



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

Stock Code : 00270



2024

INTERIM REPORT

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Corporate Information

As at 28 August 2024

Board of Directors

Executive Directors

Ms. BAI Tao (*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. 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,
BBS, 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

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

General Counsel & Chief Compliance Officer & Company Secretary

Ms. YANG Na

Auditor

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

Principal Bankers

Bank of China
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
Standard Chartered Bank

Registered Office

28th and 29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone : (852) 2860 4368
Email : ir@gdi.com.hk
Website : 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	14 October 2024
Interim Dividend	HK23.97 cents per ordinary share payable on or about 30 October 2024

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 43, which comprises the condensed consolidated statement of financial position of Guangdong Investment Limited and its subsidiaries as of 30 June 2024 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 2024 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

28 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	4	12,290,690	11,369,355
Cost of sales		(6,821,648)	(5,907,926)
Gross profit		5,469,042	5,461,429
Other income and gains, net		249,466	254,870
Changes in fair value of investment properties		(60,360)	384,613
Selling and distribution expenses		(372,451)	(407,142)
Administrative expenses		(1,129,029)	(1,229,640)
Exchange differences, net		6,241	32,533
Other operating income/(expenses), net		48,575	(75,608)
Finance costs	5	(646,553)	(586,302)
Share of profits less losses of associates		99,247	107,598
PROFIT BEFORE TAX	6	3,664,178	3,942,351
Income tax expense	7	(998,396)	(1,091,216)
PROFIT FOR THE PERIOD		2,665,782	2,851,135
Attributable to:			
Owners of the Company		2,410,985	2,526,909
Non-controlling interests		254,797	324,226
		2,665,782	2,851,135
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		HK36.88 cents	HK38.65 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	2,665,782	2,851,135
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	(387,431)	(1,803,325)
– Associates	(25,157)	(115,863)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	(412,588)	(1,919,188)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Fair value gains of property, plant and equipment upon transfer to investment properties, net of tax	6,333	–
Share of remeasurement gain on defined benefit plan, net of tax	–	2,950
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(406,255)	(1,916,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,259,527	934,897
Attributable to:		
Owners of the Company	2,121,850	1,087,243
Non-controlling interests	137,677	(152,346)
	2,259,527	934,897

Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		10,076,801	10,289,697
Investment properties		25,310,081	25,502,014
Right-of-use assets		1,014,784	1,056,960
Goodwill		848,255	851,725
Other intangible assets		637,717	660,065
Investments in associates		3,744,024	3,702,949
Operating concession rights		20,803,233	21,638,190
Receivables under service concession arrangements	10	17,170,342	17,191,845
Receivables under a cooperative arrangement		1,946,894	1,966,103
Other financial assets at amortised cost	11	2,197,771	–
Equity investments designated at fair value through other comprehensive income		56,708	56,829
Prepayments and other receivables	12	447,425	510,304
Deferred tax assets		1,251,780	1,261,480
Total non-current assets		85,505,815	84,688,161
CURRENT ASSETS			
Properties held for sale under development		21,949,461	23,591,871
Completed properties held for sale		8,757,403	9,236,027
Tax recoverable		335,165	617,911
Inventories		423,290	355,818
Receivables under service concession arrangements	10	574,431	578,348
Receivables under a cooperative arrangement		147,837	256,293
Receivables, prepayments and other receivables	12	7,674,475	6,658,147
Due from non-controlling equity holders of subsidiaries		896,713	901,896
Restricted bank balances		430,202	487,884
Cash and bank balances		13,135,303	12,593,616
Total current assets		54,324,280	55,277,811

Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
CURRENT LIABILITIES			
Payables, accruals and other liabilities	13	(14,553,839)	(16,375,510)
Contract liabilities	13	(11,303,012)	(10,818,229)
Tax payable		(2,577,455)	(2,683,487)
Due to non-controlling equity holders of subsidiaries		(454,478)	(488,767)
Bank and other borrowings	14	(12,436,123)	(15,252,492)
Lease liabilities		(53,569)	(47,707)
Dividend payables		(806,113)	–
Total current liabilities		(42,184,589)	(45,666,192)
NET CURRENT ASSETS		12,139,691	9,611,619
TOTAL ASSETS LESS CURRENT LIABILITIES		97,645,506	94,299,780
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	(29,209,043)	(27,175,184)
Lease liabilities		(547,557)	(558,113)
Due to non-controlling equity holders of subsidiaries		(4,384)	(4,416)
Other liabilities and contract liabilities	13	(1,387,990)	(1,383,185)
Deferred tax liabilities		(7,228,569)	(7,149,257)
Total non-current liabilities		(38,377,543)	(36,270,155)
Net assets		59,267,963	58,029,625
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	8,966,177	8,966,177
Reserves	16	34,151,770	32,836,033
		43,117,947	41,802,210
Non-controlling interests		16,150,016	16,227,415
Total equity		59,267,963	58,029,625

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	8,966,177	474,528*	1,756,566*	4,644,080*	(2,178,311)*	(109,577)*	1,505*	19,690*	28,227,552*	41,802,210	16,227,415	58,029,625
Profit for the period	-	-	-	-	-	-	-	-	2,410,985	2,410,985	254,797	2,665,782
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations												
– Subsidiaries	-	-	-	-	(270,311)	-	-	-	-	(270,311)	(117,120)	(387,431)
– Associates	-	-	-	-	(25,157)	-	-	-	-	(25,157)	-	(25,157)
Fair value gains on property, plant and equipment upon transfer to investment properties, net of tax	-	6,333	-	-	-	-	-	-	-	6,333	-	6,333
Total comprehensive income for the period	-	6,333	-	-	(295,468)	-	-	-	2,410,985	2,121,850	137,677	2,259,527
Capital injection from a non-controlling equity holder of a subsidiary	-	-	-	-	-	-	-	-	-	-	11,629	11,629
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(226,705)	(226,705)
Transfer from retained profits	-	-	-	67	-	-	-	-	(67)	-	-	-
Appropriation of safety production funds	-	-	-	-	-	61	-	-	(61)	-	-	-
Final 2023 dividend (note 8(b))	-	-	-	-	-	-	-	-	(806,113)	(806,113)	-	(806,113)
At 30 June 2024	8,966,177	480,861*	1,756,566*	4,644,147*	(2,473,779)*	(109,516)*	1,505*	19,690*	29,832,296*	43,117,947	16,150,016	59,267,963

* These reserve accounts comprise the consolidated reserves of HK\$34,151,770,000 (31 December 2023: HK\$32,836,033,000) in the condensed consolidated statement of financial position as at 30 June 2024.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company										
	Share capital	Asset revaluation reserve	Capital reserve	Expansion fund reserve	Exchange fluctuation reserve	Other reserves	Defined benefit plan reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	8,966,177	469,419	1,756,566	4,216,169	(1,477,930)	(120,802)	(19,138)	29,538,181	43,328,642	15,180,675	58,509,317
Profit for the period	-	-	-	-	-	-	-	2,526,909	2,526,909	324,226	2,851,135
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations											
– Subsidiaries	-	-	-	-	(1,325,573)	-	-	-	(1,325,573)	(477,752)	(1,803,325)
– Associates	-	-	-	-	(115,863)	-	-	-	(115,863)	-	(115,863)
Share of remeasurement gain on defined benefit plan, net of tax	-	-	-	-	-	-	1,770	-	1,770	1,180	2,950
Total comprehensive income for the period	-	-	-	-	(1,441,436)	-	1,770	2,526,909	1,087,243	(152,346)	934,897
Business combination through acquisition of subsidiaries (note 19)	-	-	-	-	-	-	-	-	-	839,285	839,285
Capital injection from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	837,523	837,523
Dividends paid and payable to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(81,314)	(81,314)
Transfer from retained profits	-	-	-	14,749	-	-	-	(14,749)	-	-	-
Final 2022 dividend (note 8(b))	-	-	-	-	-	-	-	(2,786,420)	(2,786,420)	-	(2,786,420)
At 30 June 2023	8,966,177	469,419	1,756,566	4,230,918	(2,919,366)	(120,802)	(17,368)	29,263,921	41,629,465	16,623,823	58,253,288

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash flows from operating activities		4,875,738	4,353,697
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		3,606	23,664
Net movement in receivables under a cooperative arrangement		22,010	8,652
Purchases of items of property, plant and equipment		(341,415)	(260,128)
Additions to right-of-use assets		–	(37,460)
Additions to investment properties		(14,087)	(419,460)
Additions to service concession arrangements		(159,751)	(228,855)
Business combinations through acquisition of subsidiaries	19	–	238,216
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		419,951	(809,809)
Proceeds from disposal of subsidiaries in prior year		–	14,850
Movement in other financial assets at amortised cost		(2,201,000)	–
Settlement of consideration payable for acquisition of subsidiaries in prior years		(31,990)	–
Net cash flows used in investing activities		(2,302,676)	(1,470,330)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		6,596,260	15,079,692
Repayments of bank and other borrowings		(7,122,670)	(12,226,055)
Capital injection from non-controlling equity holders of subsidiaries		11,629	837,523
Principal portion of lease payments		(16,030)	(61,452)
Dividends paid to non-controlling equity holders of subsidiaries		(195,745)	(110,608)
Interest paid		(802,279)	(910,909)
Payment for the acquisition of non-controlling interests in a subsidiary		–	(282,019)
Net cash flows (used in)/from financing activities		(1,528,835)	2,326,172

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,044,227	5,209,539
Cash and cash equivalents at beginning of period	11,393,449	8,814,565
Effect of foreign exchange rate changes, net	(75,937)	(338,118)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,361,739	13,685,986
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,671,935	12,196,863
Non-pledged time deposits with original maturity of less than three months when acquired	2,689,804	1,489,123
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	12,361,739	13,685,986
Non-pledged time deposits with original maturity of more than three months when acquired	773,564	902,949
Cash and bank balances as stated in the condensed consolidated statement of financial position	13,135,303	14,588,935

Notes to Interim Financial Report

30 June 2024

1. GENERAL INFORMATION AND ACCOUNTING POLICIES

Guangdong Investment Limited (the “Company”) is a limited liability company incorporated and domiciled in the Hong Kong Special Administrative Region of the People’s Republic of China (“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 2024 has been prepared in accordance with the 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 D2 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 2023.

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 2023, except for the adoption of the amended 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 2023 included in this unaudited interim financial report for the six months ended 30 June 2024 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated financial statements for the year ended 31 December 2023. 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.

Notes to Interim Financial Report

30 June 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than changes in accounting policies resulting from application of amended HKFRSs, the accounting policies and methods of computation used in the interim financial report for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group's consolidated financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The application of the amended HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this 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:

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

Notes to Interim Financial Report

30 June 2024

3. OPERATING SEGMENT INFORMATION (continued)

- (vi) The road and bridge segment invests in road and bridge projects, which engages in toll road operation and road management in Mainland China; and
- (vii) The “others” segment provides treasury services in Mainland China and Hong Kong 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, interest income from other financial assets at amortised cost, interest income from financial assets at fair value through profit or loss, dividends received from equity investments designated at fair value through other comprehensive income, gain on deemed disposal of associates, finance costs (other than interest on lease liabilities) and share of profits less losses of associates are excluded from such measurement.

Segment assets include total assets, exclude deferred tax assets, tax recoverable, cash and bank balances, restricted bank balances, other financial assets at amortised cost, 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 include total liabilities, exclude bank and other borrowings, tax payable, deferred tax liabilities, dividend payables and other unallocated liabilities as these liabilities are managed on a group basis.

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

Notes to Interim Financial Report

30 June 2024

3. OPERATING SEGMENT INFORMATION (continued)

	Water resources		Property investment and development		Department store operation	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	7,051,438	7,950,125	3,582,522	1,673,223	389,592	403,813
Intersegment sales	-	-	45,694	46,554	-	-
Other income and gains from external sources	39,957	37,994	2,962	4,098	8,680	2,329
Other income from intersegment transactions	-	-	-	-	-	-
Total	7,091,395	7,988,119	3,631,178	1,723,875	398,272	406,142
Segment results	3,421,332	3,307,999	261,008	706,218	(9,387)	(32,248)
Bank interest income						
Interest income from other financial assets at amortised cost						
Interest income from financial assets at fair value through profit or loss						
Dividends received from equity investments designated at fair value through other comprehensive income	26	-	-	-	-	-
Gain on deemed disposal of associates	-	13,963	-	-	-	-
Finance costs						
Share of profits less losses of associates	47,601	47,590	-	-	(3,154)	8,880
Profit before tax						
Income tax expense						
Profit for the period						

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3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operation and management		Road and bridge	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	629,462	697,542	315,188	302,337	322,488	342,315
Intersegment sales	175,101	190,977	-	-	-	-
Other income and gains from external sources	10,063	20,464	16	45	68,842	74,612
Other income from intersegment transactions	-	-	-	-	-	-
Total	814,626	908,983	315,204	302,382	391,330	416,927
Segment results	77,302	57,835	60,216	91,160	225,158	236,043
Bank interest income						
Interest income from other financial assets at amortised cost						
Interest income from financial assets at fair value through profit or loss						
Dividends received from equity investments designated at fair value through other comprehensive income	-	-	-	-	-	-
Gain on deemed disposal of associates	-	-	-	-	-	-
Finance costs						
Share of profits less losses of associates	54,800	51,128	-	-	-	-
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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Segment revenue:						
Revenue from external customers	-	-	-	-	12,290,690	11,369,355
Intersegment sales	9,540	9,987	(230,335)	(247,518)	-	-
Other income and gains from external sources	8,223	-	-	-	138,743	139,542
Other income from intersegment transactions	4,117	3,632	(4,117)	(3,632)	-	-
Total	21,880	13,619	(234,452)	(251,150)	12,429,433	11,508,897
Segment results	(62,418)	(111,230)	113,312	35,755	4,086,523	4,291,532
Bank interest income					100,383	101,365
Interest income from other financial assets at amortised cost					6,399	-
Interest income from financial assets at fair value through profit or loss					3,915	-
Dividends received from equity investments designated at fair value through other comprehensive income	-	-	-	-	26	-
Gain on deemed disposal of associates	-	-	-	-	-	13,963
Finance costs					(632,315)	(572,107)
Share of profits less losses of associates	-	-	-	-	99,247	107,598
Profit before tax					3,664,178	3,942,351
Income tax expense					(998,396)	(1,091,216)
Profit for the period					2,665,782	2,851,135

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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 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	53,302,084	53,267,723	58,615,276	60,992,028	871,112	963,169	2,843,058	2,900,129	2,046,145	2,112,463
Unallocated assets										
Total assets										
Segment liabilities	10,859,769	11,799,551	15,073,195	15,286,140	1,282,863	1,510,226	457,805	447,202	202,055	234,580
Unallocated liabilities										
Total liabilities										

Other segment information:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		For the six months ended 30 June 2024		For the six months ended 30 June 2023		For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange (losses)/gains, net	(1,998)	10,469	20,480	88,489	(3,177)	(14,214)	2,986	13,361	(74)	(3,560)		

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3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	Road and bridge		Others		Eliminations		Consolidated	
	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Segment assets	5,211,036	5,301,994	42,537	46,636	(537,532)	(662,010)	122,393,716	124,922,132
Unallocated assets							17,436,379	15,043,840
Total assets							139,830,095	139,965,972
Segment liabilities	264,779	274,451	162,535	163,627	(115,084)	(158,359)	28,187,917	29,557,418
Unallocated liabilities							52,374,215	52,378,929
Total liabilities							80,562,132	81,936,347

Other segment information: (continued)

	For the six months ended 30 June 2024 (Unaudited) HK\$'000		For the six months ended 30 June 2023 (Unaudited) HK\$'000		For the six months ended 30 June 2024 (Unaudited) HK\$'000		For the six months ended 30 June 2023 (Unaudited) HK\$'000	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Exchange (losses)/gains, net	(2,388)	(10,337)	(9,721)	(51,879)	133	204	6,241	32,533

4. REVENUE

Revenue represents income from water distribution, sewage treatment services, 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; commission 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
(a) Types of goods or services:		
<u>Water resources segment</u>		
Income from water distribution – Mainland China	2,203,364	2,163,795
Income from water distribution – Hong Kong	2,801,585	2,736,191
Income from sewage treatment services	506,781	436,574
Income from construction services	135,463	1,007,015
Income from water pipeline installation and consultancy services	672,385	943,382
Sale of machineries	334,400	280,535
<u>Property investment and development segment</u>		
Sale of properties	2,778,718	957,917
Management fee income	111,788	106,551
<u>Department store operation segment</u>		
Commission income from concessionaire sales	175,285	195,732
Sale of goods	191,420	178,510
Management fee income	3,862	6,977
<u>Electric power generation segment</u>		
Sale of electricity and steam	629,462	697,542
<u>Hotel operation and management segment</u>		
Hotel income	292,751	278,816
Management fee income	5,325	5,854
<u>Road and bridge segment</u>		
Toll revenue	312,881	333,047
Management and maintenance fee income	9,607	9,268
<i>Revenue from contracts with customers</i>	11,165,077	10,337,706
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	397,460	382,633
Rental income	728,153	649,016
Total revenue	12,290,690	11,369,355

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4. REVENUE (continued)

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
(b) Geographical locations*:		
<u>Mainland China</u>		
Water resources segment	6,653,978	7,567,492
Property investment and development segment	2,890,506	1,064,468
Department store operation segment	370,567	381,219
Electric power generation segment	629,462	697,542
Hotel operation and management segment	195,763	187,984
Road and bridge segment	322,488	342,315
	11,062,764	10,241,020
<u>Hong Kong</u>		
Hotel operation and management segment	102,313	96,686
	11,165,077	10,337,706
<i>Revenue from contracts with customers</i>		
	11,165,077	10,337,706
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	397,460	382,633
Rental income	728,153	649,016
	12,290,690	11,369,355

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

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5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on bank and other borrowings	619,818	601,960
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 22(a)(iv))	55,597	84,264
Interest on loans from fellow subsidiaries (note 22(a)(v))	109,491	232,978
Interest on loans from an associate (note 22(a)(v))	15,319	8,340
Interest on lease liabilities	14,238	14,195
Interest related to defined benefit obligations	1,265	1,320
Finance costs incurred	815,728	943,057
Less: Interest capitalised	(169,175)	(356,755)
Finance costs charged for the period	646,553	586,302

The capitalised interest rates applied to funds borrowed and used for the development of properties held for sale, investment properties under development, construction in progress and operating concession rights are between 2.28% and 6.81% per annum for the six months ended 30 June 2024 (2023: between 2.90% and 6.65% 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Bank interest income**	(100,383)	(101,365)
Interest income from other financial assets at amortised cost**	(6,399)	–
Interest income from financial assets at fair value through profit or loss**	(3,915)	–
Interest income from receivables under a cooperative arrangement**	(67,878)	(73,012)
Cost of inventories sold*	840,182	939,287
Cost of services rendered*	2,554,845	3,445,696
Cost of properties sold*	2,659,345	767,736
Depreciation of property, plant and equipment	419,471	406,934
Depreciation of right-of-use assets	32,819	38,744
Government subsidies***^	(27,807)	(44,045)
Amortisation of operating concession rights*	767,276	755,207
Amortisation of other intangible assets	17,760	17,945
Write-down of properties held for sale under development***	–	134,505

* 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/(expenses), 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

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC Corporate Income Tax Law, enterprises are subject to corporate income tax at a rate of 25% (2023: 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.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current – Mainland China		
Charge for the period	945,807	848,907
Over-provision in prior years	(89,631)	(11,286)
Current – Hong Kong		
Charge for the period	7,203	7,235
Deferred tax	135,017	246,360
Total tax charge for the period	998,396	1,091,216

8. DIVIDENDS

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

	For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interim – HK23.97 cents (2023: HK18.71 cents) per ordinary share	1,567,116	1,223,226

At a meeting of the board of directors held on 28 August 2024 (2023: 29 August 2023), the directors resolved to pay to shareholders of the Company an interim dividend of HK23.97 cents (2023: HK18.71 cents) per ordinary share for the six months ended 30 June 2024.

Notes to Interim Financial Report

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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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Final – HK12.33 cents (2023: HK42.62 cents) per ordinary share	806,113	2,786,420

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	2,410,985	2,526,909

	For the six months ended 30 June	
	2024 (Unaudited) Number of shares	2023 (Unaudited) Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	6,537,821,440	6,537,821,440

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 2024 and 2023 in the calculation of diluted earnings per share as there were no potential dilutive ordinary shares during the periods ended 30 June 2024 and 2023.

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10. SERVICE CONCESSION ARRANGEMENTS

(a) Receivables under service concession arrangements

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Receivables under service concession arrangements	17,744,773	17,770,193
Less: Portion classified as current assets	(574,431)	(578,348)
Non-current portion	17,170,342	17,191,845

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 2024, bank and other loans of HK\$12,758,302,000 (31 December 2023: HK\$12,838,341,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements (note 14(c)).

(c) Contract assets

As at 30 June 2024, contract assets which are presented as operating concession rights and receivables under service concession arrangements amounted to HK\$401,901,000 (31 December 2023: HK\$514,943,000) and HK\$1,494,952,000 (31 December 2023: HK\$1,465,184,000), respectively.

11. OTHER FINANCIAL ASSETS AT AMORTISED COST

As at 30 June 2024, other financial assets at amortised cost of the Group are deposits placed by the Group in a number of licensed banks in the PRC with the principal sums denominated in Renminbi ("RMB"), mature within three years, and principal protected upon the maturity dates.

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12. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade and bills receivables, net of impairment	<i>(i)</i>	4,333,529	3,487,921
Other receivables		1,084,808	1,087,035
Prepayments and deposits		208,014	211,174
Value-added tax receivables		1,379,732	1,293,851
Contract assets		750,622	739,811
Contract costs		80,616	99,407
Due from the ultimate holding company	<i>22(d)</i>	61	61
Due from the immediate holding company	<i>22(d)</i>	153	–
Due from fellow subsidiaries	<i>22(d)</i>	198,256	187,504
Due from associates	<i>22(d)</i>	86,109	61,687
		8,121,900	7,168,451
Less: Portion classified as non-current assets		(447,425)	(510,304)
Current portion		7,674,475	6,658,147

Note:

- (i) 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 and sewage treatment businesses. The Group has a certain concentration of credit risk whereby 11% (31 December 2023: 6%) of the total trade and bills receivables was 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.

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12. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Note: (continued)

- (i) 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 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Current or less than 3 months past due	2,626,259	2,280,458
3 months to 6 months past due	510,106	304,550
6 months to 1 year past due	636,347	591,212
More than 1 year past due	599,610	351,275
	4,372,322	3,527,495
Less: Loss allowance	(38,793)	(39,574)
	4,333,529	3,487,921

13. PAYABLES, ACCRUALS AND OTHER LIABILITIES AND CONTRACT LIABILITIES

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade and bills payables	(i)	5,606,026	6,070,290
Accruals, other payables and other liabilities		8,774,083	9,850,034
Contract liabilities		11,345,095	10,856,705
Defined benefit obligations		75,533	81,354
Deferred revenue		352,926	324,425
Due to the immediate holding company	22(d)	27,770	13,050
Due to the ultimate holding company	22(d)	53,288	275,630
Due to fellow subsidiaries	22(d)	965,997	1,040,334
Due to associates	22(d)	44,123	65,102
		27,244,841	28,576,924
Less: Portion classified as non-current liabilities		(1,387,990)	(1,383,185)
Current portion		25,856,851	27,193,739

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

Note:

- (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 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 3 months	5,528,173	6,053,121
3 months to 6 months	77,853	17,169
	5,606,026	6,070,290

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

14. BANK AND OTHER BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate	Maturity	(Unaudited) HK\$'000	Effective interest rate	Maturity	(Audited) HK\$'000
Current						
Bank loans – unsecured	1.50% – 6.32%	2024 – 2025	6,556,016	1.50% – 6.02%	2024	7,709,666
Bank loans – secured	2.28% – 4.45%	2024 – 2025	1,127,962	2.28% – 4.55%	2024	2,133,930
Other loans – unsecured	–	On demand	48,202	–	On demand	59,580
Other loans – unsecured	1.20% – 5.20%	2024 – 2025	4,395,339	1.20% – 5.85%	2024	5,032,170
Other loans – secured	3.30% – 3.80%	2024 – 2025	308,604	3.30% – 3.80%	2024	317,146
			12,436,123			15,252,492
Non-current						
Bank loans – unsecured	1.50% – 3.60%	2025 – 2033	3,932,374	1.50% – 3.80%	2025 – 2033	1,935,484
Bank loans – secured	2.28% – 4.45%	2025 – 2049	13,748,067	2.28% – 4.55%	2025 – 2049	15,366,466
Other loans – unsecured	1.20% – 4.75%	2025 – 2052	11,025,286	1.20% – 4.75%	2025 – 2052	9,364,387
Other loans – unsecured	–	2026 – 2033	163,101	–	2026 – 2033	164,058
Other loans – secured	3.35% – 3.80%	2025 – 2040	340,215	3.35% – 3.80%	2025 – 2040	344,789
			29,209,043			27,175,184
Total bank and other borrowings			41,645,166			42,427,676

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14. BANK AND OTHER BORROWINGS (continued)

Bank and other borrowings of HK\$1,999,556,000 (31 December 2023: HK\$3,760,364,000) are secured by the following pledged assets:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Completed investment properties	775,273	6,583,925
Completed properties held for sale	–	152,776
Properties held for sale under development	1,035,533	2,353,734
	1,810,806	9,090,435

Notes:

- (a) As at 30 June 2024, bank and other loans of HK\$36,079,638,000 (31 December 2023: HK\$35,145,736,000) were denominated in RMB whereas bank and other loans of HK\$5,558,741,000 (31 December 2023: HK\$7,274,252,000) were denominated in HK\$.
- (b) As at 30 June 2024, bank loans of Nil (31 December 2023: HK\$736,001,000) and HK\$766,990,000 (31 December 2023: HK\$827,625,000) were also secured by pledges of 100% and 79% equity interests of certain subsidiaries, respectively.
- (c) As at 30 June 2024, bank and other loans of HK\$12,758,302,000 (31 December 2023: HK\$12,838,341,000) were secured by the pledge of revenue entitlement under certain water distribution, sewage treatment and toll road concession arrangements.
- (d) As at 30 June 2024, included in secured and unsecured other borrowings represented loans from Guangdong Holdings of HK\$4,100,109,000 (31 December 2023: HK\$1,922,297,000), loans from fellow subsidiaries of HK\$5,421,456,000 (31 December 2023: HK\$6,551,271,000) and loans from an associate of HK\$1,051,872,000 (31 December 2023: HK\$1,103,500,000) (note 22(d)).
- (e) Included in the unsecured bank and other borrowings was an aggregate amount of HK\$4,382,800,000 (31 December 2023: HK\$4,414,000,000) which was guaranteed by Guangdong Holdings. The Group signed a counter-guarantee agreement with Guangdong Holdings to provide counter-guarantee for the guarantee obligations of Guangdong Holdings to the Group.
- (f) On 30 August 2022, Commercial Mortgage Backed Securities ("CMBS") amounted to RMB330,000,000 were issued in the Shanghai Stock Exchange and repayable in installments. The CMBS were secured by certain investment properties and their operating income receivables. As at 30 June 2024, the interest rates of the CMBS classified as priority A level with the outstanding principal amount of RMB164,150,000 (equivalent to approximately HK\$179,859,000) (31 December 2023: RMB165,850,000 (equivalent to approximately HK\$183,015,000)) was fixed at 3.35% per annum and that of priority B level of RMB150,000,000 (equivalent to approximately HK\$164,355,000) (31 December 2023: RMB150,000,000 (equivalent to approximately HK\$165,525,000)) was fixed at 3.8% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year, the ninth year, the twelfth year, the fifteenth year and the eighteenth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

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15. SHARE CAPITAL

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Issued and fully paid: 6,537,821,440 (31 December 2023: 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.

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 2024

	Equity investments at fair value through other comprehensive income (Unaudited) HK\$'000	Financial assets at amortised cost (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Other financial assets at amortised cost	–	2,197,771	2,197,771
Receivables under a cooperative arrangement	–	2,094,731	2,094,731
Equity investments designated at fair value through other comprehensive income	56,708	–	56,708
Financial assets included in receivables under service concession arrangements	–	16,249,821	16,249,821
Financial assets included in receivables, prepayments and other receivables	–	5,092,798	5,092,798
Due from non-controlling equity holders of subsidiaries	–	896,713	896,713
Restricted bank balances	–	430,202	430,202
Cash and bank balances	–	13,135,303	13,135,303
	56,708	40,097,339	40,154,047

Notes to Interim Financial Report

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17. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

31 December 2023

	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	–	2,222,396	2,222,396
Equity investments designated at fair value through other comprehensive income	56,829	–	56,829
Financial assets included in receivables under service concession arrangements	–	16,305,009	16,305,009
Financial assets included in receivables, prepayments and other receivables	–	4,198,881	4,198,881
Due from non-controlling equity holders of subsidiaries	–	901,896	901,896
Restricted bank balances	–	487,884	487,884
Cash and bank balances	–	12,593,616	12,593,616
	56,829	36,709,682	36,766,511

Financial liabilities

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Financial liabilities included in payables, accruals and other liabilities	12,305,255	13,440,293
Due to non-controlling equity holders of subsidiaries	458,862	493,183
Bank and other borrowings	41,645,166	42,427,676
Lease liabilities	601,126	605,820
Dividend payables	806,113	–
	55,816,522	56,966,972

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18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Aside from other financial assets at amortised cost, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other 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 2024 and 31 December 2023 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 other financial assets at amortised costs, the non-current portion of receivables under a cooperative arrangement, the non-current portion of financial assets included in receivables under service concession arrangements, the non-current portion of financial assets included in receivables, prepayments and other 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 2024 and 31 December 2023 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

During the period ended 30 June 2023, the Group acquired a number of subsidiaries which are principally engaged in water distribution and provision of construction services for water resources projects in Mainland China as follows:

- (i) In January 2023, the Group acquired 51% equity interests in each of 中山市新涌口粵海水務有限公司 (Zhongshan City Xinyongkou Guangdong Water Co., Ltd.▲), 中山市南鎮粵海水務有限公司 (Zhongshan City Nanzhen Guangdong Water Co., Ltd.▲), 中山市橫欄粵海水務有限公司 (Zhongshan City Henglan Guangdong Water Co., Ltd.▲) and 清遠市龍塘粵海水務有限公司 (Qingyuan City Longtang Guangdong Water Co., Ltd.▲) from Guangdong Holdings, at an aggregated adjusted cash consideration of RMB217,676,000 (equivalent to approximately HK\$243,688,000);
- (ii) In January 2023, the Group acquired a 100% equity interest in 東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Co., Ltd. ▲) and a 99% equity interest in 東莞市常粵水務工程有限公司 (Dongguan City Changyue Water Engineering Co., Ltd. ▲) from 廣東粵海水務股份有限公司 (Guangdong Yuehai Water Co., Ltd. ▲) (“Guangdong Yuehai Water”) (a wholly-owned subsidiary of Guangdong Holdings), at an aggregated adjusted cash consideration of RMB479,754,000 (equivalent to HK\$537,085,000);
- (iii) In January 2023, the Group acquired additional 11% equity interest in each of 廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd.) (“Nansha GDH”) and 廣州南粵市政工程有限公司 (Guangzhou Nanyue Municipal Engineering Co., Ltd. ▲) (“Nanyue Municipal”) from Guangdong Yuehai Water at an aggregated adjusted cash consideration of RMB94,464,000 (equivalent to approximately HK\$105,752,000). Before the acquisition, the Group had equity interests of 49% in each of Nansha GDH and Nanyue Municipal, which were accounted as associates of the Group. Upon the acquisition, the Group increased its equity interests in each of Nansha GDH and Nanyue Municipal to 60%, and Nansha GDH (together with its subsidiary) and Nanyue Municipal were accounted as subsidiaries of the Group;
- (iv) In January 2023, the Group acquired a 51% equity interest in 汕尾粵海水務有限公司 (Shanwei Guangdong Water Co., Ltd. ▲) from an independent third party at a cash consideration of RMB41,361,000 (equivalent to approximately HK\$46,304,000) and through capital injection of RMB204,811,000 (equivalent to approximately HK\$229,285,000).

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 Group has 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)

The 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	2,836,148
Investment properties	69,177
Right-of-use assets	447,945
Operating concession rights	938,472
Receivables, prepayments and other receivables	444,219
Deferred tax assets	385
Inventories	99,550
Cash and bank balances	252,108
Payables, accruals and other liabilities	(990,355)
Bank and other borrowings	(1,418,325)
Contract liabilities	(54,357)
Tax payable	(15,736)
Deferred tax liabilities	(200,647)
Total identifiable net assets at fair values	2,408,584
Non-controlling interests	(839,285)
	1,569,299
Goodwill on acquisitions	17,641
	1,586,940
Satisfied by:	
Cash consideration	1,162,114
Fair value of the previously held interests	424,826
	1,586,940

As at the dates of acquisitions, the fair values of the receivables were their gross contractual amounts, of which trade receivables of HK\$818,000 were expected to be uncollectible.

The goodwill arising from the above acquisitions pertains to, but not limited to, the expected synergies in the Group arising from the acquisitions.

The Group incurred transaction costs of HK\$3,008,000 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)

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

	(Unaudited) HK\$'000
Total consideration	(1,162,114)
Cash consideration paid in last year	272,742
Cash paid in form of capital injection	145,535
Cash consideration payables	729,945
Cash and bank balances acquired	252,108
Net inflow of cash and cash equivalents included in cash flows from investing activities	238,216
Transaction costs for the acquisition included in cash flows from operating activities	(3,008)
	235,208

Since the acquisitions, the above newly acquired businesses contributed revenue of HK\$483,194,000 and profit of HK\$62,457,000 to the Group for the period ended 30 June 2023.

Had the combination taken place at the beginning of the period ended 30 June 2023, the revenue and the profit of the Group for the period ended 30 June 2023 would have been HK\$11,374,389,000 and HK\$2,843,153,000, respectively.

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20. COMMITMENTS

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Commitments in respect of property, plant and equipment, investment properties, intangible assets and properties under development:		
Contracted for	10,073,471	12,100,485
Capital commitments in respect of capital contribution payable to associates and an unlisted equity investment:		
Contracted for	42,429	42,732
Commitments in respect of project financing payable to an associate:		
Contracted for (<i>Note</i>)	1,724,373	1,736,649

Note:

On 18 May 2019, the Company, Guangdong Yuehai Water, 江蘇中和永泰建設工程有限公司 (Jiangsu Chunghe Yongtai Construction Engineering Co., Ltd. ▲) ("Jiangsu Chunghe Yongtai"), an independent third party, and China First Metallurgical Group Co., Ltd. ("CFMG"), an independent third party, successfully bid for the Yangtze River water diversion project in Xinghua, Jiangsu, the PRC (the "Xinghua Project"), which is owned as to 46% and 14.5% by the Company and Guangdong Yuehai Water, respectively. After taking into account the proportionate registered capital contribution from Guangdong Yuehai Water, Jiangsu Chunghe Yongtai and CFMG, the maximum amount (including registered capital and project financing and/or joint guarantees) for which the Company is responsible in respect of Xinghua Project is approximately RMB1,891 million (equivalent to approximately HK\$2,072 million).

- (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 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\$5.209 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 Project amounted to RMB2,006,931,000 (equivalent to approximately HK\$2,198,994,000) (31 December 2023: RMB1,987,174,000 (equivalent to approximately HK\$2,192,847,000)).

Further details of the Yinping Project are set out in the Company's announcements dated 8 June 2016 and 31 May 2023.

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21. CONTINGENT LIABILITIES

As at 30 June 2024, 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 any of 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 2024, the Group's outstanding guarantees amounted to HK\$4,991,270,000 (31 December 2023: HK\$4,675,936,000) for these guarantees.

22. 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 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Rental income received from Guangdong Holdings and certain subsidiaries of Guangdong Holdings, and GDH Limited ("GDH") (the Company's immediate holding company)	(i)	16,511	16,959
Water resources related income received from fellow subsidiaries and an associate	(ii)	66,900	18,474
Dividends paid and payable to GDH and certain subsidiaries of GDH by GH Water Supply (Holdings) Limited	(iii)	115,635	–
Dividends paid and payable to GDH and certain of its subsidiaries by the Company	(iii)	465,425	1,574,150
Interest expenses charged by Guangdong Holdings	(iv)	55,597	84,264
Interest expenses charged by fellow subsidiaries	(v)	109,491	232,978
Interest expenses charged by an associate	(v)	15,319	8,340
Sale of electricity to fellow subsidiaries and associates	(vi)	93,300	80,700
Consultancy service fees paid to fellow subsidiaries and associates	(vii)	78,383	33,669
Property management fees paid to fellow subsidiaries	(viii)	105,760	89,410
Hotel management fees received from fellow subsidiaries	(ix)	1,987	1,538
Interest income received from a fellow subsidiary	(x)	23,876	25,661
Capital injection from a non-controlling equity holder of a subsidiary	(xi)	–	826,251

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22. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes:

- (i) The rental income received was charged in accordance with the terms of respective tenancy agreements.
- (ii) The income on the supply of untreated water was charged in accordance with the terms of respective agreements.
- (iii) The dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (iv) The interest expenses were charged at effective interest rates of 3.63% and 4.75% per annum (2023: 4.75% and 5.5% per annum).
- (v) The interest expenses were charged at effective interest rates between RMB benchmark 1-year loan prime rate per annum announced by the People's Bank of China minus 1.15% to RMB benchmark 1-year loan prime rate per annum announced by the People's Bank of China plus 0.95% and 4.75% (2023: ranging from 3% to 5.5% per annum).
- (vi) The income from the sale of electricity was in accordance with the terms of the respective agreements.
- (vii) The consultancy service fees were charged in accordance with the terms of the agreement entered into between the Group and respective fellow subsidiaries and associates.
- (viii) The property management fees were charged in accordance with the terms of the agreements entered into between the Group and respective fellow subsidiaries.
- (ix) The hotel management fees were charged in accordance with the terms of agreements entered into between the Group and the respective fellow subsidiaries.
- (x) The interest income was arising from bank deposits placed at a non-banking financial institution in the PRC, which is fellow subsidiary of the Group.
- (xi) Being the non-controlling equity holder of a non-wholly owned subsidiary of the Group, a fellow subsidiary invested capital amounting to RMB734,510,000 (equivalent to HK\$826,251,000) to that non-wholly owned subsidiary during the period ended 30 June 2023.

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22. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties

- (i) On 27 April 2023, 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, as the tenant, entered into the lease agreement with 廣東粵海城市投資有限公司 (Guangdong Yuehai City Investment Co., Ltd. ▲) (“Guangdong Yuehai City”), a subsidiary of Guangdong Holdings, as the landlord, in relation to the lease of a shopping centre and the related facilities located at No. 21 of Zhujiang West Road, Zhujiang New Town, Tianhe District, Guangzhou (the “Premises”), with a total gross floor area of approximately 30,000 sq.m. Pursuant to the lease agreement, Guangdong Teem shall use the Premises for commercial operation and the rent payable to Guangdong Yuehai City shall be calculated as 75% of the net income generated from the operation of the Premises. The lease agreement has a term of 20 years from 27 April 2023.
- (ii) On 28 April 2023, 湛江市鶴地供水營運有限公司 (Zhanjiang Hedi Water Supply Operation Co., Ltd. ▲) (“Zhanjiang Hedi Water Co”), an indirect non-wholly owned subsidiary of the Company, as raw water supplier, entered into a water supply agreement (“Hedi Water Supply Agreement”) with 湛江市粵海自來水有限公司 (Zhanjiang City GDH Water Supply Co., Ltd. ▲) (“Zhanjiang GDH Water Co”), an indirect non-wholly owned subsidiary of Guangdong Holdings, as processor of raw water, pursuant to which Zhanjiang Hedi Water Co would supply raw water (also known as natural water) to the water plant operated by Zhanjiang GDH Water Co (which will then provide municipal water (after processing) to end users) within certain districts in Zhanjiang City, Guangdong Province, for a term of 30 years commencing from 1 May 2023. 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 28 April 2023.

(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 received from the GDH Group for the period were included in note 22(a)(i) 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 2024

	Year ending 30 June 2025 (Unaudited) HK\$'000	Year ending 30 June 2026 (Unaudited) HK\$'000	Year ending 30 June 2027 (Unaudited) HK\$'000
GDH	3,482	1,387	–
Fellow subsidiaries	7,401	–	–

As at 31 December 2023

	Year ending 31 December 2024 (Audited) HK\$'000	Year ending 31 December 2025 (Audited) HK\$'000	Year ending 31 December 2026 (Audited) HK\$'000
GDH	8,534	2,208	499
Fellow subsidiaries	9,914	1,294	–

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22. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Balances due from related parties included in bank balances, receivables, prepayments and other receivables:			
Ultimate holding company	<i>(i)</i>	61	61
Immediate holding company	<i>(i)</i>	153	–
Fellow subsidiaries	<i>(i)</i>	191,592	177,569
Fellow subsidiaries	<i>(ii)</i>	6,664	9,935
Associates	<i>(i)</i>	36,036	15,386
Associates	<i>(ii)</i>	50,073	46,301
Deposits placed at a fellow subsidiary	<i>(v)</i>	2,867,136	2,908,522
Balances due to related parties included in payables, accruals and other liabilities:			
Immediate holding company	<i>(i)</i>	27,770	13,050
Ultimate holding company	<i>(iii)</i>	53,288	275,630
Fellow subsidiaries	<i>(i)</i>	841,100	886,386
Fellow subsidiaries	<i>(ii)</i>	124,897	153,948
Associates	<i>(i)</i>	41,340	52,133
An associate	<i>(ii)</i>	2,783	12,969
Loans from the ultimate holding company	<i>(vi)</i>	4,100,109	1,922,297
Loans from fellow subsidiaries	<i>(iv)</i>	5,421,456	6,551,271
Loans from an associate	<i>(vii)</i>	1,051,872	1,103,500
Balances due to related parties included in dividend payables:			
Immediate holding company	<i>(viii)</i>	394,354	–
Fellow subsidiaries	<i>(viii)</i>	71,071	–

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22. 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\$1,033,000 (31 December 2023: HK\$1,041,000) 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) Loan of HK\$304,605,000 (31 December 2023: HK\$313,394,000) represented a loan from a fellow subsidiary which is secured 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 (31 December 2023: 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 one year. The remaining balance of HK\$5,116,851,000 (31 December 2023: HK\$6,237,877,000) represented loans from fellow subsidiaries which are unsecured and interest-bearing ranging from RMB benchmark 1-year loan prime rate minus 1.15% per annum announced by the People's bank of China to 4.75% (31 December 2023: RMB benchmark 1-year loan prime rate minus 1.15% per annum announced by the People's Bank of China to 4.75%). These loans are repayable within 1 to 18 years.
- (v) The balance represented bank deposits placed at a fellow subsidiary, a non-banking financial institution in the PRC. The balance due is unsecured, with 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 loans are unsecured, interest-bearing at an effective interest rate of 3.63% per annum and repayable within 1 to 3 years (31 December 2023: unsecured, interest-bearing at an effective interest rate of 4.75% per annum and repayable within one year).
- (vii) The loans are unsecured, interest-bearing at an effective interest rate of 3% per annum and repayable in one year (31 December 2023: unsecured, interest-bearing at an effective interest rate of 3% per annum and repayable in one year).
- (viii) As at 30 June 2024, the balances are unsecured, non-interest bearing and repayable on 25 July 2024.

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22. RELATED PARTY TRANSACTIONS (continued)

(e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short-term employee benefits	5,143	5,145
Post-employment benefits	701	701
Total compensation paid to key management personnel	5,844	5,846

23. CAPITAL EXPENDITURE

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment, right-of-use assets, operating concession rights and investment properties, including those acquired through the acquisition of subsidiaries, in aggregate of approximately HK\$351,969,000 (2023: HK\$5,513,614,000).

24. 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 28 August 2024.

- ▲ 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 Group's unaudited consolidated profit attributable to owners of the Company for the six months ended 30 June 2024 (the "Period") amounted to HK\$2,411 million (2023: HK\$2,527 million), a decrease of 4.6% as compared with the same period last year. Basic earnings per share was HK36.88 cents (2023: HK38.65 cents), decreased by 4.6% as compared with the same period last year.

INTERIM DIVIDEND

The Board declares the payment of an interim dividend of HK23.97 cents per ordinary share for the Period (2023: HK18.71 cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK\$12,291 million (2023: HK\$11,369 million), an increase of 8.1% as compared with the same period last year. The increase in revenue was mainly attributable to increase in revenue from property investment and development business.

The unaudited consolidated profit before tax for the Period, excluding changes in fair value of investment properties and impairment of properties held for sale under development, increased by 0.9% to HK\$3,725 million (2023: HK\$3,692 million), mainly attributed to the steady growth of the water resources business and electric power generation business; which offset the impact of the decrease in profit of the property investment and development business and the depreciation of Renminbi against Hong Kong dollars by 2.2% over the same period last year. The net loss arising from fair value adjustments for investment properties of the Group for the Period was HK\$60 million (2023: net gain of HK\$385 million), impairment of properties held for sale under development was Nil (2023: HK\$135 million), net exchange gain was HK\$6 million (2023: HK\$33 million) and net finance costs was HK\$522 million (2023: HK\$471 million). The unaudited consolidated profit before tax for the Period decreased by 7.1% to HK\$3,664 million (2023: HK\$3,942 million). The unaudited consolidated profit attributable to owners of the Company for the Period decreased by 4.6% to HK\$2,411 million (2023: HK\$2,527 million).

As at 30 June 2024, the unaudited equity attributable to owners of the Company was HK\$43,118 million (31 December 2023: HK\$41,802 million (audited)), increased by approximately HK\$1,316 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\$2,411 million, dividends distributed during the Period of HK\$806 million and the other comprehensive loss of HK\$295 million in relation to the exchange differences on translation of foreign operations as a result of the depreciation of Renminbi.

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 2024, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.04% (31 December 2023: 96.04%). GH Water Holdings holds a 99.0% (31 December 2023: 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 1.159 billion tons (2023: 1.166 billion tons), a decrease of 0.6%, which generated a revenue of HK\$3,485 million (2023: HK\$3,425 million), an increase of 1.8% over the same period last year.

Management Discussion and Analysis

The Hong Kong Water Supply Agreement for 2024 to 2026 (the “2024 to 2026 Water Supply Agreement”) between the Government of the Hong Kong Special Administrative Region and the Guangdong Provincial Government was signed on 27 December 2023. Pursuant to the 2024 to 2026 Water Supply Agreement, the annual basic water prices for the three years of 2024, 2025 and 2026 are HK\$5,136.24 million, HK\$5,259.00 million and HK\$5,384.69 million, respectively.

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 2026) in a particular year using a particular unit rate. The unit rates for each cubic metre of water supplied to Hong Kong which is conserved for the three years of 2024, 2025 and 2026 are HK\$0.315, HK\$0.323 and HK\$0.331, respectively. Average annual water supply quantity shall not be less than 700 million tons over the nine-year period from 2021 to 2029. If the actual water supply quantity deviates, the parties will further negotiate on the amount of water fee which has been excessively deducted, and to be payable by the Government of the Hong Kong Special Administrative Region to the Guangdong Provincial Government.

The revenue from water sales to Hong Kong for the Period increased by 2.4% to HK\$2,802 million (2023: HK\$2,736 million). The revenue from water sales to Shenzhen and Dongguan areas decreased by 0.9% to HK\$683 million (2023: HK\$689 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\$2,325 million (2023: HK\$2,207 million), 5.3% higher than that in the same period last year.

Other Water Resources Projects

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

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 2024 were 16,150,200 tons per day (31 December 2023: 16,150,200 tons per day) and 3,345,900 tons per day (31 December 2023: 3,345,900 tons per day), respectively.

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants operated by the subsidiaries and associates of the Group as at 30 June 2024 were 10,736,800 tons per day (30 June 2023: 10,086,800 tons per day) and 2,054,400 tons per day (30 June 2023: 1,929,400 tons per day), respectively. In addition, the water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by the subsidiaries of the Group as at 30 June 2024 were 1,287,000 tons per day and 50,000 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
儀征粵海水務有限公司(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.▲)	150,000	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.▲)	–	145,000

Management Discussion and Analysis

Name of subsidiaries of the Group	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
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.▲)	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.▲)	300,000	–
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 June 2024	8,786,800	2,054,400
Total as at 30 June 2023	8,136,800	1,929,400

Management Discussion and Analysis

Name of associates of the Group	Water supply capacity (tons per day)
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 June 2024	1,950,000
Total as at 30 June 2023	1,950,000

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 2024 are as follows:

Name of subsidiaries of the Group	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
荔浦粵海水務有限公司(Lipu Guangdong Water Co., Ltd.▲)	80,000	–
揭陽粵海國業水務有限公司(Jieyang Guangdong Guoye Water Co., Ltd.▲)	270,000	–
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	–
Guangzhou Nansha GDH Water Co., Ltd.	200,000	–
江西粵海公用事業集團有限公司 (Jiangxi Guangdong Public Utilities Holdings Co., Ltd.▲) and its subsidiaries	177,000	–
Zhaoqing HZ GDH Water Co., Ltd.	50,000	–
Total	1,287,000	50,000

Revenue of Other Water Resources Projects for the Period in aggregate decreased by 20.9% to HK\$3,596,779,000 (2023: HK\$4,549,481,000), of which income from construction services amounted to HK\$135,463,000 (2023: HK\$1,007,015,000). Profit before tax of Other Water Resources Projects for the Period, excluding net exchange differences and net finance costs, amounted to HK\$1,150,568,000 (2023: HK\$1,150,402,000).

Management Discussion and Analysis

Property Investment and Development

Mainland China

GDH Teem

As at 30 June 2024, the Group held an effective interest of 76.13% (31 December 2023: 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% (31 December 2023: 76.02%) in Tianjin YueHai Teem Shopping Center Co., Ltd. (collectively the “GDH Teem”). GDH Teem operates several shopping malls in Mainland China, of which Teem Plaza, Panyu Teemmall, Guangzhou Comic City and Tianjin Teemmall are owned by GDH Teem whereas Shenzhen Teemmall and 粵海天地 (Yuehai Tiandi▲) are operated under lease arrangements.

Revenue of GDH Teem’s property investment and development business mainly comprises rental income (including rentals from the department stores operated by the Group). The revenue of GDH Teem’s property investment business for the Period increased by 10.9% to HK\$793,223,000 (2023: HK\$715,058,000), which was mainly due to the increase in average rental and increase in occupancy rate of certain properties; and the effect from the newly opened 粵海天地 (Yuehai Tiandi▲). The profit before tax, excluding changes in fair value of investment properties and net interest income, of GDH Teem’s property investment business for the Period increased by 11.8% to HK\$448,306,000 (2023: HK\$401,002,000).

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 six months ended 30 June		Changes %
			2024 HK\$'000	2023 HK\$'000	
Teem Plaza – Teemmall	107,000	98.9	349,486	327,005	+6.9
Teem Plaza – Teem Tower	88,000	85.2	87,397	92,810	-5.8
Panyu Teemmall	144,000	94.4	120,017	119,912	+0.1
Tianjin Teemmall	145,000	97.4	140,127	111,903	+25.2
Guangzhou Comic City	23,000	99.7	44,557	26,542	+67.9
Shenzhen Teemmall	58,900	93.9	32,088	36,886	-13.0
粵海天地(Yuehai Tiandi▲) (opened in December 2023)	19,000	90.2	19,551	-	+100.0
	584,900		793,223	715,058	+10.9

Management Discussion and Analysis

Guangdong Land Holdings Limited (“GD Land”)

The Company’s effective interest in GD Land is approximately 73.82% (31 December 2023: 73.82%).

Details of the completed properties held for sale, properties held for sale under development and major 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%	255,373	206,618	N/A
Guangzhou City						
Guangzhou GDH Future City	Sale in progress	Residential/ Business apartment/ Commercial/Offices	100%	728,549	506,000	2027
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	151,492	2024
Foshan One Mansion	Sale in progress	Residential/Commercial/Offices	51%	154,414	118,122	2026
Zhuhai City						
Zhuhai Laurel House	Sale in progress	Residential/Commercial	100%	248,598	166,875	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	100%	222,708	164,216	N/A
Jiangmen GDH City (Land No. 3)	Completed	Residential	51%	163,181	122,331	N/A
Jiangmen GDH City (Land No. 4)	Sale in progress	Residential/Business apartment/Commercial	51%	299,029	207,419	2027
Jiangmen GDH City (Land No. 5)	To be developed	Residential	51%	89,201	63,150	2027
Huizhou City						
Huizhou One Mansion	Sale in progress	Residential/Business apartment/Commercial	100%	140,163	92,094	2025
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.

Management Discussion and Analysis

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	–	104,912	91.2%	–	104,912	91.2%
Shenzhen GDH City (Northern Land)	84,246	14,068	14,068	16.7%	–	–	0.0%
Guangzhou City							
Guangzhou GDH Future City	492,223	19,587	99,669	20.2%	N/A	N/A	N/A
Guangzhou Laurel House (Car-parking spaces)	2,764	–	2,697	97.6%	–	2,697	97.6%
Ruyingju (Car-parking spaces)	8,052	49	6,670	82.8%	49	6,670	82.8%
Baohuaxuan (Car-parking spaces)	245	–	38	15.5%	–	38	15.5%
Foshan City							
Foshan Laurel House	146,240	13,870	85,748	58.6%	49,536	67,943	46.5%
Foshan Laurel House (Car-parking spaces)	9,914	4,503	4,503	45.4%	2,811	2,811	28.4%
Foshan One Mansion	117,692	12,475	23,237	19.7%	N/A	N/A	N/A
Zhuhai City							
Zhuhai Laurel House	145,781	6,139	70,463	48.3%	19,229	50,914	34.9%
Zhongshan City							
Zhongshan GDH City	236,728	20,815	89,108	37.6%	30,263	63,280	26.7%
Jiangmen City							
Jiangmen One Mansion	158,407	16,165	122,434	77.3%	13,664	115,408	72.9%
Jiangmen One Mansion (Car-parking spaces)	37,574	1,889	7,600	20.2%	2,055	7,253	19.3%
Jiangmen GDH City (Land No. 3)	119,334	13,827	97,111	81.4%	14,132	90,236	75.6%
Jiangmen GDH City (Land No. 3) (Car-parking spaces)	29,895	1,457	9,914	33.2%	1,521	8,757	29.3%

Management Discussion and Analysis

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.)	
Jiangmen GDH City (Land No. 4)	204,229	21,566	34,975	17.1%	9,334	20,323	10.0%
Jiangmen GDH City (Land No. 5)	42,254	N/A	N/A	N/A	N/A	N/A	N/A
Huizhou City							
Huizhou One Mansion	89,240	5,468	19,982	22.4%	N/A	N/A	N/A
Huizhou Huiyang Lijiang Garden (Car-parking spaces)	1,504	13	229	15.2%	13	229	15.2%

During the Period, GD Land's properties recorded total contracted GFA (including completed properties held for sale and properties held for sale under development) and delivered GFA of approximately 152,000 sq.m. (2023: 165,000 sq.m.) and 143,000 sq.m. (2023: 75,000 sq.m.), respectively. Revenue of GD Land for the Period increased by 188.0% to HK\$2,803,824,000 (2023: HK\$973,596,000), of which income from sales of properties amounted to HK\$2,778,718,000 (2023: HK\$957,917,000). The net gain arising from fair value adjustments for investment properties was HK\$193,000 (2023: HK\$258,807,000) and impairment of properties held for sale under development was Nil (2023: HK\$134,505,000). The loss before tax of GD Land for the Period was HK\$282,564,000 (2023: HK\$24,450,000). Due to the higher gross profit margin of properties delivered in year 2023, the loss before tax of GD Land for the Period, excluding changes in fair value of investment properties, impairment of properties held for sale under development and net finance costs, was HK\$105,005,000 (2023: HK\$35,737,000).

As at 30 June 2024, GD Land held completed properties for sale amounted to approximately HK\$8,664 million (31 December 2023: HK\$9,141 million) and properties for sale under development amounted to approximately HK\$21,949 million (31 December 2023: HK\$23,592 million), with a total amount of approximately HK\$30,613 million (31 December 2023: HK\$32,733 million). Amongst them, the sales amount of properties that have been contracted and received but have not yet been delivered was approximately HK\$10,331 million (31 December 2023: HK\$9,517 million), which was stated as contract liabilities and would be recognised as revenue upon delivery of the relevant properties.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 96.4% (2023: 90.0%). The total revenue for the Period increased by 3.5% to HK\$24,585,000 (2023: HK\$23,764,000).

Department Store Operation

As at 30 June 2024, the Group operated six department stores (31 December 2023: five) with a total leased area of approximately 197,540 sq.m. (31 December 2023: 209,900 sq.m.). The total revenue for the Period decreased by 3.5% to HK\$389,592,000 (2023: HK\$403,813,000). The profit before tax for the Period, excluding changes in fair value of investment properties and gain on lease modification, decreased by 10.2% to HK\$38,669,000 (2023: HK\$43,057,000).

Management Discussion and Analysis

The revenue of the stores operated by the Group for the six months ended 30 June 2024 was as follows:

	Leased area sq.m.	Revenue for the six months ended 30 June		Changes %
		2024 HK\$'000	2023 HK\$'000	
Teemmall Store	41,500	309,523	303,197	+2.1
Wan Bo Store	17,100	23,134	26,754	-13.5
Ming Sheng Store (closed in March 2023)	–	–	7,113	-100.0
Dong Pu Store	18,800	25,045	34,310	-27.0
Ao Ti Store	21,500	20,892	21,248	-1.7
Hua Du Store	98,500	10,956	11,191	-2.1
TeemLife (opened in May 2024)	140	42	–	+100.0
	197,540	389,592	403,813	-3.5

Hotel Ownership, Operation and Management

As at 30 June 2024, the Group's hotel management team managed a total of 20 hotels (31 December 2023: 20 hotels), of which three were located in Hong Kong and 17 in Mainland China. As at 30 June 2024, 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 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\$1,291 (2023: HK\$1,203) whereas the average room rate of the remaining five hotels was HK\$698 (2023: HK\$700). The average occupancy rate of Sheraton Guangzhou Hotel was 93.4% (2023: 94.6%) and that of the other five hotels was 68.3% (2023: 65.0%) during the Period.

The revenue of hotel ownership, operation and management business for the Period increased by 4.3% to HK\$315,188,000 (2023: HK\$302,337,000). The profit before tax for the Period, excluding changes in fair value of investment properties and net exchange differences, amounted to HK\$63,655,000 (2023: HK\$61,909,000), 2.8% higher than that in the same period last year.

Energy Projects

GDH Energy Project

Zhongshan Power (Hong Kong) Limited, a subsidiary of the Company, holds 75% (31 December 2023: 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 1,362 million kwh (2023: 1,331 million kwh), increased by 2.3%. Due to the mixed impact of the increase in sales of electricity, decrease in electricity tariff and the drop of exchange rate of Renminbi against Hong Kong dollars of 2.2% 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 9.4% to HK\$804,563,000 (2023: HK\$888,519,000). 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\$74,338,000 (2023: HK\$44,480,000), an increase of 67.1%.

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% (31 December 2023: 25%). As at 30 June 2024, 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 6,867 million kwh (2023: 7,396 million kwh), a decrease of 7.2%. Due to the decrease in sales of electricity and electricity tariff, revenue for the Period decreased by 18.7% to HK\$3,255,091,000 (2023: HK\$4,006,149,000). As a result of the drop in coal price, the profit before tax of Yudean Jinghai Power for the Period was HK\$293,208,000 (2023: HK\$271,307,000). The Group’s share of profit in Yudean Jinghai Power amounted to HK\$54,800,000 (2023: HK\$51,128,000) 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 1.3% to 26,954 vehicle trips (2023: 26,616 vehicle trips). As a result of the impact of the depreciation of Renminbi against Hong Kong dollars by 2.2% over the same period last year, the toll revenue of GDH Highway during the Period amounted to HK\$312,881,000 (2023: HK\$333,047,000), decreased by 6.1%. The profit before tax during the Period, excluding net finance costs, amounted to HK\$161,899,000 (2023: HK\$178,030,000), decreased by 9.1%.

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, the PRC. 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 entered 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 would be subject to performance assessment. Details of the assessment were set out in the announcement of the Company published on 31 May 2023.

As at 30 June 2024, four Project Roads (31 December 2023: four Project Roads) were completed and one Project Road (31 December 2023: one Project Road) was under construction. As at 30 June 2024, the cumulative development costs in relation to the Yinping Project amounted to approximately RMB2,007 million (equivalent to approximately HK\$2,199 million) (31 December 2023: approximately RMB1,987 million (equivalent to approximately HK\$2,193 million)).

The total interest, management fee and maintenance fee of the Yinping Project recognised during the Period decreased by 5.8% to HK\$77,486,000 (2023: HK\$82,281,000) and profit before tax decreased by 4.2% to HK\$65,726,000 (2023: HK\$68,628,000) during the Period.

Management Discussion and Analysis

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2024, cash and bank balances of the Group increased by HK\$541 million to HK\$13,135 million (31 December 2023: HK\$12,594 million), of which 94.45% was denominated in Renminbi, 5.54% in Hong Kong dollars and 0.01% in United States dollars.

As at 30 June 2024, the Group's financial borrowings (13.3% was denominated in Hong Kong dollars and 86.7% in Renminbi) decreased by HK\$783 million to HK\$41,645 million (31 December 2023: HK\$42,428 million), of which borrowings denominated in Hong Kong dollars decreased by HK\$1,715 million to HK\$5,559 million (31 December 2023: HK\$7,274 million), including loans from the ultimate holding company, fellow subsidiaries and an associate of HK\$10,573 million (31 December 2023: HK\$9,577 million). Of the Group's total financial borrowings, HK\$12,436 million is repayable within one year while the remaining balances of HK\$17,810 million and HK\$11,399 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 consisted of 69.4% floating rate borrowings, 30.1% fixed rate borrowings and 0.5% non-interest bearing borrowings as at 30 June 2024.

The Group maintained a credit facility of HK\$11,739 million as at 30 June 2024 (31 December 2023: HK\$12,287 million).

As at 30 June 2024, the Group's gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was 71.1% (31 December 2023: 77.3%). The Group was in a healthy debt servicing position with the EBITDA/finance cost incurred as at 30 June 2024 being 6.7 times (31 December 2023: 4.3 times).

Net cash inflows from operating activities for the Period amounted to approximately HK\$4,876 million (2023: HK\$4,354 million). GD Land recorded net cash inflows from operating activities for the Period which amounted to approximately HK\$1,292 million (2023: HK\$2,068 million). 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 2024, except for (i) certain property assets (including operating income receivables of certain investment properties) of HK\$1,811 million (31 December 2023: HK\$9,090 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\$12,758 million (31 December 2023: HK\$12,838 million); (iii) equity interest in a subsidiary of the Group, which were pledged to secure certain bank and other loans, none of the property, plant and equipment, concession rights for water distribution, sewage treatment and toll road operations (comprising operating concession rights and receivables under service concession agreements) were pledged to secure bank and other loans granted to the Group.

Except for the guarantees made to certain banks in relation to the mortgages of properties sold of approximately HK\$4,991 million (31 December 2023: approximately HK\$4,676 million) as disclosed in note 21 of this interim financial report, there was no other material contingent liability as at 30 June 2024 and 31 December 2023.

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK\$445 million (2023: HK\$6,595 million) which was principally related to additions to property, plant and equipment, the construction 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.

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2024, total Renminbi borrowings amounted to HK\$36,080 million (31 December 2023: HK\$35,146 million). Exchange rate risk may result from the fluctuation of Renminbi exchange rate. The Group did not use derivative financial instruments to hedge its foreign currency risk 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 2024, the Group's total floating rate borrowings amounted to HK\$28,901 million (31 December 2023: HK\$31,618 million). Interest rate risk may result from the fluctuations in bank and other loan interest rate. The Group did not use interest rate hedging to manage its interest rate risk. 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 conditions and operating results of the Company are inextricably linked to the macroeconomic environment. Internationally, factors such as global inflation, geopolitical disputes and the pressure to cope with climate change have increased uncertainties about the prospects for global economic recovery. Domestically, the macroeconomy generally maintained a stable and progressive long-term development trend, but certain challenges and impacts remained on the economic fundamentals due to the combined effects of the accelerated transformation from existing to new driving forces, fluctuations in the exchange rate of the Renminbi and other factors. There is an increasing trend of dilemmas in macroeconomic operations. The need to maintain growth while adjusting the structure and preventing inflation may bring various uncertainties in future macroeconomic policies in areas such as fiscal, taxation, credit and exchange rates. Consequently, the Company will closely monitor changes in macroeconomic conditions, capital markets and business operating environments, and provide regular market updates to management according to existing company procedures in order to ensure effective implementation of the Company's development strategies and maintain its corporate competitiveness under such external economic environment.

Foreign Currency Risk

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

Market Competition Risk

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

Management Discussion and Analysis

Project Safety Management Risk

Project safety management risk encompasses product safety management risk as well as personnel safety management risk. With respect to product safety risk, on the one hand, the Company will conduct the relevant risk management and control work based on standardisation, standard process and systemisation so as to allow risk management and control to be based on unified standards in the future. 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 greater 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.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 11,472 employees (31 December 2023: 11,495 employees). Among the employees, 11,260 were employed by subsidiaries in Mainland China and 212 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK\$901,354,000 (2023: approximately HK\$975,816,000).

In 2024, the Group has proactively promoted the strategic transformation and, in conjunction with the goal of high-quality development and the thorough implementation of "organisational excellence", encouraged its staff to take on responsibilities, improve efficiency and create value. The Group has established the incentive and protection mechanism by strengthening the commitment of management personnel and employees at all levels, perfected the supporting systems and performance appraisal system, promoted the 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 package 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 respect of staff training, the Group aims to build a learning organisation, and encourage staff to pursue continuous learning and lifelong learning. The Group also provides targeted professional training sessions as per its business development requirements and on an as-needed basis in order to constantly enhance the overall quality and professional competence of its staff.

Management Discussion and Analysis

REVIEW

In 2024, the global economy remained stagnant, mainly due to the increasing geo-economic disruptions, uncertainty in the inflation outlook, persistently high interest rates in major economies and extreme weather events. Confronted with the increasingly complex and unpredictable external environment, the Group has been adhering to the development strategy of “balancing progress and stability and enhancing quality and efficiency”. Firstly, we focused on the operation of our existing projects, proactively sought to increase the price of water in the water resources business, managed accounts receivables, and continued to consolidate and improve the delivery capacity in property investment and development to accelerate the sale destocking of existing projects. Secondly, we coordinated the reforms of organisational optimisation, management streamlining and operational refinement to achieve cost reduction and efficiency gains. Thirdly, we endeavoured to seize market development opportunities and diligently expanded the scale of our core business to strengthen the foundation of the sustainable development of the Company.

PROSPECTS

In the second half of 2024, influenced by factors such as the tightening of monetary policy, restrictive financial conditions, sluggish global trade and investment, and ongoing uncertainties in the geopolitical environment, the global economic growth rate is expected to slacken further. With the deployment of economic stabilisation policies, China’s economic operation overall is expected to demonstrate a stabilising and upturning trend, though the economic recovery is still challenged by insufficient demand, overcapacity in specific industries and low expectations in society. Given the impact of the volatile economic recovery on population movements, logistics, business operations, capital markets, interest rates and foreign exchange rates, we will adhere to our development strategy of “balancing progress and stability and enhancing quality and efficiency”, maintain stable growth of our core operations and strengthen our risk management capabilities to create long-term value for our stakeholders.

The Group will continue to ramp up its efforts in expanding upstream and downstream of the water resources industry chain, actively extending into high-value-added businesses, and solidifying its core business segments while optimising its asset portfolio and resource allocation. Based on the existing business needs and available resources, we endeavour to proactively seek potential opportunities arising from the strategic planning of the development of the “Guangdong-Hong Kong-Macao Greater Bay Area”. We will continue to pay attention to acquisition opportunities available in the market to provide a new breakthrough of profit growth, which will further enhance the Company’s financial performance and overall value.

Directors' Interests and Short Positions in Securities

As at 30 June 2024, 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 C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY

Interests in ordinary shares

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

Note: The approximate percentage of interests held was calculated on the basis of 6,537,821,440 ordinary shares of the Company in issue as at 30 June 2024.

INTERESTS AND SHORT POSITIONS IN GUANGDONG LAND HOLDINGS LIMITED

Interests in ordinary shares

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

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 30 June 2024.

INTERESTS AND SHORT POSITIONS IN GDH GUANGNAN (HOLDINGS) LIMITED

Interests in ordinary shares

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

Note: The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of GDH Guangnan (Holdings) Limited in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, 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 2024, 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 <i>(Note 1)</i>
廣東粵海控股集團有限公司 (Guangdong Holdings Limited*) ("Guangdong Holdings") <i>(Note 2)</i>	Interest in controlled corporation	3,809,237,546	Long position	58.26%
GDH Limited ("GDH") <i>(Note 3)</i>	Beneficial owner/Interest in controlled corporation	3,809,237,546	Long position	58.26%
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 2024.
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 2024, 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.

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.*

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company had complied with the code provisions as set out in the CG Code for the six months ended 30 June 2024 and, where appropriate, the applicable recommended best practices of the CG Code, save as disclosed below:

Due to other urgent business commitment, 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 18 June 2024 (the “2024 AGM”) as required by Code Provision F.2.2. With the consent of other Directors present, Mr. Lin Tiejun, the Vice Chairman, chaired the 2024 AGM. The chairmen and members of the Audit Committee and the Remuneration Committee as well as members of the Nomination Committee attended the 2024 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 C3 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 2024.

CHANGES IN DIRECTORS’ INFORMATION

The changes in Directors’ information are set out below:

- (i) Dr. Chan Cho Chak, John has ceased to be a Board Member of the Community Chest of Hong Kong and Chairman of its Executive Committee.
- (ii) Mr. Li Man Bun, Brian David has retired as a Vice Chairman of the Asian Financial Cooperation Association.
- (iii) Mr. Feng Qingchun was appointed a director and the chairman of 粵海集團財務有限公司 (GDH Finance Co., Ltd.), a wholly-owned subsidiary of Guangdong Holdings.

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

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim financial report and the interim report of the Group for the six months ended 30 June 2024. The interim financial report is unaudited, but has been reviewed by the Company’s external auditor, 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 Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities listed on The Stock Exchange of Hong Kong Limited.

Corporate Governance and Other Information

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 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 2024 amounted to HK\$3,000 million.

Facility Letter dated 14 September 2023

Pursuant to a facility letter (the “GDI September 2023 Facility Letter”) entered into between the Company and a bank on 14 September 2023 in relation to a term loan facility in the principal amount of HK\$2,000 million (the “GDI September 2023 Facility”) for a term of 364 days from the date of first drawdown made available by the bank to the Company, among others, 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 GDI September 2023 Facility Letter, all amounts advanced under the GDI September 2023 Facility will become immediately due and repayable.

The outstanding principal of the GDI September 2023 Facility as at 30 June 2024 amounted to HK\$1,710 million.

Corporate Governance and Other Information

Facility Letter dated 14 December 2023

Pursuant to a facility letter (the “GDI December 2023 Facility Letter”) entered into between the Company and a bank on 14 December 2023 in relation to a revolving loan facility in the principal amount of HK\$1,000 million (the “GDI December 2023 Facility”) for a term of 364 days from 14 December 2023 made available by the bank to the Company, among others, 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 GDI December 2023 Facility Letter, all amounts advanced under the GDI December 2023 Facility will become immediately due and repayable.

The outstanding principal of the GDI September 2023 Facility as at 30 June 2024 was nil.

GD Land First Facility Letter dated 29 February 2024

Pursuant to a facility letter (the “2024 First Facility Letter of GD Land”) entered into between Guangdong Land Holdings Limited (“GD Land”) and a bank on 29 February 2024 in relation to an uncommitted revolving loan facility (the “2024 First Facility of GD Land”) for a term of 360 days in the principal amount of HK\$500 million made available by the bank to GD Land.

Pursuant to the 2024 First Facility Letter of GD Land, GD Land covenants to the bank the following undertakings:

- (i) GD Land shall maintain as a subsidiary of the Company; and
- (ii) GD Land shall maintain as a subsidiary of Guangdong Holdings.

The bank may by notice to GD Land require GD Land to fully repay the loan under the 2024 First Facility of GD Land immediately if the above undertakings are not complied.

The outstanding principal of the 2024 First Facility of GD Land as at 30 June 2024 amounted to HK\$450 million.

Corporate Governance and Other Information

GD Land Second Facility Letter dated 29 February 2024

Pursuant to a facility letter (the "2024 Second Facility Letter of GD Land") entered into between GD Land and a bank on 29 February 2024 in relation to an uncommitted revolving term loan facility (the "2024 Second Facility of GD Land") for a term of 360 days in the principal amount of HK\$400 million made available by the bank to GD Land.

Pursuant to the 2024 Second Facility Letter of GD Land, GD Land undertakes to the bank the followings:

- (i) Guangdong Holdings shall beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company;
- (ii) the Company shall continue to be the single largest shareholder of GD Land and hold, directly or indirectly, not less than 50% interest of the shareholding in GD Land; and
- (iii) Guangdong Holdings shall be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government.

There shall be an Event of Default if any of representation or statement made by GD Land is incorrect and the bank may, by notice in writing to GD Land declare the 2024 Second Facility of GD Land to be terminated and the liabilities payable under the 2024 Second Facility Letter of GD Land shall become due payable.

The outstanding principal of the 2024 Second Facility of GD Land as at 30 June 2024 amounted to HK\$400 million.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK23.97 cents (2023: HK18.71 cents) per ordinary share for the six months ended 30 June 2024 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 14 October 2024. The interim dividend is expected to be paid on or about Wednesday, 30 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 14 October 2024 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 Thursday, 10 October 2024.

By Order of the Board

BAI Tao
Chairman

Hong Kong, 28 August 2024



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

