19. BUSINESS COMBINATIONS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) Period ended 30 June 2021 (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 from investing activities	(373,752)
Transaction costs for the acquisitions included in cash flows from operating activities	(3,805)
	(377,557)

As of 30 June 2021, the purchase price allocation process of the above acquisitions were under progress. The purchase price allocation to the acquired assets and assumed liabilities of these acquisitions in the unaudited interim financial report 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 allocation is 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.

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20. ASSET ACQUISITION THROUGH ACQUISITION OF SUBSIDIARIES

(a) Period ended 30 June 2022

In June 2022, 廣東粵海天河城(集團)股份有限公司(GDH Teem (Holdings) Limited▲)(“Guangdong Teem”), an indirect non-wholly owned subsidiary of the Company, acquired a 85% equity interest of 廣州粵海動漫星城有限公司(Guangzhou Yuehai Comic City Co., Ltd▲) (“Yuehai Comic City”) from Guangdong Holdings and 廣州粵海仰忠匯置業有限公司(Guangzhou Yuehai Yangzhonghui Land Co., Ltd.▲) (“Yuehai Yangzhonghui”) (a direct wholly-owned subsidiary of Guangdong Holdings) at an adjusted cash consideration of RMB764,360,000 (equivalent to approximately HK\$900,646,000).

Management accounted for the transaction as acquisition 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 company on the basis of their relative fair values at the date of acquisition as summarised below:

	(Unaudited) HK\$'000
Property, plant and equipment	11,521
Investment properties	1,413,815
Right-of-use assets	909
Receivables, prepayments and other receivables	5,881
Cash and bank balances	20,507
Payables, accruals and other liabilities	(28,711)
Lease liabilities	(8,009)
Loan from a fellow subsidiary	(353,490)
Non-controlling interests	(161,777)
Total identifiable net assets acquired	900,646
Satisfied by:	
Cash consideration	900,646

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

	(Unaudited) HK\$'000
Cash consideration	(900,646)
Cash and bank balances acquired	20,507
Net outflow of cash and cash equivalents included in cash flows from investing activities	(880,139)

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20. ASSET ACQUISITION THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) Period ended 30 June 2021

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.

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 date 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 receivables	43,921	882	44,803
Cash and bank balances	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 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

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20. ASSET ACQUISITION THROUGH ACQUISITION OF SUBSIDIARIES (continued)

(b) Period ended 30 June 2021 (continued)

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 from investing activities	(537,719)

21. COMMITMENTS

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Commitments in respect of property, plant and equipment, investment properties, intangible assets and properties under development: Contracted for	14,115,619	17,015,882
Capital commitments in respect of capital contribution payable to associates: Contracted for	33,703	71,096
Commitments in respect of project financing payable to an associate: Contracted for	1,840,202	1,924,871

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21. COMMITMENTS (continued)

- (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\$5.559 billion), and project management and maintenance of the Project Roads. At the end of the reporting period, the cumulative development costs in relation to the Yinping PPP Project amounted to RMB1,816,965,000 (equivalent to approximately HK\$2,124,577,000) (31 December 2021: RMB1,724,362,000 (equivalent to approximately HK\$2,109,067,000)).

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

- (c) On 9 June 2022, the Group entered into agreements and committed to acquire 75% equity interest of a company from certain independent third parties at a consideration of RMB546,122,000 (equivalent to approximately HK\$638,580,000). As at 30 June 2022, the Group had a capital commitment of RMB546,122,000 (equivalent to approximately HK\$638,580,000) in respect of the transaction.

22. CONTINGENT LIABILITIES

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

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23. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	For the six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Hotel management fees from fellow subsidiaries	(i)	2,557	3,640
Rental income from Guangdong Holdings, GDH Limited ("GDH") (the Company's immediate holding company) and certain fellow subsidiaries	(ii)	23,531	19,143
Water distribution income from a fellow subsidiary and an associate	(iii)	66,112	22,557
Sale of electricity to fellow subsidiaries and associates	(iv)	101,171	59,822
Dividends paid and payable to GDH and certain subsidiaries of GDH by GH Water Supply (Holdings) Limited	(v)	77,090	96,362
Dividends paid and payable to GDH and certain of its subsidiaries by the Company	(v)	1,571,195	1,525,396
Interest expenses charged by Guangdong Holdings	(vi)	79,768	42,695
Interest expenses charged by fellow subsidiaries	(vii)	136,412	26,485
Consultancy service fees to fellow subsidiaries	(viii)	11,522	1,696
Property management fees to fellow subsidiaries	(ix)	83,111	41,821
Proceeds to be received from the disposal of the operating concession rights to a fellow subsidiary	(x)	73,006	–

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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) The rental income was charged in accordance with the terms of respective tenancy agreements.
- (iii) The income on the supply of untreated water was charged in accordance with the terms of respective agreements.
- (iv) The income 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 effective interest rates of 4.75% and 5.5% per annum (2021: 4.75% per annum).
- (vii) The interest expenses were charged at effective interest rates ranging from RMB benchmark 1-year loan prime rate minus 0.6% per annum announced by the People's bank of China to 5.85% (2021: RMB benchmark 1-year loan prime rate plus 0.15% per annum announced by the People's bank of China to 5.85%).
- (viii) The consultancy service fees were charged in accordance with the terms of the agreement entered into between the Group and fellow subsidiaries.
- (ix) The property management fees were charged in accordance with the terms of the agreements entered into between the Group and fellow subsidiaries.
- (x) The consideration of the disposal was determined based on the asset value of the operating concession rights disposed which was valued by an external valuer.

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23. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties

- (i) In June 2022, Guangdong Teem acquired a 85% equity interest of Yuehai Comic City from Guangdong Holdings and Yuehai Yangzhonghui at an adjusted cash consideration of RMB764,360,000 (equivalent to approximately HK\$900,646,000). The transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules. Further details are set out in the announcement of the Company dated 31 May 2022.
- (ii) On 27 May 2022, the Group entered into the equity transfer agreements with 廣東粵海水務科技有限公司(Guangdong Water Technology Co., Ltd.▲) (“Guangdong Water Technology”), pursuant to which:
 - (a) the Group agreed to transfer 54% equity interest in 哈爾濱工業大學水資源國家工程研究中心有限公司(Harbin Technology University Water Resources National Engineering Research Centre Company Limited▲) to Guangdong Water Technology at a consideration of RMB71,784,000;
 - (b) the Group agreed to transfer 49% equity interest in 粵海水資源工程研究中心(廣東)有限公司(Guangdong Water Resources Engineering Research Centre (Guangdong) Company Limited▲) to Guangdong Water Technology at a consideration of RMB1;
 - (c) the Group agreed to transfer 51% equity interest in 深圳市科榮軟件股份有限公司(Shenzhen Kerong Software Co., Ltd▲) to Guangdong Water Technology at a consideration of RMB39,031,000; and
 - (d) the Group agreed to transfer 100% equity interest in 廣東粵海水務檢測技術有限公司(Guangdong Water Testing Technology Co., Ltd.▲) (“Guangdong Water Testing”) to Guangdong Water Technology at a consideration of RMB6,514,000.

The transactions constituted connected transactions as defined in Chapter 14A of the Listing Rules. Further details are set out in the announcement of the Company dated 27 May 2022.

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23. RELATED PARTY TRANSACTIONS (continued)

(c) Commitments with related parties as a lessor

The Group entered into several tenancy agreements, as lessor, 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 from the GDH Group for the period were included in note 23(a)(ii) to the unaudited interim financial report. Details of the Group's commitments with related parties at the end of the reporting period are as follows:

As at 30 June 2022

	Year ending 30 June 2023 (Unaudited) HK\$'000	Year ending 30 June 2024 (Unaudited) HK\$'000	Year ending 30 June 2025 (Unaudited) HK\$'000
Guangdong Holdings	20,198	4,948	–
GDH	11,660	10,104	842
Fellow subsidiaries	12,666	11,303	2,412

As at 31 December 2021

	Year ending 31 December 2022 (Audited) HK\$'000	Year ending 31 December 2023 (Audited) HK\$'000	Year ending 31 Decembe 2024 (Audited) HK\$'000
Guangdong Holdings	14,951	9,744	–
GDH	11,144	10,104	5,894
Fellow subsidiaries	6,350	4,961	1,382

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23. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Balances due from related parties included in bank balances, receivables, prepayments and other receivables:			
Ultimate holding company	(i)	–	2,324
Fellow subsidiaries	(i)	214,659	1,463
Fellow subsidiaries	(ii)	4,413	14,017
Associates	(i)	67,451	3,969
Associates	(ii)	25,732	10,922
Deposits placed at a fellow subsidiary	(v)	1,486,229	3,266,753
Balances due to related parties included in payables, accruals and other liabilities:			
Immediate holding company	(i)	40,350	44,509
Ultimate holding company	(iii)	177,161	125,323
Fellow subsidiaries	(i)	171,113	907,595
Fellow subsidiaries	(ii)	26,518	13,814
Associates	(i)	128,892	1,319
Loans from the ultimate holding company	(vi)	4,375,521	2,130,640
Loans from fellow subsidiaries	(iv)	9,057,186	2,004,519
Loan from an associate	(vii)	26,894	–
Balances due to related parties included in dividend payables:			
Immediate holding company	(viii)	1,325,992	–
Fellow subsidiaries	(viii)	245,203	–

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23. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties (continued)

Notes:

- (i) The balances due 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\$6,717,000 (31 December 2021: HK\$7,071,000) 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 a loan of HK\$304,018,000 (31 December 2021: HK\$318,006,000) secured by the pledge of revenue entitlement under a sewage treatment concession arrangement and interest-bearing at 0.2% plus the RMB benchmark 1-year loan prime rate per annum (2021: 0.2% plus the RMB benchmark 1-year loan prime rate per annum) announced by the People's Bank of China. This loan is repayable within 3 years from 25 June 2020. Loan of HK\$350,205,000 (31 December 2021: Nil) represented a loan from a fellow subsidiary which is secured by investment properties of HK\$1,419,530,000 (31 December 2021: Nil) and interest-bearing at 0.15% plus the RMB benchmark 1-year loan prime rate per annum announced by the People's bank of China. This loan is repayable within three years. The remaining balance of HK\$8,402,963,000 (31 December 2021: HK\$1,686,513,000) represented loans from fellow subsidiaries which are unsecured and interest-bearing ranging from RMB benchmark 1-year loan prime rate minus 0.6% per annum announced by the People's bank of China to 5.85% (2021: RMB benchmark 1-year loan prime rate plus 0.15% per annum announced by the People's bank of China to 5.85%).
- (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) The loan is unsecured, interest-bearing at effective interest rates of 4.75% and 5.5% per annum (2021: 4.75% per annum) and repayable within two years.
- (vii) The loan is unsecured, interest-bearing at an effective interest rate of 4.6% per annum (2021: Nil) and repayable within five years.
- (viii) As at 30 June 2022, the balances are unsecured, non-interest bearing and payable on 28 July 2022.

Notes to Interim Financial Report

30 June 2022

23. RELATED PARTY TRANSACTIONS (continued)

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short-term employee benefits	5,480	4,956
Post-employment benefits	701	611
Total compensation paid to key management personnel	6,181	5,567

24. CAPITAL EXPENDITURE

During the six months ended 30 June 2022, 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\$4,344,671,000 (2021: HK\$6,847,877,000).

25. APPROVAL OF THE INTERIM FINANCIAL REPORT

This unaudited interim financial report was approved and authorised for issue by the board of directors of the Company on 30 August 2022.

- ▲ 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.

Management Discussion and Analysis

RESULTS

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

INTERIM DIVIDEND

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

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK\$11,913 million (2021: HK\$13,652 million), a decrease of 12.7% as compared with the same period last year. The decrease in revenue was mainly attributable to a drop of revenue in property investment and development business during the Period.

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

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

BUSINESS REVIEW

A summary of the performance of the Group's major businesses during the Period is set out as follows:

Water Resources

Dongshen Water Supply Project

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

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

Management Discussion and Analysis

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

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

The revenue from water sales to Hong Kong for the Period increased by 1.1% to HK\$2,695 million (2021: HK\$2,665 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 14.1% to HK\$751 million (2021: HK\$874 million) during the Period. The profit before tax for the Period, excluding net exchange differences and net finance costs, of the Dongshen Water Supply Project was HK\$2,279 million (2021: HK\$2,360 million), 3.4% lower than that in the same period last year.

Other Water Resources Projects

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

During the Period, the Group successfully acquired/contracted for three new water resources projects which were located in Heyuan City and Jiexi County of Guangdong Province and Wuxi City of Jiangsu Province, the PRC, respectively, and entered into a supplementary concession agreement for expansion of an existing sewage treatment plant located in Yunfu City of Guangdong Province, the PRC, with total designed water supply capacity and waste water processing capacity of 1,090,000 tons per day and 265,700 tons per day, respectively. The expected total investment amount of these projects is approximately RMB1,614 million (equivalent to approximately HK\$1,887 million).

The total designed water supply capacity of the water supply plants and the total designed waste water processing capacity of the sewage treatment plants of the Group’s Other Water Resources Projects as at 30 June 2022 are 14,873,200 tons per day (31 December 2021: 13,783,200 tons per day) and 2,900,900 tons per day (31 December 2021: 2,635,200 tons per day), respectively.

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 Group are as follows:

Name of subsidiaries of the Group	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 Guangdong Tap Water Co., Ltd.▲)	100,000	–
梧州粵海江河水務有限公司 (Wuzhou Guangdong Jianghe Water Co., Ltd.▲)	355,000	–
Zhaoqing HZ GDH Water Co., Ltd.	120,000	–
遂溪粵海水務有限公司(Suixi Guangdong Water Co., Ltd.▲)	70,000	–
海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd.▲)	100,000	20,000
豐順粵海水務有限公司(Fengshun Guangdong Water Co., Ltd.▲)	73,500	–
盱眙粵海水務有限公司(Xuyi Guangdong Water Co., Ltd.▲)	150,000	–
Wuzhou GDH Environmental Protection Development Co., Ltd.	–	140,000
東莞市常平粵海環保有限公司 (Dongguan Changping Guangdong Huanbao Co., Ltd.▲)	–	70,000
開平粵海水務有限公司(Kaiping Guangdong Water Co., Ltd.▲)	–	50,000
五華粵海環保有限公司(Wuhua Guangdong Huanbao Co., Ltd.▲)	–	66,000
東莞市道滘粵海環保有限公司 (Dongguan Daojiao Guangdong Huanbao Co., Ltd.▲)	–	40,000
興寧粵海環保有限公司(Xingning Guangdong Huanbao Co., Ltd.▲)	–	3,000
開平粵海污水處理有限公司 (Kaiping Guangdong Sewage Treatment Co., Ltd.▲)	–	25,000
汕尾粵海環保有限公司(Shanwei Guangdong Huanbao Co., Ltd.▲)	–	30,000
高州粵海水務有限公司(Gaozhou Guangdong Water Co., Ltd.▲)	100,000	–
江西粵海公用事業集團有限公司(Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries	781,500	81,000
六盤水粵海環保有限公司 (Liupanshui Guangdong Huanbao Co., Ltd.▲)	–	115,000
昆明粵海水務有限公司(Kunming Guangdong Water Co., Ltd.▲)	24,000	20,000
雲浮粵海水務有限公司(Yunfu Guangdong Water Co., Ltd.▲)	50,000	–
大埔粵海環保有限公司(Dapu Guangdong Huanbao Co., Ltd.▲)	–	21,900
韶關粵海綠源環保有限公司 (Shaoguan Guangdong Luyuan Huanbao Co., Ltd.▲)	–	28,500
陽山粵海環保有限公司(Yangshan Guangdong Huanbao Co., Ltd.▲)	–	11,300
雲浮市自來水有限公司(Yunfu City Water Supply Co., Ltd.▲)	105,000	–
雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd.▲)	–	60,000
雲浮市雲安區怡源環保有限公司 (Yunfu City Yunan District Yiyuan Huanbao Co., Ltd.▲)	–	10,000

Management Discussion and Analysis

Name of subsidiaries of the Group (continued)	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
雲浮市粵海清源環保有限公司 (Yunfu City Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	15,000
郁南縣粵海環保有限公司 (Yunan County Guangdong Huanbao Co., Ltd.▲)	–	20,000
陽江粵海環保有限公司(Yangjiang Guangdong Huanbao Co., Ltd.▲)	–	20,000
揭陽粵海水務有限公司(Jieyang Guangdong Water Co., Ltd.▲)	560,000	–
普寧粵海水務有限公司(Puning Guangdong Water Co., Ltd.▲)	500,000	–
潮州市粵海環保有限公司(Chaozhou Guangdong Huanbao Co., Ltd.▲)	–	20,000
廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)	674,000	–
吳川粵海環保有限公司(Wuchuan Guangdong Huanbao Co., Ltd.▲)	–	25,000
平遠粵海水務有限公司(Pingyuan Guangdong Water Co., Ltd.▲)	40,000	–
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	10,000	453,000
邳州粵海水務有限公司(Pizhou Guangdong Water Co., Ltd.▲)	250,000	–
惠來粵海清源環保有限公司 (Huilai Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	8,500
惠來粵海綠源環保有限公司 (Huilai Guangdong Luyuan Huanbao Co., Ltd.▲)	–	20,000
信宜粵海水務有限公司(Xinyi Guangdong Water Co., Ltd.▲)	134,200	–
揭西粵海水務有限公司(Jiexi Guangdong Water Co., Ltd.▲)	70,000	–
五華粵海碧源環保有限公司 (Wuhua Guangdong Biyuan Huanbao Co., Ltd.▲)	–	40,000
雲浮市雲安粵海城鄉供水有限公司(Yunfu City Yunan Guangdong Urban and Rural Water Supply Co., Ltd.▲)	24,600	–
河源市粵海水務有限公司(Heyuan City Guangdong Water Co., Ltd.▲)	100,000	–
Total as at 30 June 2022	5,421,800	1,663,200
Total as at 30 June 2021	4,543,000	1,544,300

Name of associates of the Group	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
興化粵海水務有限公司(Xinghua Guangdong Water Co., Ltd.▲)	430,000
Total as at 30 June 2022	2,380,000
Total as at 30 June 2021	1,950,000

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 of the Group as at 30 June 2022 are as follows:

Name of subsidiaries of the Group	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	–
荔浦粵海水務有限公司(Lipu Guangdong Water Co., Ltd.▲)	80,000	–
豐順粵海水務有限公司(Fengshun Guangdong Water Co., Ltd.▲)	50,000	–
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd.▲)	–	200,000
湘陰粵海水務有限公司(Xiangyin Guangdong Water Co., Ltd.▲)	200,000	–
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.▲)	–	3,500
揭陽粵海國業水務有限公司(Jieyang Guangdong Guoye Water Co., Ltd.▲)(formerly known as 揭陽粵海四航國業水務有限公司)	220,000	–
邳州粵海環保有限公司(Pizhou Guangdong Huanbao Co., Ltd.▲)	–	35,000
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	–	15,000
信宜粵海水務有限公司(Xinyi Guangdong Water Co., Ltd.▲)	100,000	–
開平粵海淨水有限公司(Kaiping Guangdong Water Purification Co., Ltd.▲)	–	25,000
汕尾粵海供水有限公司 (Shanwei Guangdong Water Supply Co., Ltd.▲)	410,000	–
河源市粵海水務有限公司(Heyuan City Guangdong Water Co., Ltd.▲)	200,000	–
雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd.▲)	–	40,000
Total	2,720,000	318,500

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

Management Discussion and Analysis

Property Investment and Development

Mainland China

GDH Teem

As at 30 June 2022, the Group held an effective interest of 76.13% in 廣東粵海天河城(集團)股份有限公司(GDH Teem (Holdings) Limited▲) (“Guangdong Teem”) and its subsidiaries, and held an effective interest of 76.02% in Tianjin Yuehai Teem Shopping Center Co., Ltd. (collectively the “GDH Teem”). The projects of GDH Teem included GDH Teem Plaza, Panyu GDH Plaza, Guangzhou Comic City and Tianjin Yuehai Teem Shopping Mall.

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

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

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

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

Management Discussion and Analysis

Guangdong Land Holdings Limited ("GD Land")

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

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

Completed Properties Held for Sale

Property project	Location	Use	Interest held by GD Land	Approximate GFA of the project (sq.m.)	Accumulated GFA contracted (sq.m.)	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
						Period under review (sq.m.)	Accumulated (sq.m.)	
Northwestern Land of Shenzhen GDH City	Shenzhen City, the PRC	Business apartment/ Commercial	100%	114,986	100,144	6,193	99,889	86.9%
Guangzhou Laurel House	Guangzhou City, the PRC	Car-parking spaces	100%	2,764	2,617	800	2,579	93.3%
Ruyingju	Guangzhou City, the PRC	Car-parking spaces	80%	8,052	6,173	277	6,173	76.7%

Properties Held for Sale under Development and Investment Properties under Development

Property project	Location	Use	Interest held by GD Land	Approximate total site area (sq.m.)	Approximate GFA* (sq.m.)	Progress	Expected completion and filing date
Northern Land of Shenzhen GDH City Project	Shenzhen City, the PRC	Commercial/ Offices/Mall	100%	33,802	146,551	Commercial shopping building completed, 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	Commercial shopping building structure topped out and the masonry and renovation works in progress, and superstructure construction and masonry and renovation works of the office tower underway	2023
Chenyuan Road Project	Jiangmen City, the PRC	Residential/ Commercial service	100%	59,705	164,216	Superstructure of all phases topped out, the first phase of the properties completed, and renovation works of the remaining properties in progress	2nd half of 2022

Management Discussion and Analysis

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

The asterisk (*) denotes that the approximate GFA includes (1) underground commercial area of the Shenzhen GDH City Project with a GFA of 30,000 sq.m.; and (2) common area and area transfer to the government of each project.

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	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	20,395	51,000	31.1%	January 2021
Jiangmen Ganhua Project (Jiangmen Land No. 3 – 5)	Jiangmen City, the PRC	Residential/ Commercial	51%	396,600	13,374	39,294	9.9%	May 2021
Zhuhai Jinwan Project	Zhuhai City, the PRC	Residential/ Commercial	100%	166,692	10,187	23,132	13.9%	June 2021
Zhongshan GDH City Project	Zhongshan City, the PRC	Residential	97.64%	247,028	5,620	22,997	9.3%	September 2021
Foshan Laurel House Project	Foshan City, the PRC	Residential/ Commercial	100%	151,493	12,851	16,152	10.7%	October 2021

During the Period, GD Land's properties recorded total contracted GFA (including completed properties held for sale and properties held for sale under development) and delivered GFA of approximately 64,000 sq.m. (2021: 85,000 sq.m.) and 7,000 sq.m. (2021: 31,000 sq.m.), respectively. Revenue of GD Land for the Period decreased by 78.4% to HK\$492,400,000 (2021: HK\$2,283,775,000), of which income from sales of properties amounted to HK\$480,524,000 (2021: HK\$2,273,904,000). The net gain arising from fair value adjustments for investment properties was HK\$351,232,000 (2021: HK\$79,456,000), causing an addition in profit before tax by HK\$271,776,000 for the Period. The profit before tax of GD Land for the Period, excluding changes in fair value of investment properties and net finance costs, was HK\$39,820,000 (2021: HK\$566,906,000).

Hong Kong

Guangdong Investment Tower

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

Department Store Operation

As at 30 June 2022, the Group operated six stores with a total leased area of approximately 222,100 sq.m. (31 December 2021: 123,900 sq.m.). The total revenue for the Period increased by 29.1% to HK\$437,697,000 (2021: HK\$339,008,000). The profit before tax for the Period increased by 49.4% to HK\$125,867,000 (2021: HK\$84,258,000), which includes a gain arising from the shortening of lease period of a store (including the write-back of corresponding lease liabilities) amounting to approximately HK\$81,296,000 (2021: Nil).

Management Discussion and Analysis

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

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

Hotel Ownership, Operation and Management

As at 30 June 2022, the Group's hotel management team managed a total of 25 hotels (31 December 2021: 27 hotels), of which three were located in Hong Kong and twenty-two in Mainland China. As at 30 June 2022, five star-rated hotels, of which two in Hong Kong, one in each of Shenzhen, Guangzhou and Zhuhai, were owned by the Group. Of these five hotels, four were managed by our hotel management team with the exception of the one located in Guangzhou, namely Sheraton Guangzhou Hotel, which was managed by other hotel management group. The construction of the hotel which is situated in Zhuhai and was originally used as staff dormitory, has been completed during the Period.

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

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

Energy Projects

GDH Energy Project

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds 75% interest in 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd. ▲) ("GDH Energy"). GDH Energy has two power generation units with a total installed capacity of 600 MW. Sales of electricity during the Period amounted to 1,106 million kwh (2021: 1,405 million kwh), decreased by 21.3%. Due to the mixed impact of decrease in sales of electricity and increase in electricity tariff, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the Period decreased by 3.8% to HK\$845,748,000 (2021: HK\$878,709,000). As a result of the significant increase in coal price, the profit before tax for the Period, excluding net exchange differences and net finance costs, was HK\$23,368,000 (2021: HK\$84,103,000), a decrease of 72.2%.

Management Discussion and Analysis

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

The Group’s effective interest in Yudean Jinghai Power is 25%. As at 30 June 2022, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the Period amounted to 6,521 million kwh (2021: 7,481 million kwh), a decrease of 12.8%. Due to the increase in electricity tariff, revenue for the Period increased by 5.7% to HK\$3,577,612,000 (2021: HK\$3,385,508,000). As a result of the significant increase in coal price, Yudean Jinghai Power recorded a loss before tax of HK\$306,161,000 (2021: profit before tax of HK\$87,488,000) for the Period. The Group’s share of loss in Yudean Jinghai Power amounted to HK\$57,405,000 (2021: share of profit of HK\$16,404,000) during the Period.

Road and Bridge

Xingliu Expressway

廣西粵海高速公路有限公司(Guangxi GDH Highway Co., Ltd.▲) (“GDH Highway”) is principally engaged in the operation of the Xingliu Expressway. The Xingliu Expressway comprises a main line which is approximately 100 km in length and three connection lines (to Xingye, Guigang and Hengxian) with an aggregate length of approximately 53 km.

The average daily toll traffic flow of the Xingliu Expressway increased by 20.8% to 23,182 vehicle trips (2021: 19,195 vehicle trips). The revenue of GDH Highway during the Period amounted to HK\$332,865,000 (2021: HK\$1,077,205,000), decreased by 69.1%, which was due to the absence of revenue generated from construction services (2021: HK\$799,754,000) arising from the highway enhancement project during the Period. Profit before tax during the Period, excluding net finance costs, amounted to HK\$180,195,000 (2021: HK\$149,791,000), increased by 20.3%.

Yinping PPP Project

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

During the period of construction of the Project Roads (the “Development Period”), the Group shall be responsible for providing funding for the development of the Project Roads (the “Development Costs”) depending on the overall development plan and progress of Yinping Innovation Zone in phases with the total Development Costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.559 billion). The Xiegang Government shall pay the Development Costs by 10 annual instalments throughout the maintenance period, being ten years (the “Maintenance Period”) from the acceptance of the Project Roads by the Xiegang Government.

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

Management Discussion and Analysis

As at 30 June 2022, out of a total of eight Project Roads, four Project Roads (31 December 2021: four Project Roads) were completed and one Project Road (31 December 2021: one Project Road) was under construction. As at 30 June 2022, the cumulative Development Costs in relation to the Yinping PPP Project amounted to RMB1,817 million (equivalent to approximately HK\$2,125 million) (31 December 2021: approximately RMB1,724 million (equivalent to approximately HK\$2,109 million)).

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

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

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

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

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

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

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

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

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

Management Discussion and Analysis

Except for the guarantees made to certain banks in relation to the mortgages of properties sold of approximately HK\$1,268 million (31 December 2021: approximately HK\$899 million) as disclosed in note 22 of this interim report, there was no other material contingent liability as at 30 June 2022 and 31 December 2021.

CAPITAL EXPENDITURE

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Macroeconomic Risk

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

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

Foreign Currency Risk

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

Management Discussion and Analysis

Market Competition Risk

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

Project Safety Management Risk

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

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

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

EMPLOYEE AND REMUNERATION POLICY

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

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

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

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



Management Discussion and Analysis

REVIEW

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

PROSPECTS

In the second half of 2022, the COVID-19 pandemic flare-up has increased the uncertainty of pandemic prevention and control. Uneven global economic recovery, supply chain pressure, and high commodity prices will continue, and the external environment will be even more complex, severe and uncertain. China's economic development is still under “triple pressure” – shrinking demand, supply shocks and weakening expectations. Faced with the unstable foundation of the economic recovery as well as adverse impact on human mobility, logistics, business operations, capital markets, interest rates and exchange rate market may continue due to the treacherous pandemic, the Group will adhere to the development strategy of “balancing progress and stability and enhancing quality and efficiency”, maintain stable growth of its core operations and strengthen its risk management capabilities to create long-term value for its stakeholders.

In the second half of the year, the Group will continue its investments in water resources management, property investment and development as well as infrastructure segments, expanding its core business segments while optimizing its asset portfolio and resource allocation. In accordance with its existing business and resources, the Group endeavours to proactively seek potential opportunities arising from “The Greater Bay Area Initiative” and historical opportunities brought by the governance and prosperity of Hong Kong, and continue to monitor potential industry consolidation, public-private-partnership projects as well as core business industry chain extension market acquisition opportunities to promote profit growth so as to further enhance the Company's financial performance and create long-term value, help Hong Kong integrate into the Greater Bay Area and better participate in the national development.

Directors' Interests and Short Positions In Securities

As at 30 June 2022, 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)
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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 2022.

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)
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Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%
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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 2022.

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)
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Tsang Hon Nam	Personal	300,000	Long position	0.033%
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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 2022.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 2022.
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 2022, 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 Listing Rules for the six months ended 30 June 2022 and, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

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

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. In response to specific enquiries made, 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 2022.

CHANGES IN DIRECTORS’ INFORMATION

The changes in Directors’ information are set out below:

- (i) Mr. Wen Yinheng and Mr. Tsang Hon Nam ceased to be directors of 粵海國際酒店管理(中國)有限公司 (Guangdong International Hotel Management (PRC) Company Limited▲), a subsidiary of the Company, with effect from 18 July 2022.
- (ii) Mr. Feng Qingchun was appointed Chief Financial Officer of Guangdong Holdings and GDH, with effect from 29 March 2022.
- (iii) Dr. Chan Cho Chak, John was appointed First-Vice-President of the Community Chest of Hong Kong and Chairman of its Executive Committee.
- (iv) Dr. Cheng Mo Chi, Moses was appointed as a non-official member of the Executive Council of the Hong Kong Special Administrative Region (“HKSAR”), with effect from 1 July 2022.

Dr. Cheng retired as an Independent Non-executive Director of China Mobile Limited and China Resources Beer (Holdings) Company Limited, with effect from 18 May 2022 and 21 June 2022, respectively.

Dr. Cheng ceased to be a member of the Financial Leaders Forum of the Government of the HKSAR with effect from 1 July 2022.

- (v) Mr. Li Man Bun, Brian David was appointed the Chairman of Audit Committee of the Company and his annual director’s fee for acting as the Chairman of the Audit Committee was increased from HK\$133,000 to HK\$203,000, with effect from 12 July 2022.

Mr. Li retired as a member of the Chief Executive’s Council of Advisers on Innovation & Strategic Development of the Government of the HKSAR, with effect from 1 July 2022.

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.

Corporate Governance and Other Information

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 2022 have been reviewed by the Audit Committee of the Company and Messrs. KPMG, the independent auditor of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on Hong Kong Stock Exchange.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

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 Province People's Government of the People's Republic of China (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.

The outstanding principal of the GDI May 2021 Facility as at 30 June 2022 amounted to HK\$3,000 million.

Facility Agreement dated 22 July 2021

Pursuant to a facility agreement (the "GDI July 2021 Facility Agreement") entered into between the Company and a bank on 22 July 2021 in relation to a term loan facility (the "GDI July 2021 Facility") for 364 days in the principal 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 and beneficially controlled and majority-owned (directly and/or indirectly) by the Guangdong Provincial Government.

Corporate Governance and Other Information

If an event of default under the GDI July 2021 Facility Agreement occurs, the bank shall be entitled by notice in writing to the Company to declare that:

- (i) the GDI July 2021 Facility be cancelled, whereupon it shall be cancelled; and/or
- (ii) the loan and all interest and fees and commissions accrued and all other sums payable pursuant to the GDI July 2021 Facility Agreement (notwithstanding any provision for payment by instalments therein contained) have become immediately due and payable, whereupon they shall become immediately due and payable and the Company shall immediately pay them to the bank.

The outstanding principal of the GDI July 2021 Facility as at 30 June 2022 amounted to HK\$3,000 million.

Facility Letter dated 11 March 2022

Pursuant to a facility letter (the "First Facility Letter of GD Land") entered into between GD Land and a bank on 11 March 2022 in relation to a term loan facility (the "First Facility of GD Land") for 360 days in the principal amount of HK\$1,000 million made available by the bank to GD Land.

Pursuant to the First Facility Letter of GD Land, the bank may by notice to GD Land require GD Land to fully repay the loan under the First Facility of GD Land within one month if any one of the following events has occurred:

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

In addition, GD Land shall undertake that the Company continues to be its single largest shareholder and holds (directly or indirectly) not less than 50% of the shareholding in GD Land.

The outstanding principal of the First Facility of GD Land as at 30 June 2022 amounted to HK\$1,000 million.

Facility Letter dated 17 March 2022

Pursuant to a facility letter (the "Second Facility Letter of GD Land") entered into between GD Land and a bank on 17 March 2022 in relation to an uncommitted revolving loan facility (the "Second Facility of GD Land") for 360 days in the principal amount of HK\$300 million made available by the bank to GD Land.

Pursuant to the Second Facility Letter of GD Land, the bank may by notice to GD Land require GD Land to fully repay the loan under the Second Facility of GD Land immediately if any one of the following events has occurred which would constitute an event of default:

- (i) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; or
- (ii) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company; or
- (iii) The Company ceases to retain as the single largest shareholder of GD Land and ceases to hold (whether directly or indirectly) at least 50% shareholding in GD Land.

The outstanding principal of the Second Facility of GD Land as at 30 June 2022 amounted to HK\$60 million.

Corporate Governance and Other Information

Facility Letter dated 28 June 2022

Pursuant to a facility letter (the “GDI June 2022 Facility Letter”) entered into between the Company and a bank on 28 June 2022 in relation to a term loan facility (the “GDI June 2022 Facility”) in the principal amount of HK\$3,000 million for 364 days, made available by the bank to the Company, the Company undertakes with the bank that it will:

- (i) procure that GDH shall not cease to be ultimately and beneficially controlled and majority owned (directly and/or indirectly) by the Guangdong Provincial Government; and
- (ii) procure that GDH shall not cease to beneficially own, directly and/or indirectly, at least 51% of the shareholdings in the Company.

If the Company is in breach of any of the above undertakings under the Facility Letter, and the failure to comply is not remedied within 15 Business Days of the bank giving written notice to the Company or the Company becoming aware of the failures to comply (whichever is the earlier), the bank may by notice to the Company declare that an event of default or a prospective event of default has occurred and that the advances under the Facility and all interest accrued thereon has become immediately due and payable.

The outstanding principal of the GDI June 2022 Facility as at 30 June 2022 was nil.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK18.71 cents (2021: HK18.17 cents) per ordinary share for the six months ended 30 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 11 October 2022. The interim dividend is expected to be paid on or about Thursday, 27 October 2022.

CLOSURE OF REGISTER OF MEMBERS

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

- ▲ 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 2022



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