GDH

GUANGDONG INVESTMENT LIMITED
(粵海投資有限公司)

(*Incorporated in Hong Kong with limited liability*)
(**Stock code: 270**)

2010 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights for the year ended 31 December

	2010	2009	Changes
	HK$'000	HK$'000	%
Revenue	**6,351,741**	5,915,758	+7.4
Profit for the year attributable to owners of the Company	**2,420,174**	2,044,254	+ 18.4
Earnings per share – Basic	**38.93HK cents**	33.03HK cents	+ 17.9
Dividends per share			
Interim	**5.00HK cents**	5.00HK cents	
Proposed final	**10.00HK cents**	6.00HK cents	
	15.00HK cents	11.00HK cents	+ 36.4

CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Guangdong Investment Limited (the "Company" or "GDI") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group" or the "GDI Group") for the year ended 31 December 2010 together with the comparative figures for 2009 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
REVENUE	4	6,351,741	5,915,758
Cost of sales		(2,159,474)	(2,140,177)
Gross profit		4,192,267	3,775,581
Other losses, net	4	(35,075)	(7,907)
Selling and distribution costs		(106,592)	(87,021)
Administrative expenses		(694,887)	(617,350)
Other operating income, net		354,686	36,460
Finance costs	5	(173,391)	(257,985)
Share of profit of a jointly-controlled entity		89,585	91,074
Share of profits less losses of associates		133,744	26,347
PROFIT BEFORE TAX	6	3,760,337	2,959,199
Income tax expense	7	(942,350)	(499,746)
PROFIT FOR THE YEAR		2,817,987	2,459,453
Attributable to:			
Owners of the Company	9	2,420,174	2,044,254
Non-controlling interests		397,813	415,199
		2,817,987	2,459,453
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		38.93 HK cents	33.03 HK cents
Diluted		38.75 HK cents	32.79 HK cents

Details of the dividends payable and proposed for the year are disclosed in note 8 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
PROFIT FOR THE YEAR	2,817,987	2,459,453
OTHER COMPREHENSIVE INCOME		
Fair value gains on property, plant and equipment	-	1,708
Exchange differences on translation of foreign operations	285,952	11,350
Net gains on cash flow hedges	84,627	200,459
OTHER COMPREHENSIVE INCOME FOR THE YEAR	370,579	213,517
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,188,566	2,672,970
Attributable to:		
Owners of the Company	2,726,059	2,233,141
Non-controlling interests	462,507	439,829
	3,188,566	2,672,970

CONSOLIDATED BALANCE SHEET

31 December 2010

	Notes	31 December 2010 HK$'000	31 December 2009 HK$'000 (Restated)	1 January 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		3,165,098	3,033,699	3,002,616
Investment properties		5,934,101	4,810,466	4,032,698
Prepaid land lease payments		101,986	103,581	107,903
Goodwill		266,146	266,146	262,370
Interests in a jointly-controlled entity		859,406	909,136	994,757
Interests in associates		1,087,102	184,521	274,118
Intangible assets		15,862,440	16,667,163	17,454,798
Prepayments and deposits		-	120,111	-
Deferred tax assets		22,099	15,773	16,361
Other long term assets		-	-	6
Total non-current assets		27,298,378	26,110,596	26,145,627
CURRENT ASSETS				
Available-for-sale investments		23	56,808	56,718
Tax recoverable		2,582	-	174
Inventories		59,749	49,399	50,190
Receivables, prepayments and deposits	10	596,158	563,315	722,807
Derivative financial instruments		122,958	136,009	169,367
Restricted cash and bank balances		-	-	2,831
Cash and cash equivalents		3,840,628	3,871,027	4,096,977
Total current assets		4,622,098	4,676,558	5,099,064
CURRENT LIABILITIES				
Payables and accruals	11	(1,838,458)	(1,736,315)	(1,512,351)
Tax payable		(323,438)	(181,239)	(268,282)
Derivative financial instruments		(425,064)	(417,493)	(312,770)
Due to non-controlling shareholders of subsidiaries		(401,770)	(367,013)	(346,825)
Interest-bearing bank borrowings		(720,249)	(1,584,903)	(310,409)
Other liabilities - current portion		(118,200)	(118,200)	(118,200)
Total current liabilities		(3,827,179)	(4,405,163)	(2,868,837)
NET CURRENT ASSETS		794,919	271,395	2,230,227
TOTAL ASSETS LESS CURRENT LIABILITIES - page 5		28,093,297	26,381,991	28,375,854

CONSOLIDATED BALANCE SHEET (continued)

31 December 2010

	31 December 2010 HK$'000	31 December 2009 HK$'000 (Restated)	1 January 2009 HK$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES - page 4	28,093,297	26,381,991	28,375,854
NON-CURRENT LIABILITIES			
Derivative financial instruments	(94,704)	(155,988)	(395,472)
Due to non-controlling shareholders of subsidiaries	(4,973)	(11,574)	(18,007)
Interest-bearing bank borrowings	(3,222,000)	(4,351,483)	(8,083,401)
Other liabilities	(1,566,278)	(1,525,263)	(1,680,072)
Deferred tax liabilities	(1,296,960)	(886,781)	(717,271)
Total non-current liabilities	(6,184,915)	(6,931,089)	(10,894,223)
Net assets	21,908,382	19,450,902	17,481,631
EQUITY			
Equity attributable to owners of the Company			
Issued capital	3,115,449	3,106,719	3,080,694
Reserves	15,377,962	13,550,498	11,945,145
Proposed final dividends	623,090	372,806	369,683
	19,116,501	17,030,023	15,395,522
Non-controlling interests	2,791,881	2,420,879	2,086,109
Total equity	21,908,382	19,450,902	17,481,631

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity and debt investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1. BASIS OF PREPARATION (continued)

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group losses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consideration:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributable to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the owners of the Company, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
Improvements to HKFRSs (May 2009)	Amendments to a number of HKFRSs*

* *Improvements to HKFRSs* (May 2009) contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendment to HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 5, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. As the Group did not have any business combination during the current year, the adoption of this revised standard has had no effect on the financial position or results of operations of the Group.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows: (continued)

(b) HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The amendments to HKAS 27 (Revised) result in changes in the accounting policies of the Group for (i) recognition of any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received directly in equity and attributed to the owners of the Company, in any case of change in the ownership interest in a subsidiary without loss of control; and (ii) attribution of profit or loss and other comprehensive income to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(c) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

HK Interpretation 5 concludes that loans subject to loan agreements which include a clause that gives the lender an unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. As the Group did not have any loan classified as non-current which is subject to a repayment on demand clause, the adoption of this interpretation has had no effect on the financial position of the Group.

(d) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS *7 Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the balance sheet can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009.* Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows: (continued)

(d) (continued)

- HKAS 17 *Leases* (continued)

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land lease payments" to finance leases under "property, plant and equipment". The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2010 HK$'000	2009 HK$'000
Consolidated income statement for the year ended 31 December		
Decrease in amortisation of prepaid land lease payments	(12,064)	(12,064)
Increase in depreciation of property, plant and equipment	12,064	12,064
	-	-
Consolidated balance sheet at 31 December		
Decrease in prepaid land lease payments, net	(706,558)	(718,622)
Increase in property, plant and equipment, net	706,558	718,622
	-	-
Consolidated balance sheet at 1 January		
Decrease in prepaid land lease payments, net		(730,686)
Increase in property, plant and equipment, net		730,686
		-

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures *– Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities. The changes resulting from the Amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 12 Amendments concern the determination of deferred tax on investment property measured at fair value. The aim of the amendments is to provide a practical solution for jurisdictions where entities currently find it difficult and subjective to determine the expected manner of recovery for investment property that is measured using the fair value model in HKAS 40 *Investment Property*. The Group expects to adopt HKAS 12 Amendments from 1 January 2012.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 property investment and development segment mainly invests in various properties in Hong Kong and Mainland China that are held for rental income purposes and engages in the development of properties in Mainland China. This segment also provides property management services to certain commercial properties;

(ii) The toll roads and bridges segment invests in various road and bridge projects in Mainland China;

(iii) The water distribution segment operates a water supply project in Mainland China supplying natural water to Hong Kong, Dongguan and Shenzhen;

(iv) The electric power generation segment operates coal-fire power plants supplying electricity and steam in the Guangdong Province, Mainland China;

(v) The hotel operations and management segment operates the Group's hotels and manage third parties' hotels in Hong Kong and Mainland China;

(vi) The department stores segment operates department stores in Mainland China; and

(vii) The "others" segment provides credit facilities in Hong Kong and engages in the provision of corporate services to other segments.

Management monitors the results of its 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 interest income, finance costs, other unallocated gains (net) and share of profits less losses of a jointly-controlled entity and associates are excluded from such measurement.

Segment assets exclude interests in associates, interests in a jointly-controlled entity, deferred tax assets, tax recoverable, cash and cash equivalents, derivative financial instruments and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated assets 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.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments

Group

	Property Investment and Development		Toll Roads and Bridges		Water Distribution	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	859,542	803,818	36,624	20,947	4,067,140	3,867,903
Intersegment sales	94,050	103,833	-	-	-	-
Other revenue from external sources (note)	5,375	15,986	6,014	114	6,800	3,307
Other revenue from intersegment (note)	-	-	-	-	-	-
Exchange differences, net	358	8	1,255	79	(14,986)	(29)
Total	959,325	923,645	43,893	21,140	4,058,954	3,871,181
Segment results	1,052,572	841,097	21,136	974	2,380,800	2,222,627
Interest income						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A jointly-controlled entity	-	-	89,585	91,074	-	-
Associates	-	-	8,244	7,300	-	-
Profit before tax						
Income tax expense						
Profit for the year						

-

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Electric Power Generation		Hotel Operations and Management		Department Stores	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	467,245	435,392	377,413	311,805	543,777	475,893
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	10,876	9,332	459	344	31,129	27,679
Other revenue from intersegment (note)	-	-	-	-	-	-
Exchange differences, net	(372)	(2,321)	1,418	247	-	-
Total	477,749	442,403	379,290	312,396	574,906	503,572
Segment results	81,244	(51,052)	73,246	19,372	234,858	190,391
Interest income						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A jointly-controlled entity	-	-	-	-	-	-
Associates	85,775	(10,637)	-	-	39,725	29,684
Profit before tax						
Income tax expense						
Profit for the year						

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Others 2010 HK$'000	Others 2009 HK$'000	Eliminations 2010 HK$'000	Eliminations 2009 HK$'000	Consolidated 2010 HK$'000	Consolidated 2009 HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	6,351,741	5,915,758
Intersegment sales	-	-	(94,050)	(103,833)	-	-
Other revenue from external sources (note)	1,802	1,786	-	-	62,455	58,548
Other revenue from intersegment (note)	3,697	3,584	(3,697)	(3,584)	-	-
Exchange differences, net	5,342	(1,023)	-	-	(6,985)	(3,039)
Total	10,841	4,347	(97,747)	(107,417)	6,407,211	5,971,267
Segment results	(35,927)	(57,191)	-	-	3,807,929	3,166,218
Interest income					46,290	65,703
Other unallocated losses, net					(143,820)	(132,158)
Finance costs					(173,391)	(257,985)
Share of profits less losses of:						
A jointly-controlled entity	-	-	-	-	89,585	91,074
Associates	-	-	-	-	133,744	26,347
Profit before tax					3,760,337	2,959,199
Income tax expense					(942,350)	(499,746)
Profit for the year					2,817,987	2,459,453

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Property Investment and Development		Toll Roads and Bridges		Water Distribution	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	7,254,016	5,972,669	132,537	129,715	16,780,186	17,665,213
Interests in associates	-	-	68,981	60,737	-	-
Interests in a jointly-controlled entity	-	-	859,406	909,136	-	-
Unallocated assets						
Total assets						
Segment liabilities	649,878	563,586	91,071	87,043	1,643,111	1,720,214
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	33,688	32,007	8,299	5,453	866,684	868,404
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	143,820	132,158
Impairment losses recognised in the income statement	-	-	-	-	-	-
Impairment losses reversed in the income statement	-	-	-	-	-	-
Other non-cash expenses/ (income), net	(381,433)	(203,296)	-	-	(61)	(79)
Capital expenditure *	790,404	709,412	7,054	30,329	8,176	3,163

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and investment properties.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Electric Power Generation		Hotel Operations and Management		Department Stores	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	165,285	157,373	1,541,547	1,561,006	60,596	75,501
Interests in associates	867,181	5,987	-	-	150,940	117,797
Interests in a jointly-controlled entity	-	-	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	521,121	488,616	70,161	52,439	927,805	817,328
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	6,760	5,547	63,238	68,366	5,739	5,709
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	-	-
Impairment losses recognised in the income statement	-	75,405	7,167	36,674	-	-
Impairment losses reversed in the income statement	-	(5,067)	(572)	(113)	-	-
Other non-cash expenses/ (income), net	-	-	(18)	216	-	-
Capital expenditure *	1,365	72,063	22,192	14,929	4,306	1,108

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and investment properties.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Others		Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	40,269	41,209	-	-	25,974,436	25,602,686
Interests in associates	-	-	-	-	1,087,102	184,521
Interests in a jointly-controlled entity	-	-	-	-	859,406	909,136
Unallocated assets			-		3,999,532	4,090,811
Total assets					31,920,476	30,787,154
Segment liabilities	14,987	16,873	-	-	3,918,134	3,746,099
Unallocated liabilities					6,093,960	7,590,153
Total liabilities					10,012,094	11,336,252
Other segment information:						
Depreciation and amortisation	483	270	-	-	984,891	985,756
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	143,820	132,158
Impairment losses recognised in the income statement	-	-	-	-	7,167	112,079
Impairment losses reversed in the income statement	-	-	-	-	(572)	(5,180)
Other non-cash expenses/ (income), net	-	-	-	-	(381,512)	(203,159)
Capital expenditure *	766	351	-	-	834,263	831,355

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and investment properties.

3. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

The following table presents revenue and certain asset information for the Group's geographical information for the years ended 31 December 2010 and 2009.

Group

	2010 HK$'000	2009 HK$'000
Revenue from external customers		
Hong Kong	224,551	179,768
Mainland China	6,127,190	5,735,990
	6,351,741	5,915,758

The revenue information above is based on the location in which the Group operates.

	2010 HK$'000	2009 HK$'000
Non-current assets		
Hong Kong	1,539,087	1,598,856
Mainland China	25,737,192	24,495,967
	27,276,279	26,094,823

The non-current assets information above are based on the location of assets and excludes deferred tax assets.

(c) Information about a major customer

Revenue of approximately HK$3,146,000,000 (2009: HK$2,959,000,000) was derived from sales by the water distribution segment to a single customer.

4. REVENUE AND OTHER LOSSES, NET

Revenue, which is also the Group's turnover, represents the invoiced value of water and electricity sold; the gross invoiced revenue arising from the sale of goods in department stores; commissions from concessionaire sales; revenue from hotel ownership and operations; rental income; and toll revenue during the year.

An analysis of revenue, other income and losses is as follows:

	2010 HK$'000	2009 HK$'000
Revenue		
Sale of water and electricity	4,534,385	4,303,295
Sale of goods	55,831	56,427
Commissions from concessionaire sales	487,946	419,466
Hotel and rental income	1,236,955	1,115,623
Toll revenue	36,624	20,947
	6,351,741	5,915,758
Other income		
Bank interest income	46,290	65,703
Others	62,455	58,548
	108,745	124,251
Other losses		
Changes in fair value of derivative financial instruments not qualified as hedges, net	(143,820)	(132,158)
	(35,075)	(7,907)

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2010 HK$'000	2009 HK$'000
Interest on bank borrowings wholly repayable [1]:		
Within five years	35,515	74,037
Over five years	4,081	5,657
Total interest expense on financial liabilities not at fair value through profit or loss	39,596	79,694
Finance charges on cash flow hedges, net	133,795	176,915
Other finance costs	-	1,376
Total finance costs for the year	173,391	257,985

(1) Net of government grants of HK$17,642,000 (2009: HK$27,945,000) in respect of subsidies for interest expense arising from bank loans borrowed by the Group for the purpose of the Dongshen Water Supply Phase IV Renovation Project. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	2010 HK$'000	2009 HK$'000 (Restated)
Cost of inventories sold*	413,677	319,655
Depreciation	165,172	169,575
Recognition of prepaid land lease payments	4,493	4,459
Amortisation of intangible assets*	815,226	811,716
Minimum lease payments under operating leases in respect of land and buildings	47,884	41,054
Auditors' remuneration	6,855	6,643
Employee benefit expense (excluding directors' remuneration)		
Wages and salaries	412,823	406,858
Equity-settled share option expense	1,744	3,003
Pension scheme contributions	50,351	45,738
Less: Forfeited contributions	(44)	(10)
Net pension scheme contributions#	50,307	45,728
	464,874	455,589
Gross rental income from investment properties	(736,571)	(692,565)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	68,421	64,937
Net rental income from investment properties	(668,150)	(627,628)
Foreign exchange differences, net	6,985	3,039
Changes in fair value of investment properties^	(381,433)	(203,296)
Impairment of items of property, plant and equipment^	7,167	36,183
Write-back of impairment of interests in an associate^	-	(5,067)
Impairment of interests in an associate^	-	75,405
Loss/ (gain) on disposal of items of intangible assets, net^	(320)	4,869

* These costs and expenses are included in "Cost of sales" on the face of the consolidated income statement.

\# As at 31 December 2010 and 2009, the Group had no material forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years.

^ Included in "Other operating income, net" on the face of the consolidated income statement.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 (the "New CIT Tax Law"), which became effective from 1 January 2008, enterprises are subject to corporate income tax ("CIT") at a rate of 25%. According to the "Notice by the PRC State Council on the Implementation of the Grandfathering Preferential Policies under the PRC Income Tax Law", the applicable tax rates in the coming years for enterprises which previously enjoyed a lower CIT rate of 15% are 18% in 2008; 20% in 2009; 22% in 2010; 24% in 2011; and 25% in 2012 and thereafter.

	2010 HK$'000	2009 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	13,433	7,534
Overprovision in prior years	-	(59)
Current - Mainland China		
Charge for the year	551,481	416,023
Under/(over) provision in prior years	6,837	(92,736)
Deferred	370,599	168,984
Total tax charge for the year	942,350	499,746

8. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Interim – 5.0 HK cents (2009: 5.0 HK cents) per ordinary share	310,697	310,672
Proposed final – 10.0 HK cents (2009: 6.0 HK cents) per ordinary share	623,090	372,806
	933,787	683,478

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The total final dividend payable is based on the total number of shares as at the date of approval of these financial statements by the board of directors.

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

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

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	2010 HK$'000	2009 HK$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	2,420,174	2,044,254

	Number of shares 2010	 2009
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,216,931,989	6,188,452,455
Effect of dilution - weighted average number of ordinary shares that assumed to have been issued:		
Share options	28,920,943	45,701,078
For the purpose of diluted earnings per share calculation	6,245,852,932	6,234,153,533

10. RECEIVABLES, PREPAYMENTS AND DEPOSITS

Included in the Group's receivables, prepayments and deposits are trade receivables, 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. Invoices are normally payable within 30 days to 180 days of issue. Credit limits are set for customers. 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 receivables relate principally to the water distribution and electricity supply business (2009: electricity supply business) and the Group has a certain concentration of credit risk as 18% (2009: 22%) of the total trade receivables were due from one of the Group's major customers.

An aged analysis of the Group's trade receivables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 3 months	247,877	186,642
3 months to 6 months	2,190	347
6 months to 1 year	310	1,365
More than 1 year	11,535	11,389
	261,912	199,743
Less: Impairments	(10,642)	(11,170)
	251,270	188,573

11. PAYABLES AND ACCRUALS

Included in the Group's payables and accruals are trade payables. An aged analysis of the Group's trade payables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 3 months	379,775	322,651
3 months to 6 months	108	217
6 months to 1 year	2,154	992
	382,037	323,860

12. COMPARATIVE AMOUNTS

As further explained in note 2.1 to this announcement, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third consolidated balance sheet as at 1 January 2009 has been presented.

CHAIRMAN'S STATEMENT

RESULTS

I am pleased to be able to report that our results for 2010 maintained a steady growth. The Group's audited consolidated net profit attributable to shareholders for 2010 amounted to HK$2,420 million (2009: HK$2,044 million), an increase of 18.4% over 2009. Basic earnings per share was 38.93 HK cents (2009: 33.03 HK cents), an increase of 17.9% over 2009.

DIVIDEND

The Board recommends a final dividend of 10.0 HK cents per share for 2010. Aggregating such dividend with the interim dividend of 5.0 HK cents per share paid in 2010, the total dividend for the entire year will be 15.0 HK cents (2009: 11.0 HK cents) per share. The said 2010 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on 18 July 2011.

REVIEW

Facing the challenges of adverse economic situation at home and abroad after the global financial crisis in 2010, the Group worked in unison in proactively responding to the changing market competitions, correctly assessing the economic situations, coordinating various operating inconsistencies and capturing the opportunities of enhancing profitability, and thereby achieving better operating results in securing the sustainable and steady development of the enterprise.

Through the effort of management, the Group's net profit attributable to shareholders increased by 18.4% to HK$2,420 million, and profit before tax increased by 27.1% or HK$801 million to HK$3,760 million. The growth was mainly attributed to the contributions from our property investment, water distribution and department stores businesses.

PROSPECTS

In 2011, the continuing severe market conditions and uncertain economic trends would require the Group to focus all staff efforts to weather difficult times through correct judgement of the directions of macroeconomic trends, enhancing our ability to master the markets, raising management standards even further so as to secure its healthy and sustainable development.

For our investment projects, we will insist on interweaving our premier segments with prudent risk control and leveraging on our substantial available funds and low debt level to seek for investment opportunities prevailing in the present economic environment that will give us a leading position. In accordance with the Group's investment and development strategies, we will be focusing on the utility, commercial property and infrastructure industries while actively looking for water, commercial property, expressways and power generation related projects as long-term development targets so as to create higher values for shareholders.

Finally, on behalf of the Board, I would like to thank all shareholders for their support and also all our management and staff for their dedication and hard work and the good results they have helped the Group to achieve.

HUANG Xiaofeng
Chairman
Hong Kong, 31 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The consolidated revenue of the Group for 2010 was HK$6,352 million (2009: HK$5,916 million), an increase of 7.4% as compared with that in year 2009. The growth was mainly contributed by water distribution business, property investment business, department stores businesses and the recovery of hotel businesses.

The consolidated net profit attributable to shareholders of the Group increased by 18.4% to HK$2,420 million (2009: HK$2,044 million). The profit before tax increased by 27.1% or HK$801 million to HK$3,760 million (2009: HK$2,959 million). The growth was mainly contributed by property investment businesses, water distribution business and department stores businesses.

An increase in the fair value of investment properties by HK$381 million (2009: HK$203 million) was recorded in the consolidated income statement for the year. Mainly because of the low interest rate and early repayment of the Group's financial borrowings, the finance cost further decreased by 32.9% to HK$173 million.

The basic earnings per share were 38.93 HK cents (2009: 33.03 HK cents), representing an increase of 17.9% as compared with that in 2009.

BUSINESS OVERVIEW

A summary of the performance of the Group's major businesses during 2010 is as follows:

Water Distribution

Profit contribution from the Dongshen Water Supply Project remained significant to the Group. The Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") is 89.08% as at 31 December 2010. GH Water Holdings in turn has a 99% interest in Guangdong Yue Gang Water Supply Company Limited, owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion cubic meters. The total water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 1.963 billion cubic meters (2009: 1.993 billion cubic meters), a decrease of 1.5%, generating revenue of HK$4,067,140,000 (2009: HK$3,867,903,000), an increase of 5.2%.

Pursuant to the Hong Kong Water Supply Agreement for 2009 to 2011 entered into between the Government of Hong Kong Special Administrative Region and the Guangdong Provincial Government in 2008, the total annual revenue for water sales to Hong Kong for the three years 2009, 2010 and 2011 are to be HK$2,959 million, HK$3,146 million and HK$3,344 million, respectively. The Hong Kong water sales revenue for the year increased by 6.3% to HK$3,146 million (2009: HK$2,959 million). The water sales revenue to Shenzhen and Dongguan areas for the year increased by 1.3% to HK$921,140,000 (2009: HK$908,903,000).

The profit before tax of the water distribution business for the year was HK$2,067,922,000 (2009: HK$1,840,706,000), 12.3% higher than that in last year.

Electric Power Generation

Zhongshan Power Plant

The Group's effective interest in 中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.) ("ZTP") is 59.85% (Zhongshan Power (Hong Kong) Limited ("ZPHK"), a 95% owned subsidiary of the Company holding a 63% interest in ZTP). ZTP has 2 power generation units with a total installed capacity of 110 MW and steam generation capacity of 80 tons per hour. Sales of electricity for the year amounted to 713 million kwh (2009: 688 million kwh), an increase of 3.6%. As a result of the increase in sales, revenue for the year amounted to HK$402,600,000 (2009: HK$389,049,000), an increase of 3.5%. However, due to the significant increase in coal price, the profit margin for the year had decreased substantially as compared to that in 2009. The profit before tax for the year was HK$80,622,000 (2009: HK$156,697,000).

On 22 July 2009, ZPHK entered into two agreements with 中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd.) ("Xing Zhong") regarding a proposed project for the construction of two 300 MW heat and electricity supply plants (the "Zhongshan Project") utilising the existing land and certain auxiliary facilities of ZTP. Pursuant to the aforesaid agreements, ZPHK and Xing Zhong have agreed to make additional contribution into ZTP in order to provide part of the funding for the Zhongshan Project, and their respective interests in ZTP will then be adjusted to 75% and 25% after the completion of the contribution. ZPHK and Xing Zhong have also agreed to extend the original term of the joint venture, which is due to expire in 2013, for another 30 years from the issue of new business licence to ZTP after the approval of the Zhongshan Project by the relevant PRC authorities. In order to facilitate the obtaining of all requisite PRC government approvals for the Zhongshan Project, the existing power generating units of ZTP may be closed down in the future.

廣東粵電靖海發電有限公司 (Guangdong Yudean Jinghai Power Generation Co., Ltd.)("Yudean Jinghai Power")

The Group acquired the entire issued share capital of and shareholder's loan to Golden River Chain Limited ("Golden River") on 4 January 2010 at a total consideration of HK$600,000,000. During the year, the Group made further capital contributions into Yudean Jinghai Power amounted to HK$196,405,000. Golden River has an indirect equity interest of 25% of Yudean Jinghai Power, which owns 2 power generation units with a total installed capacity of 1,200 MW. Sales of electricity for the year amounted to 6,856 million kwh. Revenue and profit before tax of Yudean Jinghai Power for the year amounted to HK$3,335,023,000 and HK$456,977,000, respectively.

廣東省韶關粵江發電有限責任公司 (Guangdong Shaoguan Yue Jiang Power Supply Limited) ("Yue Jiang Power")

The Group's effective interest in Yue Jiang Power is 11.48%. Yue Jiang Power has 2 power generation units with a total installed capacity of 600 MW. Sales of the electricity for the year amounted to 3,001 million kwh (2009: 3,122 million kwh), a decrease of 3.9%. Revenue for the year amounted to HK$1,589,515,000 (2009: HK$1,629,379,000), a decrease of 2.4% which was mainly due to the decrease in the electricity sales. Because of the increase of operating cost and the decrease in tariff, Yue Jiang Power suffered a loss before tax of HK$200,407,000 for the year whereas a profit before tax of HK$80,154,000 was recorded in 2009. However, as full provision have been made against the investment in Yue Jiang Power in 2009, no further loss was shared from Yue Jiang Power in the Group for the year.

Meixian Power Plant

The Group's effective interest in Meixian Power Plant is 12.25% (a 49% associate of the Company, Guangdong Power Investment Limited ("GD Power Investment"), holding a 25% interest in the project). During the year, no dividend income was received by GD Power Investment from this investment (2009: Nil).

Toll Roads and Bridges

"1 Road and 2 Bridges"

During the year, the share of profit of a Group's 51% owned jointly-controlled entity (the "JCE") which holds interests in the "1 Road and 2 Bridges" project amounted to HK$89,585,000 (2009: HK$91,074,000), a decrease of 1.6%.

(i) Humen Bridge

The JCE has a profit sharing ratio of 23% in this project. During the year, average daily traffic flow of this bridge increased by 16.3% to 67,080 vehicle trips (2009: 57,682 vehicle trips). Revenue for the year amounted to HK$1,160,920,000 (2009: HK$982,928,000), an increase of 18.1%. Accordingly, the profit before tax for the year increased by 17.8% to HK$895,890,000 (2009: HK$760,213,000).

(ii) Shantou Haiwan Bridge

The JCE holds a 30% interest in this project. During the year, average daily traffic flow of this bridge increased by 7.1% to 14,467 vehicle trips (2009: 13,508 vehicle trips). Revenue for the year increased by 11.2% to HK$215,118,000 (2009: HK$193,512,000). The profit before tax for the year was HK$158,125,000 (2009: HK$143,813,000), an increase of 10.0%.

(iii) Guangzhou-Shantou Highway (Huizhou Section)

The JCE held a 51% interest in this project. During the year, the government of Huizhou City acquired all the interest in this project at a consideration of RMB136,380,000, resulting in a disposal gain of HK$8,549,000.

Yingkeng Highway

The Group's effective interest in this project is 70%. During the year, average daily traffic flow of this highway decreased by 2.3% to 4,127 vehicle trips (2009: 4,222 vehicle trips). Revenue increased by 74.8% to HK$36,624,000 (2009: HK$20,947,000) as a result of the implementation of the weight-based charge method effective from November 2009, and therefore overloaded vehicles were required to pay at a higher tariff. The profit before tax for the year increased to HK$19,935,000 (2009: loss before tax of HK$7,088,000).

Panyu Bridge

The Group's effective interest in this project is 20%. During the year, the average daily traffic flow of this bridge decreased by 9.5% to 47,367 vehicle trips (2009: 52,349 vehicle trips). As a result, revenue for the year decreased by 6.6% to HK$129,072,000 (2009: HK$138,142,000). However, the profit before tax for the year increased to HK$59,430,000 (2009: HK$50,248,000) because of a compensation received for certain land resumed by government, amounted to RMB12,952,000.

Property Investment

Mainland China

Teem Plaza

As at 31 December 2010, the Group held an effective equity interest of 76.09% in 廣東天河城(集團)股份有限公司(Guangdong Teem (Holdings) Limited) ("GD Teem"), which owns the investment property Teem Plaza comprising of a shopping mall, an office building and a hotel.

Revenue of Teem Plaza, comprising rental income from both the shopping mall (including rentals from department store run by the Group) and the office building, during the year reached HK$883,037,000 (2009: HK$837,047,000), an increase of 5.5%. The profit before tax for the year excluding the revaluation gain increased by 3.7% to HK$633,777,000 (2009: HK$611,174,000).

The Teemall, one of the most popular shopping malls in the prime area of Guangzhou, has a total gross floor area and lettable area of approximately 160,000 square meters and 97,000 square meters, respectively. The mall is operated at a full capacity with an average occupancy rate of approximately 99% during the year (2009: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones. The strong demands for shop spaces in the mall and the use of the open tender system for selecting tenants resulted in rental increase.

The office building, known as the Teem Tower (粵海天河城大廈), is a 45-storey Grade A office tower with a total gross floor area and lettable area of approximately 102,000 square meters and 90,000 square meters, respectively. With an occupancy rate of 93% (2009: 87%) as at 31 December 2010, the total rental income for the year was HK$152,710,000 (2009: HK$136,070,000), an increase of 12.2%. The profit before tax for the year increased to HK$147,294,000 (2009: HK$132,945,000), an increase of 10.8%.

The hotel, which will be a 5-star hotel with approximately 450 hotel rooms, is expected to be completed in near future. Sheraton Overseas Management Corporation has been engaged to operate, manage and promote the hotel under the name of Sheraton Guangzhou Hotel (粵海喜來登酒店) for an initial 10-year term. The estimated total development cost of the hotel (inclusive of both the historic land and further development costs) is about HK$993 million, of which approximately HK$758 million has been invested as at 31 December 2010.

Tianjin Teem Shopping Mall

In 2009, GD Teem acquired a piece of land in Tianjin. The land will be developed into a large-scale modern shopping mall with a total gross floor area above ground and underground of approximately 137,100 square meters and 56,000 square meters respectively. The estimated total investment of the mall is about RMB2,130 million, of which approximately HK$1,056 million has been invested as at 31 December 2010. The mall is expected to be completed in 2013.

Hong Kong

Guangdong Investment Tower

Average occupancy rate of the Guangdong Investment Tower for 2010 was 99.5% (2009: 96.5%), which was 3% higher than that in 2009. As a result, the total rental income for the year was HK$32,890,000 (2009: HK$32,174,000), an increase of 2.2%.

Department Stores Operations

As at 31 December 2010, the Group held an effective interest of 85.18% in (i) 廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.) which operates the Teemall Store and Teemall Store – Beijing road branch ("Ming Sheng Store"); and (ii) 廣州市天河城萬博百貨有限公司 which operates the 天河城百貨歐萊斯折扣店("Wan Bo Store"). The 3 stores in aggregate with leased area of approximately 63,000 square meters (2009: 62,100 square meters) generated revenue of HK$543,777,000 (2009: HK$475,893,000), an increase of 14.3%. The profit before tax for the year was HK$254,049,000 (2009: HK$213,404,000), an increase of 19.0%.

The Teemall Store sells a wide range of products and its sales rank very high among the major department stores in Guangzhou. The revenue of the Teemall Store increased by 10.5% to HK$433,505,000 (2009: HK$392,173,000) arising from the improvement of the retail market and the success of various promotion activities launched at Teemall Store during the year.

The revenue of Ming Sheng Store for the year was HK$46,677,000 (2009: HK$34,338,000), an increase of 35.9%.

The Wan Bo Store operates as an outlet mall selling brand-name products at substantial discount. The revenue of Wan Bo Store for the year was HK$63,595,000 (2009: HK$49,382,000), an increase of 28.8%.

During the year, the Group's share of profit of 廣東吉之島天貿百貨有限公司 (Guangdong Jusco Teem Stores Co., Ltd.), a 26.63% associate of the Group, amounted to HK$39,725,000 (2009: HK$29,684,000), an increase of 33.8%.

Hotel Operations and Management

As at 31 December 2010, our hotel management team managed a total of 38 hotels (2009: 38 hotels), of which 2 were in Hong Kong, 1 in Macau and 35 in Mainland China. Of these 38 hotels, 7 were owned or lease owned by the Group (2 in Hong Kong, 2 in Shenzhen, 1 in Zhuhai, 1 in Zhengzhou and 1 in Changzhou).

Among the 7 hotels owned or lease owned by the Group, 4 were star-rated hotels and 3 were limited service hotels. During the year, the average room rate of the star-rated hotels of the Group in Hong Kong, Shenzhen and Zhuhai was HK$612 (2009:HK$508), an increase of 20.5%. The average room rate of the 3 limited service hotels of the Group in Shenzhen, Zhengzhou and Changzhou was HK$202 (2009:HK$199), an increase of 1.5%.

For the hotel business as a whole, the revenue for the year increased by 21.0% to HK$377,413,000 (2009: HK$311,805,000), and profit before tax increased to HK$75,448,000 (2009: HK$22,759,000). The increase was due to the economic recovery during the year and impairments of HK$36,183,000 was made in the last year.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 31 December 2010, the cash and bank balances of the Group decreased by HK$30 million to HK$3,841 million (2009: HK$3,871 million), of which 20% in Hong Kong dollars, 79% in Renminbi and 1% in US dollars.

During the year under review, the level of the Group's financial borrowing decreased by HK$2,112 million due to the repayment of certain interest-bearing debts.

As at 31 December 2010, the Group's financial borrowings amounted to HK$5,361 million (2009: HK$7,473 million), of which 6% in Renminbi and 94% in Hong Kong dollars, including the non-interest-bearing receipt in advance of HK$1,418 million. Of the Group's total financial borrowings, HK$839 million was repayable within one year while the remaining balance of HK$3,375 million and HK$1,147 million are repayable within two to five years and beyond five years from the balance sheet date, respectively.

The Group maintained nil undraw credit facilities as at 31 December 2010 (2009: RMB50 million).

The gearing (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) of the Group as at 31 December 2010 was 10% (2009: 23%). The improvement is in fact a reflection of the reduction in the level of the Group's financial borrowings and the increase in the net assets of the Group. The Group is in a healthy debt servicing position as the EBITDA /finance cost is 27.08 times (2009: 15.84 times).

The existing cash resources and available credit facilities 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

As at 31 December 2010, none of the Group's property, plant and equipment, investment properties, intangible assets and bank deposits was pledged to secure general banking facilities granted to the Group (2009: Nil).

CAPITAL EXPENDITURE

The Group's capital expenditure in 2010 amounted to HK$834 million which was principally related to the land and development cost for the Tianjin Teem Shopping Mall and the construction in progress of the Sheraton Guangzhou Hotel.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 31 December 2010, total Renminbi borrowings amounted to HK$320 million (2009: HK$620 million).

As at 31 December 2010, the Group's total floating rate borrowings amounted to HK$3,942 million (2009: HK$5,936 million). For the purpose of interest rate risk management, the Group has entered into certain fixed interest rate swap agreements, amounting to HK$5,400 million (2009: HK$5,400 million), which will be terminated at the end of 2012.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2010, the Group had a total of 3,879 employees, of which 751 were at the managerial level. Among the employees, 3,665 were employed by subsidiaries in Mainland China and 214 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the year was approximately HK$412,823,000 (2009: HK$406,858,000).

In 2010, even when facing the challenges of adverse economic situation at home and abroad after the global financial crisis, the Group has raised its management standard further for efficiency and competitive advantages guided by the scientific approach to development. Despite the unfavourable external conditions in the past year, all these measures have made it possible for the Group to successfully maintain a stable and healthy growth. To sustain our growth in the long term, the Group has implemented the core value of corporate culture, "Credibility, Integrity and Profitability", as well as, a set of people-oriented human resources strategies, which aim at improving the performance appraisal, assessment and incentive mechanisms, creating an environment of nurturing and excelling our human resources, training and developing management and technical personnel, so as to satisfy the requirement of corporate rapid development. The Group has put in place the mechanism for regular performance appraisals of and feedback to senior management staff to ensure their integrity and performance. Our remuneration and incentive packages are driven mainly by the operating results. In order to effectively motivate our employees, the incentive bonuses we pay to our management, key staff and employees with outstanding performance are determined by reference to the operating net cash flows and profits after tax, as well as by a policy that links rewards with individual performance. The Group has adopted a share option scheme to attract and motivate outstanding employees to contribute to the continuing success of the Group in the long run. In terms of staff training and development, the Group encourages and subsidizes our staff to actively participate in relevant professional development and training programs. The Group has also continued to offer its various functional skilled-based and general corporate culture internal training to upgrade the overall quality of all our staff and thereby lay down a solid foundation for the sustainable growth and development of the Group in the years ahead.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In the opinion of the directors of the Company, the Company has complied with the code provisions set out in the CG Code and, where appropriate, the applicable recommended best practices of the CG Code.

REVIEW OF RESULTS

The results of the Group for the year ended 31 December 2010 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited save and except that the Company has issued the following new ordinary shares to certain option holders during the year pursuant to the Company's share option schemes adopted on 31 May 2002 and 24 October 2008:

	Number of new ordinary shares issued	Exercise price per ordinary share HK$	Cash consideration HK$
	1,500,000	3.405	5,107,500
	15,960,000	1.880	30,004,800
Total	17,460,000		35,112,300

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 1 June 2011 to Friday, 3 June 2011, both days inclusive, during such period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 May 2011.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 31 March 2011

As at the date of this announcement, the Board of the Company comprises three Executive Directors, Mr. HUANG Xiaofeng, Mr. ZHANG Hui and Mr. TSANG Hon Nam; six Non-Executive Directors, Dr. CHENG Mo Chi, Moses, Mr. WU Jianguo, Ms. XU Wenfang, Mr. LI Wenyue, Mr. LI Wai Keung and Mr. SUN Yingming; and three Independent Non-Executive Directors, Dr. CHAN Cho Chak, John, Dr. The Honourable LI Kwok Po, David and Mr. FUNG, Daniel R.