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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00270)

UNAUDITED FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) is pleased to announce the unaudited financial information of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2023 (the “Period”) together with the comparative figures.

Unaudited financial highlights			
	<u>For the nine months ended 30 September</u>		
	2023	2022	Changes
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	<u>16,435,341</u>	<u>17,783,874</u>	-7.6
<i>Changes in fair value of investment properties</i>			
	<u>486,800</u>	<u>1,210,807</u>	
Profit before tax	<u>5,953,391</u>	<u>7,070,926</u>	-15.8
Profit attributable to owners of the Company	<u>3,827,692</u>	<u>4,699,833</u>	-18.6
	30 September 2023	31 December 2022	Changes
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total Assets	<u>142,231,572</u>	<u>133,514,620</u>	+6.5
Equity attributable to owners of the Company	<u>41,903,766</u>	<u>43,328,642</u>	-3.3

Notes:

- (1) *The financial information has not been audited or reviewed by the Company's auditor.*
- (2) *The financial information relating to the year ended 31 December 2022 included in this announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:*

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622). The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Chapter 622).

- (3) *This announcement is made by the Company on a voluntary basis in order to further enhance the Company's level of corporate governance and transparency. The Company will continue to publish financial information quarterly in subsequent financial years.*

PERFORMANCE HIGHLIGHTS

The unaudited consolidated revenue of the Group for the Period was HK\$16,435 million (2022: HK\$17,784 million), a decrease of 7.6% as compared with the same period last year. The decrease in revenue was mainly attributable to a drop of revenue from construction services in water resources business during the Period.

The unaudited consolidated profit before tax for the Period, excluding changes in fair value of investment properties, impairment of properties held for sale under development, net gain on disposal of properties, net exchange gain and net finance costs, increased by 1.1% to HK\$6,151 million (2022: HK\$6,084 million), mainly because hotel operation and management business and electric power generation business turned from loss into profit for the Period as a result of the easing of pandemic prevention policies and the drop in coal price respectively; the water resources business and road and bridge business maintained steady growth; which offset the impact of the decrease in property investment and development business and the depreciation of Renminbi against Hong Kong dollars by 6.0% over the same period last year. The net gain arising from fair value adjustments for investment properties of the Group for the Period was HK\$487 million (2022: HK\$1,211 million), impairment of properties held for sale under development was HK\$133 million (2022: Nil), net gain on disposal of properties was HK\$150 million (2022: HK\$104 million), net exchange gain was HK\$23 million (2022: HK\$105 million) and net finance costs was HK\$725 million (2022: HK\$433 million). Taking into account the effect of the above factors, the unaudited consolidated profit before tax for the Period decreased by 15.8% to HK\$5,953 million (2022: HK\$7,071 million). Coupled with the increase in effective tax rate, the unaudited consolidated profit attributable to owners of the Company for the Period decreased by 18.6% to HK\$3,828 million (2022: HK\$4,700 million).

As at 30 September 2023, the unaudited equity attributable to owners of the Company was HK\$41,904 million (31 December 2022: HK\$43,329 million (audited)), decreased by approximately HK\$1,425 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\$3,828 million, dividends distributed during the Period of HK\$4,010 million and the other comprehensive loss of HK\$1,244 million in relation to the exchange differences on translation of foreign operations as a result of Renminbi depreciation.

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

Water Resources

Dongshen Water Supply Project

Total volume of water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 1.729 billion tons (2022: 1.707 billion tons), an increase of 1.3%, which generated a revenue of HK\$5,136 million (2022: HK\$5,177 million), a decrease of 0.8% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 1.6% to HK\$4,104 million (2022: HK\$4,041 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 9.2% to HK\$1,032 million (2022: HK\$1,136 million) during the Period, which was principally a result of the depreciation of Renminbi against Hong Kong dollars by 6.0% and the decrease of volume of water supply to Shenzhen over the same period last year. The profit before tax for the Period, excluding gains on disposal of assets, net exchange differences and net finance costs, of the Dongshen Water Supply Project was HK\$3,334 million (2022: HK\$3,351 million), 0.5% 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 Mainland China.

During the Period, the Group entered into certain investment cooperation agreements for the construction/expansion of the new/existing water supply plants and sewage treatment plants located in Nanchang City, Jiangxi Province and Wuxi City, Jiangsu Province. In addition, the Group launched a new water supply plant expansion project in Baoying County, Jiangsu Province. The total designed water supply capacity and waste water processing capacity are 197,000 tons per day and 3,000 tons per day, respectively. The expected total investment amount of these projects is approximately RMB736 million (equivalent to approximately HK\$802 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 September 2023 are 16,090,200 tons per day (31 December 2022: 15,893,200 tons per day) and 3,345,900 tons per day (31 December 2022: 3,342,900 tons per day), respectively.

Capacity of Water Resources Projects in Operation

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

<u>Name of subsidiaries of the Group</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.▲)	290,000	-
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲)	310,000	250,000
Yizheng Yuehai Water Supply Co., Ltd.	150,000	-
Gaoyou GDH Water Co., Ltd.	150,000	-
Baoying GDH Water Co., Ltd.	130,000	-
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.▲)	100,000	3,500
梧州粵海江河水務有限公司 (Wuzhou Guangdong Jianghe Water Co., Ltd.▲)	310,000	-
Zhaoqing HZ GDH Water Co., Ltd.	130,000	-
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.▲)	123,500	-
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
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	801,500	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
雲浮市粵海水務自來水有限公司 (Yunfu City Guangdong Water Supply Co., Ltd.▲)	100,000	-
雲浮市粵海水務發展有限公司 (Yunfu City Guangdong Water Development Co., Ltd.) (formerly known as 雲浮市粵海環保有限公司 (Yunfu City Guangdong Huanbao Co., Ltd.▲))	-	145,000
陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲)	-	20,000
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)	560,000	-
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	500,000	-
潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd.▲)	-	20,000
廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)	674,000	-
吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲)	-	25,000
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)	40,000	-
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	10,000	453,000
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)	250,000	-

Capacity of Water Resources Projects in Operation (continued)

<u>Name of subsidiaries of the Group (continued)</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
惠來粵海清源環保有限公司 (Huilai Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	8,500
惠來粵海綠源環保有限公司 (Huilai Guangdong Luyuan Huanbao Co., Ltd. ▲)	-	20,000
信宜粵海水務有限公司 (Xinyi Guangdong Water Co., Ltd. ▲)	134,200	-
揭西粵海水務有限公司 (Jiexi Guangdong Water Co., Ltd. ▲)	80,000	-
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	-
無錫德寶水務投資有限公司 (Wuxi Debao Water Investment Co., Ltd. ▲)	-	225,700
汕尾粵海水務有限公司 (Shanwei Guangdong Water Co., Ltd. ▲)	245,000	-
東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Co., Ltd. ▲)	280,000	-
中山市新涌口粵海水務有限公司 (Zhongshan City Xinyongkou Guangdong Water Co., Ltd. ▲)	120,000	-
中山市橫欄粵海水務有限公司 (Zhongshan City Henglan Guangdong Water Co., Ltd. ▲)	140,000	-
中山市南鎮粵海水務有限公司 (Zhongshan City Nanzhen Guangdong Water Co., Ltd. ▲)	130,000	-
清遠市龍塘粵海水務有限公司 (Qingyuan City Longtang Guangdong Water Co., Ltd. ▲)	50,000	-
Guangzhou Nansha GDH Water Co., Ltd.	550,000	-
湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd. ▲)	1,060,000	-
湘陰粵海水務有限公司 (Xiangyin Guangdong Water Co., Ltd. ▲)	100,000	-
恩施粵海水務有限公司 (Enshi Guangdong Water Co., Ltd. ▲)	400,000	-
汕尾粵海清源環保有限公司 (Shanwei Guangdong Qingyuan Huanbao Co., Ltd. ▲)	-	100,000
開平粵海淨水有限公司 (Kaiping Guangdong Water Purification Co., Ltd. ▲)	-	25,000
Total as at 30 September 2023	<u>8,536,800</u>	<u>2,054,400</u>
Total as at 30 September 2022	<u>5,481,800</u>	<u>1,888,900</u>
<u>Name of associates of the Group</u>		<u>Water supply capacity (tons per day)</u>
Foundation Gang-Wu (Changzhou) Water Supply Co., Ltd		600,000
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 September 2023		<u>1,950,000</u>
Total as at 30 September 2022		<u>2,380,000</u>

Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by each of the subsidiaries of the Group as at 30 September 2023 were as follows:

<u>Name of subsidiaries of the Group</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
荔浦粵海水務有限公司 (Lipu Guangdong Water Co., Ltd.▲)	80,000	-
海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.▲)	50,000	-
揭陽粵海國業水務有限公司 (Jieyang Guangdong Guoye Water Co., Ltd.▲)	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	-
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	-
Guangzhou Nansha GDH Water Co., Ltd.	<u>200,000</u>	<u>-</u>
Total	<u>1,260,000</u>	<u>50,000</u>

Revenue of Other Water Resources Projects for the Period in aggregate decreased by 19.3% to HK\$6,304,871,000 (2022: HK\$7,811,082,000), of which income from construction services amounted to HK\$1,161,003,000 (2022: HK\$3,479,398,000). Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences and net finance costs, amounted to HK\$1,639,684,000 (2022: HK\$1,594,545,000) in aggregate, 2.8% higher than that in the same period last year.

Property Investment and Development

Mainland China

GDH Teem

As at 30 September 2023, 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”). GDH Teem operates several shopping malls in Mainland China including Teem Plaza, Panyu Teemmall, Guangzhou Comic City, Shenzhen Teemmall and Tianjin Teemmall.

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 of GDH Teem’s property investment business for the Period decreased by 5.0% to HK\$1,111,978,000 (2022: HK\$1,170,731,000). 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 decreased by 18.3% to HK\$603,318,000 (2022: HK\$738,852,000), which was mainly due to the depreciation of Renminbi against Hong Kong dollars by 6.0% and the drop of average occupancy rate over the same period last year.

The revenue of GDH Teem’s property investment business during the Period was as follows:

	Area for lease sq.m.	Average occupancy rate %	Revenue for the nine months ended 30 September		Changes %
			2023 HK\$'000	2022 HK\$'000	
Teem Plaza - Teemmall	106,000	99.3	493,031	594,877	-17.1
Teem Plaza - Teem Tower	88,000	88.5	139,722	160,188	-12.8
Panyu Teemmall	144,000	94.8	186,937	192,716	-3.0
Tianjin Teemmall	145,000	95.0	186,625	194,002	-3.8
Guangzhou Comic City (acquired in June 2022)	23,000	94.2	43,738	28,948	+51.1
Shenzhen Teemmall (opened in December 2022)	<u>58,700</u>	91.9	<u>61,925</u>	<u>-</u>	<u>+100.0</u>
	<u>564,700</u>		<u>1,111,978</u>	<u>1,170,731</u>	<u>-5.0</u>

Guangdong Land Holdings Limited (“GD Land”)

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

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

General Information of the Projects

Name of the property project	Status	Use	Interest held by GD Land	Approximate gross floor area (“GFA”) of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Shenzhen City						
Shenzhen GDH City (Northwestern Land)	Completed	Business apartment/ Commercial	100%	167,376	122,083	N/A
Shenzhen GDH City (Northern Land)	Completed	Commercial/ Offices	100%	219,864	153,126	N/A
Shenzhen GDH City (Southern Land)	Completed	Commercial/ Offices	100%	255,185	206,386	N/A
Guangzhou City						
Guangzhou GDH Future City	Sale in progress	Residential/ Business apartment/ Commercial/ Offices	100%	728,549	506,000	2026
Guangzhou Laurel House	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Ruyingju	Completed	Car-parking spaces	80%	N/A	N/A	N/A
Baohuaxuan	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Foshan City						
Foshan Laurel House	Sale in progress	Residential	100%	203,171	151,493	2024
Foshan One Mansion	Sale in progress	Residential/ Commercial/ Offices	51%	154,271	118,122	2026
Zhuhai City						
Zhuhai Laurel House	Sale in progress	Residential/ Commercial	100%	249,918	166,692	2024
Zhongshan City						
Zhongshan GDH City	Sale in progress	Residential	97.64%	321,456	247,028	2025
Jiangmen City						
Jiangmen One Mansion	Completed	Residential/ Business apartment/ Commercial/ Car-parking spaces	100%	222,684	164,216	N/A
Jiangmen GDH City (Land No. 3)	Completed	Residential/ Car-parking spaces	51%	163,511	122,331	N/A

General Information of the Projects (continued)

Name of the property project	Status	Use	Interest held by GD Land	Approximate GFA of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Jiangmen GDH City (Land No. 4)	Sale in progress	Residential/ Business apartment/ Commercial	51%	299,623	207,419	2026
Jiangmen GDH City (Land No. 5)	Under development	Residential	51%	89,201	63,150	2026
Huizhou City						
Huizhou One Mansion	Sale in progress	Residential/ Business apartment/ Commercial	100%	140,163	92,094	2024
Huizhou Huiyang Lijiang Garden	Completed	Car-parking spaces	100%	N/A	N/A	N/A

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.

Sales of the Projects

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
		Period under review (sq. m.)	Accumulated (sq. m.)		Period under review (sq. m.)	Accumulated (sq. m.)	
Shenzhen City							
Shenzhen GDH City (Northwestern Land)	114,986	4,234	104,912	91.2%	4,214	104,842	91.2%
Shenzhen GDH City (Northern Land)	84,246	-	-	0.0%	-	-	0.0%
Guangzhou City							
Guangzhou GDH Future City	495,240	41,607	67,946	13.7%	N/A	N/A	N/A
Guangzhou Laurel House (Car-parking spaces)	2,764	-	2,644	95.7%	-	2,644	95.7%
Ruyingju (Car-parking spaces)	8,052	95	6,597	81.9%	95	6,597	81.9%
Baohuaxuan (Car-parking spaces)	245	38	38	15.5%	38	38	15.5%
Foshan City							
Foshan Laurel House	146,240	30,119	69,924	47.8%	N/A	N/A	N/A
Foshan One Mansion	118,122	-	-	0.0%	N/A	N/A	N/A

Sales of the Projects (continued)

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
		Period under review (sq. m.)	Accumulated (sq. m.)		Period under review (sq. m.)	Accumulated (sq. m.)	
Zhuhai City							
Zhuhai Laurel House	145,558	25,732	60,095	41.3%	N/A	N/A	N/A
Zhongshan City							
Zhongshan GDH City	237,560	30,852	60,378	25.4%	N/A	N/A	N/A
Jiangmen City							
Jiangmen One Mansion	158,407	29,715	101,349	64.0%	34,831	88,112	55.6%
Jiangmen One Mansion (Car-parking spaces)	41,834	29	29	0.1%	-	-	0.0%
Jiangmen GDH City (Land No. 3)	119,606	25,697	75,523	63.1%	52,330	66,291	55.4%
Jiangmen GDH City (Land No. 3) (Car-parking spaces)	38,226	7,152	7,152	18.7%	5,313	5,313	13.9%
Jiangmen GDH City (Land No. 4)	205,078	1,226	5,243	2.6%	4,202	4,202	2.0%
Jiangmen GDH City (Land No. 5)	62,254	N/A	N/A	N/A	N/A	N/A	N/A
Huizhou City							
Huizhou One Mansion	89,240	12,613	14,153	15.9%	N/A	N/A	N/A
Huizhou Huiyang Lijiang Garden (Car-parking spaces)	1,589	82	216	13.6%	82	216	13.6%

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 209,000 sq.m. (2022: 120,000 sq.m.) and 101,000 sq.m. (2022: 47,000 sq.m.), respectively. Revenue of GD Land for the Period increased by 32.8% to HK\$1,314,891,000 (2022: HK\$989,909,000), of which income from sales of properties amounted to HK\$1,289,736,000 (2022: HK\$969,817,000). The net gain arising from fair value adjustments for investment properties was HK\$325,620,000 (2022: HK\$1,108,169,000), net gain on disposal of properties was HK\$149,784,000 (2022: HK\$104,227,000) and impairment of properties held for sale under development was HK\$133,321,000 (2022: Nil). The profit before tax of GD Land for the Period was HK\$136,910,000 (2022: HK\$1,113,578,000). Due to the higher gross profit margin of properties delivered in the same period in 2022, the loss before tax of GD Land for the Period, excluding changes in fair value of investment properties, net gain on disposal of properties, impairment of properties held for sale under development and net finance costs, was HK\$58,193,000 (2022: profit before tax of HK\$4,985,000).

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 90.0% (2022: 96.4%). The total revenue for the Period decreased by 6.4% to HK\$35,120,000 (2022: HK\$37,530,000).

Department Store Operation

As at 30 September 2023, the Group operated five stores with a total leased area of approximately 209,900 sq.m. (31 December 2022: 222,300 sq.m.). The total revenue for the Period decreased by 0.7% to HK\$592,421,000 (2022: HK\$596,617,000). The profit before tax for the Period decreased by 84.8% to HK\$23,787,000 (2022: HK\$156,342,000), which is due to the fair value loss on investment properties of HK\$44,270,000 (2022: fair value gain of HK\$10,907,000) and the gain arising from the shortening of store lease period (including the write-back of corresponding lease liabilities) amounting to approximately HK\$615,000 (2022: approximately HK\$79,874,000) during the same period last year. The profit before tax for the Period, excluding changes in fair value of investment properties and gain on lease modification, increased by 2.9% to HK\$67,442,000 (2022: HK\$65,561,000).

The revenue of the stores operated by the Group for the nine months ended 30 September 2023 was as follows:

	Leased area sq.m.	Revenue for the nine months ended 30 September		Changes %
		2023 HK\$'000	2022 HK\$'000	
Teemall Store	41,500	450,764	434,531	+3.7
Wan Bo Store	20,100	36,710	42,586	-13.8
Ming Sheng Store (closed in March 2023)	-	7,050	15,081	-53.3
Dong Pu Store	28,300	51,169	60,402	-15.3
Ao Ti Store	21,500	29,743	33,973	-12.5
Hua Du Store (opened in January 2022)	<u>98,500</u>	<u>16,985</u>	<u>10,044</u>	<u>+69.1</u>
	<u>209,900</u>	<u>592,421</u>	<u>596,617</u>	<u>-0.7</u>

Hotel Ownership, Operation and Management

As at 30 September 2023, the Group's hotel management team managed a total of 20 hotels (31 December 2022: 24 hotels), of which three were located in Hong Kong and seventeen in Mainland China. As at 30 September 2023, six hotels, of which two in each of Hong Kong and Zhuhai and one in each of Shenzhen and Guangzhou, were owned by the Group. Of these six hotels, four were managed by our hotel management team whereas the Holiday Inn Zhuhai City Center located in Zhuhai was operated under franchise arrangement and Sheraton Guangzhou Hotel located in Guangzhou was managed by another hotel management group.

During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$1,179 (2022: HK\$877) whereas the average room rate of the remaining five hotels was HK\$713 (2022: HK\$437). The average occupancy rate of Sheraton Guangzhou Hotel was 94.4% (2022: 75.6%) and that of the other five hotels was 68.1% (2022: 59.8%) during the Period.

With the easing of pandemic prevention policies, the hotel industry shows signs of recovery. The revenue of hotel ownership, operation and management business for the Period increased by 54.4% to HK\$473,509,000 (2022: HK\$306,717,000). The profit before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$95,048,000 (2022: loss before tax of HK\$22,127,000).

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 2,073 million kwh (2022: 2,109 million kwh), decreased by 1.7%. Due to the mixed impact of decrease in sales of electricity and the depreciation of Renminbi against Hong Kong dollars by 6.0% over the same period last year, revenue of GDH Energy project (including intersegment sales) generated from electricity sales and related operations for the Period decreased by 12.5% to HK\$1,322,806,000 (2022: HK\$1,511,166,000). As a result of the drop in coal price, the profit before tax of GDH Energy for the Period, excluding net finance costs, was HK\$89,021,000 (2022: loss before tax of HK\$18,269,000).

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

The Group’s effective interest in Yudean Jinghai Power is 25%. As at 30 September 2023, 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 12,017 million kwh (2022: 11,430 million kwh), an increase of 5.1%. Revenue for the Period increased by 2.2% to HK\$6,396,446,000 (2022: HK\$6,261,281,000). Due to the drop in coal price, the profit before tax of Yudean Jinghai Power for the Period was HK\$442,793,000 (2022: loss before tax of HK\$326,727,000). The Group’s share of profit in Yudean Jinghai Power amounted to HK\$83,280,000 (2022: share of loss of HK\$61,261,000) 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 12.0% to 27,083 vehicle trips (2022: 24,176 vehicle trips). As a result of the impact of the depreciation of Renminbi against Hong Kong dollars by 6.0% over the same period last year, the revenue of GDH Highway during the Period amounted to HK\$506,161,000 (2022: HK\$509,541,000), decreased by 0.7%. The profit before tax during the Period, excluding net finance costs, amounted to HK\$283,877,000 (2022: HK\$282,973,000), increased by 0.3%.

Yinping 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 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, Mainland China. Each Project Road will be budgeted for and developed separately and subject to the approval of the Xiegang Government. 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 Project.

On 31 May 2023, Yuehai Yinping and the Xiegang Government agreed to enter into a supplemental agreement, pursuant to which the cooperation agreement was supplemented and amended to the effect that payments to be made for the Yinping Project shall be subject to performance assessment. Details of the assessment are set in the announcement of the Company published on 31 May 2023.

As at 30 September 2023, four Project Roads (31 December 2022: four Project Roads) were completed and one Project Road (31 December 2022: one Project Road) was under construction. As at 30 September 2023, the cumulative development costs in relation to the Yinping Project amounted to approximately RMB1,941 million (equivalent to approximately HK\$2,115 million) (31 December 2022: approximately RMB1,881 million (equivalent to approximately HK\$2,105 million)).

The total interest, management fee and maintenance fee of Yuehai Yinping recognised during the Period increased by 27.0% to HK\$127,072,000 (2022: HK\$100,031,000) and profit before tax, excluding other operating income, increased by 21.7% to HK\$108,997,000 (2022: HK\$89,542,000) during the Period.

PROSPECTS

The economic growth rates among economies around the world are diverging. Recuperation from the pandemic and the Russia-Ukraine conflict remains slow and uneven, coupled with inflation, tightening monetary policy, and the impact of extreme weather events, the global economic growth rate is expected to continue to be under pressure. Although the trend of China's economy has begun to stabilize, there are still multiple uncertainties in the recovery process. Accompanied by the lack of short-term aggregate demand, the endogenous driving force for economic recovery still needs to be strengthened, the tasks of stabilizing growth, adjusting structure and promoting reform are still arduous. Faced with complex and severe economic environment, the Group will continue to closely monitor policy changes as well as capital market trends, strengthen risk management, and seek business expansion opportunities while ensuring a steady growth of its core businesses.

The Group will continue its operations 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. Based on the existing business needs and available resources, the Group endeavors to proactively seek potential opportunities arising from a series of major strategic opportunities, such as the task of China-style Modernization, the strategic goals of “Peaking Carbon Dioxide Emissions” and “Achieving Carbon Neutrality”, the strategic planning of the development of the “Guangdong-Hong Kong-Macao Greater Bay Area”, and Hong Kong's entry into a new stage of “from governance to prosperity” which have been comprehensively explained in the report of 20th National People's Congress of the Communist Party of China. The Group will continue to monitor high-quality public-private-partnership projects as well as other core business acquisition opportunities so as to provide a breakthrough of profit growth and to support the high-quality development of the Company in the long run, which will further enhance the Company's financial performance and long-term value, and also assist Hong Kong's integration into the Greater Bay Area and better participation in the national development.

REVIEW OF UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group for the nine months ended 30 September 2023 has been reviewed by the Audit Committee of the Company.

CAUTION STATEMENT

Shareholders of the Company and potential investors should note that all the information contained in this announcement has not been audited. Accordingly, any information contained in this announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the nine months ended 30 September 2023.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

▲ *The English names are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

By Order of the Board

BAI Tao

Chairman

Hong Kong, 26 October 2023

As at the date of this announcement, the Board of the Company comprises five Executive Directors, namely, Ms. BAI Tao, Mr. LIN Tiejun, Mr. WEN Yinheng, Mr. TSANG Hon Nam and Ms. LIANG Yuanjuan; three Non-Executive Directors, namely, Mr. CAI Yong, Mr. LAN Runing and Mr. FENG Qingchun; and four Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses and Mr. LI Man Bun, Brian David.