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

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

Unaudited financial highlights for the six months ended 30 June

	2024	2023	Changes
	HK\$'000	HK\$'000	%
Revenue	<u>12,290,690</u>	<u>11,369,355</u>	+8.1
<i>Write-down of properties held for sale under development</i>	-	(134,505)	
<i>Changes in fair value of investment properties</i>	(60,360)	384,613	
Profit before tax	<u>3,664,178</u>	<u>3,942,351</u>	-7.1
Profit attributable to owners of the Company	<u>2,410,985</u>	<u>2,526,909</u>	-4.6
Earnings per share – Basic	<u>HK 36.88 cents</u>	<u>HK 38.65 cents</u>	-4.6
Interim dividend per share	<u>HK 23.97 cents</u>	<u>HK 18.71 cents</u>	+28.1

CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) hereby announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023. These results have not been audited, but have been reviewed by the Company’s Audit Committee and independent auditor, Messrs. KPMG.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *For the six months ended 30 June 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		<u>(6,821,648)</u>	<u>(5,907,926)</u>
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		<u>99,247</u>	<u>107,598</u>
PROFIT BEFORE TAX	6	3,664,178	3,942,351
Income tax expense	7	<u>(998,396)</u>	<u>(1,091,216)</u>
PROFIT FOR THE PERIOD		<u>2,665,782</u>	<u>2,851,135</u>
Attributable to:			
Owners of the Company		2,410,985	2,526,909
Non-controlling interests		<u>254,797</u>	<u>324,226</u>
		<u>2,665,782</u>	<u>2,851,135</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK36.88 cents</u>	<u>HK38.65 cents</u>

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	<u>2,665,782</u>	<u>2,851,135</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		
- Subsidiaries	(387,431)	(1,803,325)
- Associates	<u>(25,157)</u>	<u>(115,863)</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(412,588)</u>	<u>(1,919,188)</u>
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	<u>-</u>	<u>2,950</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(406,255)</u>	<u>(1,916,238)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>2,259,527</u></u>	<u><u>934,897</u></u>
Attributable to:		
Owners of the Company	2,121,850	1,087,243
Non-controlling interests	<u>137,677</u>	<u>(152,346)</u>
	<u><u>2,259,527</u></u>	<u><u>934,897</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2024

	Notes	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		17,170,342	17,191,845
Receivables under a cooperative arrangement		1,946,894	1,966,103
Other financial assets at amortised cost	10	2,197,771	-
Equity investments designated at fair value through other comprehensive income		56,708	56,829
Prepayments and other receivables		447,425	510,304
Deferred tax assets		<u>1,251,780</u>	<u>1,261,480</u>
Total non-current assets		<u>85,505,815</u>	<u>84,688,161</u>
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		574,431	578,348
Receivables under a cooperative arrangement		147,837	256,293
Receivables, prepayments and other receivables	11	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		<u>13,135,303</u>	<u>12,593,616</u>
Total current assets		<u>54,324,280</u>	<u>55,277,811</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2024

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
CURRENT LIABILITIES			
Payables, accruals and other liabilities	12	(14,553,839)	(16,375,510)
Contract liabilities		(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	13	(12,436,123)	(15,252,492)
Lease liabilities		(53,569)	(47,707)
Dividend payables		<u>(806,113)</u>	<u>-</u>
Total current liabilities		<u>(42,184,589)</u>	<u>(45,666,192)</u>
NET CURRENT ASSETS		<u>12,139,691</u>	<u>9,611,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>97,645,506</u>	<u>94,299,780</u>
NON-CURRENT LIABILITIES			
Bank and other borrowings	13	(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		(1,387,990)	(1,383,185)
Deferred tax liabilities		<u>(7,228,569)</u>	<u>(7,149,257)</u>
Total non-current liabilities		<u>(38,377,543)</u>	<u>(36,270,155)</u>
Net assets		<u>59,267,963</u>	<u>58,029,625</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		8,966,177	8,966,177
Reserves		<u>34,151,770</u>	<u>32,836,033</u>
		43,117,947	41,802,210
Non-controlling interests		<u>16,150,016</u>	<u>16,227,415</u>
Total equity		<u>59,267,963</u>	<u>58,029,625</u>

Notes:

1. GENERAL INFORMATION AND ACCOUNTING POLICIES

Guangdong Investment Limited 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 Group are described in note 3.

This unaudited interim financial information of the Group for the six months ended 30 June 2024 set out in this announcement has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("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 information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

The accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 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 information, as further detailed in note 2 below.

The financial information relating to the year ended 31 December 2023 included in this unaudited interim financial information 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.

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 information 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 information.

3. OPERATING SEGMENT INFORMATION

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

- (i) The water resources segment engages in water distribution, sewage treatment, construction of water supply and sewage treatment infrastructure, 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;
- (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 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.

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	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	<u>7,091,395</u>	<u>7,988,119</u>	<u>3,631,178</u>	<u>1,723,875</u>	<u>398,272</u>	<u>406,142</u>
Segment results	<u>3,421,332</u>	<u>3,307,999</u>	<u>261,008</u>	<u>706,218</u>	<u>(9,387)</u>	<u>(32,248)</u>
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						

3. OPERATING SEGMENT INFORMATION (continued)

	<u>Electric power generation</u>		<u>Hotel operation and management</u>		<u>Road and bridge</u>	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	<u>814,626</u>	<u>908,983</u>	<u>315,204</u>	<u>302,382</u>	<u>391,330</u>	<u>416,927</u>
Segment results	<u>77,302</u>	<u>57,835</u>	<u>60,216</u>	<u>91,160</u>	<u>225,158</u>	<u>236,043</u>
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						

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	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	<u>4,117</u>	<u>3,632</u>	<u>(4,117)</u>	<u>(3,632)</u>	<u>-</u>	<u>-</u>
Total	<u>21,880</u>	<u>13,619</u>	<u>(234,452)</u>	<u>(251,150)</u>	<u>12,429,433</u>	<u>11,508,897</u>
Segment results	<u>(62,418)</u>	<u>(111,230)</u>	<u>113,312</u>	<u>35,755</u>	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	-	-	-	-	<u>99,247</u>	<u>107,598</u>
Profit before tax					3,664,178	3,942,351
Income tax expense					<u>(998,396)</u>	<u>(1,091,216)</u>
Profit for the period					<u>2,665,782</u>	<u>2,851,135</u>

3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities:

	Water resources		Property investment and development		Department store operation	
	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
Segment assets	53,302,084	53,267,723	58,615,276	60,992,028	871,112	963,169
Unallocated assets						
Total assets						
Segment liabilities	10,859,769	11,799,551	15,073,195	15,286,140	1,282,863	1,510,226
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 2022	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Exchange (losses)/gains, net	(1,998)	10,469	20,480	88,489	(3,177)	(14,214)

3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	Electric power generation		Hotel operation and management		Road and bridge	
	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	2,843,058	2,900,129	2,046,145	2,112,463	5,211,036	5,301,994
Unallocated assets						
Total assets						
Segment liabilities	457,805	447,202	202,055	234,580	264,779	274,451
Unallocated liabilities						
Total liabilities						

Other segment information: (continued)

	For the six months ended 30 June 2024		For the six months ended 30 June 2023		For the six months ended 30 June 2024	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Exchange (losses)/gains, net	2,986	13,361	(74)	(3,560)	(2,388)	(10,337)

3. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities: (continued)

	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
Segment assets	42,537	46,636	(537,532)	(662,010)	122,393,716	124,922,132
Unallocated assets					<u>17,436,379</u>	<u>15,043,840</u>
Total assets					<u>139,830,095</u>	<u>139,965,972</u>
Segment liabilities	162,535	163,627	(115,084)	(158,359)	28,187,917	29,557,418
Unallocated liabilities					<u>52,374,215</u>	<u>52,378,929</u>
Total liabilities					<u>80,562,132</u>	<u>81,936,347</u>

Other segment information: (continued)

	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	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	(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.

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>	<u>11,165,077</u>	<u>10,337,706</u>

4. REVENUE (continued)

Disaggregation of revenue is analysed as follows: (continued)

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
(a) Types of goods or services: (continued)		
<i>Revenue from other sources</i>		
Finance income from service concession arrangements	397,460	382,633
Rental income	<u>728,153</u>	<u>649,016</u>
Total revenue	<u>12,290,690</u>	<u>11,369,355</u>
(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	<u>322,488</u>	<u>342,315</u>
	11,062,764	10,241,020
<u>Hong Kong</u>		
Hotel operation and management segment	<u>102,313</u>	<u>96,686</u>
<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	<u>728,153</u>	<u>649,016</u>
Total revenue	<u>12,290,690</u>	<u>11,369,355</u>

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

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

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).

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	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.

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	2023
	(Unaudited)	(Unaudited)
	HK\$'000	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	<u>135,017</u>	<u>246,360</u>
Total tax charge for the period	<u>998,396</u>	<u>1,091,216</u>

8. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim – HK 23.97 cents (2023: HK 18.71 cents) per ordinary share	<u>1,567,116</u>	<u>1,223,226</u>

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 HK 23.97 cents (2023: HK 18.71 cents) per ordinary share for the six months ended 30 June 2024.

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.

The calculation of the basic and diluted earnings per share is based on:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	<u>2,410,985</u>	<u>2,526,909</u>
	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	Number of shares	Number of shares
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>6,537,821,440</u>	<u>6,537,821,440</u>

No adjustment has been made to the basic earnings per share amount presented for the periods ended 30 June 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.

10. 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, mature within three years, and principal protected upon the maturity dates.

11. RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

Included in the Group's receivables, prepayments and other receivables as at 30 June 2024 are trade and bills receivables of HK\$4,333,529,000 (31 December 2023: HK\$3,487,921,000), net of impairments, from the Group's customers. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The various group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade and bills receivables relate principally to the water distribution 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.

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	<u>599,610</u>	<u>351,275</u>
	4,372,322	3,527,495
Less: Loss allowance	<u>(38,793)</u>	<u>(39,574)</u>
	<u><u>4,333,529</u></u>	<u><u>3,487,921</u></u>

12. PAYABLES, ACCRUALS AND OTHER LIABILITIES

The Group's payables, accruals and other liabilities are non-interest-bearing and are normally settled on 60-day terms except for certain bills payables. Included in the Group's payables, accruals and other liabilities as at 30 June 2024 are trade and bills payables of HK\$5,606,026,000 (31 December 2023: HK\$6,070,290,000). An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the payment due date, is as follows:

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

13. BANK AND OTHER BORROWINGS

As at 30 June 2024, included in the Group's bank and 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).

14. 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.

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 HK 36.88 cents (2023: HK 38.65 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 HK 23.97 cents per ordinary share for the Period (2023: HK 18.71 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.

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.

Capacity of Water Resources Projects in Operation

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

<u>Name of subsidiaries of the Group</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.▲)	290,000	-
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.▲)	310,000	250,000
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
陽江粵海環保有限公司 (Yangjiang Guangdong Huanbao Co., Ltd.▲)	-	20,000
揭陽粵海水務有限公司 (Jieyang Guangdong Water Co., Ltd.▲)	560,000	-
普寧粵海水務有限公司 (Puning Guangdong Water Co., Ltd.▲)	500,000	-
潮州市粵海環保有限公司 (Chaozhou Guangdong Huanbao Co., Ltd.▲)	-	20,000
廣東粵海韶投水務有限責任公司 (Guangdong Shaotou Water Co., Ltd.▲)	674,000	-
吳川粵海環保有限公司 (Wuchuan Guangdong Huanbao Co., Ltd.▲)	-	25,000
平遠粵海水務有限公司 (Pingyuan Guangdong Water Co., Ltd.▲)	40,000	-
河北粵海水務集團有限公司 (Hebei Guangdong Water Group Co., Ltd.▲) and its subsidiaries	10,000	453,000
邳州粵海水務有限公司 (Pizhou Guangdong Water Co., Ltd.▲)	250,000	-

Capacity of Water Resources Projects in Operation (continued)

Name of subsidiaries of the Group (continued)	Water supply capacity (tons per day)	Waste water processing capacity (tons per day)
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	<u>8,786,800</u>	<u>2,054,400</u>
Total as at 30 June 2023	<u>8,136,800</u>	<u>1,929,400</u>
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	<u>1,950,000</u>	
Total as at 30 June 2023	<u>1,950,000</u>	

Capacity of Water Resources Projects under Construction

The water supply capacity of the water supply plants and the waste water processing capacity of the sewage treatment plants under construction by each of the subsidiaries of the Group as at 30 June 2024 are as follows:

<u>Name of subsidiaries of the Group</u>	<u>Water supply capacity (tons per day)</u>	<u>Waste water processing capacity (tons per day)</u>
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	<u>1,287,000</u>	<u>50,000</u>

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).

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)	<u>19,000</u>	90.2	<u>19,551</u>	<u>-</u>	<u>+100.0</u>
	<u>584,900</u>		<u>793,223</u>	<u>715,058</u>	<u>+10.9</u>

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

General Information of the Projects (continued)

Name of the property project	Status	Use	Interest held by GD Land	Approximate GFA of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Jiangmen GDH City (Land No. 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.

Sales of the Projects

		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
Name of the property project	Approximate GFA available for sale (sq. m.)	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

Sales of the Projects (continued)

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted		The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered		The proportion of accumulated GFA delivered to GFA available for sale
		Period under review (sq. m.)	Accumulated (sq. m.)		Period under review (sq. m.)	Accumulated (sq. m.)	
Zhuhai City							
Zhuhai Laurel House	145,781	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%
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).

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	
Teemall 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
	<u>197,540</u>	<u>389,592</u>	<u>403,813</u>	<u>-3.5</u>

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 中山粤海能源有限公司 (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%.

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.

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 14 of this announcement, 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.

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 RMB 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.

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.

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.

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 of 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 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, 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.

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 (the “Hong Kong Stock Exchange”).

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK 23.97 cents (2023: HK 18.71 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.

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, whose unmodified review report is included in the interim report to be sent to shareholders.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.gdi.com.hk) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

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

By Order of the Board

BAI Tao

Chairman

Hong Kong, 28 August 2024

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