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

（Incorporated in Hong Kong with limited liability）
（**Stock code: 0270**）

2012 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights for the year ended 31 December

	2012	2011	Changes
	HK$'000	HK$'000	%
		(Restated)	
Revenue	**7,736,095**	7,161,377	+8.0
Profit for the year attributable to owners of the Company	**3,413,824**	3,006,728	+ 13.5
Earnings per share – Basic	**54.77 HK cents**	48.25 HK cents	+ 13.5
Dividends per share			
Interim	**7.00 HK cents**	7.00 HK cents	
Proposed final	**13.00 HK cents**	11.00 HK cents	
	20.00 HK cents	18.00 HK cents	+ 11.1

CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
REVENUE	4	7,736,095	7,161,377
Cost of sales		(2,649,416)	(2,533,832)
Gross profit		5,086,679	4,627,545
Other income and losses, net	4	335,733	132,203
Changes in fair value of investment properties		794,601	776,652
Selling and distribution expenses		(170,057)	(149,828)
Administrative expenses		(1,060,757)	(841,036)
Other operating expenses, net		(52,038)	(152,813)
Finance costs	5	(164,575)	(161,760)
Share of profit of a jointly-controlled entity		81,527	82,588
Share of profits less losses of associates		70,573	107,976
PROFIT BEFORE TAX	6	4,921,686	4,421,527
Income tax expense	7	(953,672)	(936,562)
PROFIT FOR THE YEAR		3,968,014	3,484,965
Attributable to:			
Owners of the Company	9	3,413,824	3,006,728
Non-controlling interests		554,190	478,237
		3,968,014	3,484,965
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		54.77 HK cents	48.25 HK cents
Diluted		54.58 HK cents	48.08 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 2012

	2012 HK$'000	2011 HK$'000 (Restated)
PROFIT FOR THE YEAR	3,968,014	3,484,965
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	(1,500)	463,477
Fair value gains on property, plant and equipment	393	-
Cash flow hedges:		
Net movement on cash flow hedges	122,482	105,928
OTHER COMPREHENSIVE INCOME FOR THE YEAR	121,375	569,405
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,089,389	4,054,370
Attributable to:		
Owners of the Company	3,497,331	3,466,022
Non-controlling interests	592,058	588,348
	4,089,389	4,054,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	31 December 2012 HK$'000	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		3,100,116	3,294,283	3,165,098
Investment properties		9,459,530	7,106,639	5,934,101
Prepaid land lease payments		96,772	101,501	101,986
Goodwill		266,146	266,146	266,146
Investment in a jointly-controlled entity		720,386	806,620	859,406
Investments in associates		1,482,287	1,346,244	1,087,102
Intangible assets		14,124,484	14,933,423	15,862,440
Prepayments and deposits		-	342,702	-
Deferred tax assets		28,747	23,580	22,099
Total non-current assets		29,278,468	28,221,138	27,298,378
CURRENT ASSETS				
Available-for-sale investments		431,655	25	23
Tax recoverable		86	-	2,582
Inventories		56,717	61,317	59,749
Receivables, prepayments and deposits	10	3,122,795	2,941,673	596,158
Derivative financial instruments		-	64,453	122,958
Cash and cash equivalents		4,472,271	3,542,958	3,840,628
Total current assets		8,083,524	6,610,426	4,622,098
CURRENT LIABILITIES				
Payables and accruals	11	(2,639,494)	(2,545,073)	(1,956,658)
Tax payable		(365,617)	(399,606)	(323,438)
Derivative financial instruments		-	(265,473)	(425,064)
Due to non-controlling shareholders of subsidiaries		(315,991)	(317,919)	(401,770)
Interest-bearing bank borrowings		(238,000)	(2,484,400)	(720,249)
Total current liabilities		(3,559,102)	(6,012,471)	(3,827,179)
NET CURRENT ASSETS		4,524,422	597,955	794,919
TOTAL ASSETS LESS CURRENT LIABILITIES - page 5		33,802,890	28,819,093	28,093,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2012

	31 December 2012 HK$'000	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES - page 4	33,802,890	28,819,093	28,093,297
NON-CURRENT LIABILITIES			
Derivative financial instruments	-	-	(94,704)
Due to non-controlling shareholders of subsidiaries	-	-	(4,973)
Interest-bearing bank borrowings	(2,547,407)	(1,346,206)	(3,222,000)
Other liabilities	(1,198,821)	(1,369,914)	(1,566,278)
Deferred tax liabilities	(1,672,413)	(1,602,308)	(1,257,072)
Total non-current liabilities	(5,418,641)	(4,318,428)	(6,145,027)
Net assets	28,384,249	24,500,665	21,948,270
EQUITY			
Equity attributable to owners of the Company			
Issued capital	3,117,103	3,116,499	3,115,449
Reserves	20,110,448	17,849,068	15,417,850
Proposed final dividends	810,447	685,630	623,090
	24,037,998	21,651,197	19,156,389
Non-controlling interests	4,346,251	2,849,468	2,791,881
Total equity	28,384,249	24,500,665	21,948,270

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 ("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, available-for-sale investments and derivative financial instruments 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

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it 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.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The Group's completed investment properties that were measured at fair value amounted to HK$5,882,618,000 as of 1 January 2012 (1 January 2011: HK$4,877,896,000). Upon the adoption of HKAS 12 Amendments, the Group has remeasured the deferred tax relating to certain of these investment properties that amounted to HK$615,410,000 as of 1 January 2012 (1 January 2011: HK$538,830,000) on the presumption that the carrying amounts will be recovered through sale.

The effects of the above change are summarised below:

	2012 HK$'000	2011 HK$'000
Consolidated income statement for the year ended 31 December		
Decrease in income tax expense	8,312	12,631
Increase in profit for the year	8,312	12,631
Increase in basic earnings per share (HK cents)	0.13	0.20
Increase in diluted earnings per share (HK cents)	0.13	0.20
Consolidated statement of financial position at 31 December		
Decrease in deferred tax liabilities and total non-current liabilities	(60,831)	(52,519)
Increase in net assets and reserves	60,831	52,519
Consolidated statement of financial position at 1 January		
Decrease in deferred tax liabilities and total non-current liabilities		(39,888)
Increase in net assets and reserves		39,888

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group as the Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use and the related deferred tax is not remeasured.

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group has assessed the potential impact of applying HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 27 (2011) and HKAS 28 (2011) and no significant impact to the Group is expected.

Management is in the process of making an assessment of the impact of the other new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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 the mainland of the People's Republic of China（the "PRC" or "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 department stores segment operates department stores in Mainland China;

(iii) The water distribution segment operates water supply projects in Mainland China;

(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 manages third parties' hotels in Hong Kong and Mainland China;

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, other unallocated gains/(losses), net and share of profits less losses of a jointly-controlled entity and associates are excluded from such measurement.

Segment assets exclude investments in associates, an investment in a jointly-controlled entity, deferred tax assets, tax recoverable, cash and cash equivalents, available-for-sale investments, 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 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.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments

Group

	Property investment and development		Department stores		Water distribution	
	2012	2011	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	1,039,671	939,522	711,418	649,343	4,775,060	4,493,385
Intersegment sales	102,415	99,935	-	-	-	-
Other revenue from external sources (note)	16,070	5,968	39,212	36,771	1,287	2,066
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	653	1,551	-	-	(6,508)	993
Total	1,158,809	1,046,976	750,630	686,114	4,769,839	4,496,444
Segment results	1,590,586	1,481,216	224,061	257,801	2,686,575	2,585,631
Interest income						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A jointly-controlled entity	-	-	-	-	-	-
Associates	-	-	13,141	49,160	(40,296)	-
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		Toll roads and bridges	
	2012	2011	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	520,014	524,501	665,181	518,818	24,751	35,808
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	12,215	12,666	3,749	1,480	31	289
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	2	(549)	284	7,643	(1,752)	1,940
Total	532,231	536,618	669,214	527,941	23,030	38,037
Segment results	101,154	49,356	129,731	89,753	5,697	(108,762)
Interest income						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A jointly-controlled entity	-	-	-	-	81,527	82,588
Associates	93,214	54,173	-	-	4,514	4,643
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		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)
Segment revenue:						
Sales to external customers	-	-	-	-	7,736,095	7,161,377
Intersegment sales	-	-	(102,415)	(99,935)	-	-
Other revenue from external sources (note)	59,165	9,895	-	-	131,729	69,135
Other revenue from intersegment transactions (note)	3,903	3,738	(3,903)	(3,738)	-	-
Exchange differences, net	936	14,836	-	-	(6,385)	26,414
Total	64,004	28,469	(106,318)	(103,673)	7,861,439	7,256,926
Segment results	(7,647)	(25,340)	-	-	4,730,157	4,329,655
Interest income					218,358	78,118
Other unallocated losses, net					(14,354)	(15,050)
Finance costs					(164,575)	(161,760)
Share of profits less losses of:						
A jointly-controlled entity	-	-	-	-	81,527	82,588
Associates	-	-	-	-	70,573	107,976
Profit before tax					4,921,686	4,421,527
Income tax expense					(953,672)	(936,562)
Profit for the year					3,968,014	3,484,965

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Property investment and development		Department stores		Water distribution	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Segment assets	12,598,938	10,330,101	124,527	144,033	14,977,274	15,790,862
Investments in associates	-	-	179,780	189,794	108,233	-
Investment in a jointly-controlled entity	-	-	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	567,025	649,781	1,296,939	1,245,223	1,502,456	1,563,108
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	37,394	36,558	16,862	7,573	866,870	866,675
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	103	15,050
Losses arising from the reclassification from hedging reserve to the income statement	-	-	-	-	14,251	-
Impairment losses recognised in the income statement	-	-	-	-	-	-
Impairment losses reversed in the income statement	-	(306)	-	-	(959)	-
Other non-cash income, net	(794,601)	(776,652)	-	-	(230)	(304)
Capital expenditure *	1,558,139	116,477	17,593	33,626	16,375	14,605

* 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		Toll roads and bridges	
	2012	2011	2012	2011	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	167,378	172,953	2,347,454	2,470,212	827	4,388
Investments in associates	1,124,927	1,087,181	-	-	69,347	69,269
Investment in a jointly-controlled entity	-	-	-	-	720,386	806,620
Unallocated assets						
Total assets						
Segment liabilities	542,153	558,001	106,195	97,105	119,611	94,423
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	8,498	7,980	128,670	90,351	341	9,970
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	-	-
Losses arising from the reclassification from hedging reserve to the income statement	-	-	-	-	-	-
Impairment losses recognised in the income statement	18,453	-	-	224	3,651	123,942
Impairment losses reversed in the income statement	-	-	(12)	-	-	-
Other non-cash income, net	-	-	(97)	-	-	-
Capital expenditure *	10,232	8,952	12,591	193,630	9	2,307

* 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 2012 HK$'000	Others 2011 HK$'000	Eliminations 2012 HK$'000	Eliminations 2011 HK$'000	Consolidated 2012 HK$'000	Consolidated 2011 HK$'000 (Restated)
Segment assets	9,144	8,702	-	-	30,225,542	28,921,251
Investments in associates	-	-	-	-	1,482,287	1,346,244
Investment in a jointly-controlled entity	-	-	-	-	720,386	806,620
Unallocated assets					4,933,777	3,757,449
Total assets					37,361,992	34,831,564
Segment liabilities	18,764	13,922	-	-	4,153,143	4,221,563
Unallocated liabilities					4,824,600	6,109,336
Total liabilities					8,977,743	10,330,899
Other segment information:						
Depreciation and amortisation	753	511	-	-	1,059,388	1,019,618
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	103	15,050
Losses arising from the reclassification from hedging reserve to the income statement	-	-	-	-	14,251	-
Impairment losses recognised in the income statement	420	-	-	-	22,524	124,166
Impairment losses reversed in the income statement	-	-	-	-	(971)	(306)
Other non-cash income, net	-	-	-	-	(794,928)	(776,956)
Capital expenditure *	1,853	801	-	-	1,616,792	370,398

* 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 the Group's geographical information regarding revenue and certain assets for the years ended 31 December 2012 and 2011.

Group

	2012 HK$'000	2011 HK$'000
Revenue from external customers		
Hong Kong	289,624	278,489
Mainland China	7,446,471	6,882,888
	7,736,095	7,161,377

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

	2012 HK$'000	2011 HK$'000
Non-current assets		
Hong Kong	1,593,312	1,711,784
Mainland China	27,656,409	26,485,774
	29,249,721	28,197,558

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

(c) Information about a major customer

Revenue of approximately HK$3,538,700,000 (2011: HK$3,344,000,000) was derived from sales by the water distribution segment to a single customer.

4. REVENUE AND OTHER INCOME AND LOSSES, NET

Revenue, which is also the Group's turnover, represents the invoiced value of water and electricity sold; the net 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, net is as follows:

	2012 HK$'000	2011 HK$'000
Revenue		
Sale of water and electricity	5,295,074	5,017,886
Sale of goods	62,264	62,017
Commissions from concessionaire sales	649,154	587,326
Hotel and rental income	1,704,852	1,458,340
Toll revenue	24,751	35,808
	7,736,095	7,161,377
Other income		
Interest income	218,358	78,118
Investment income from available-for-sale investments	53,849	6,628
Others	77,880	62,507
	350,087	147,253
Other losses		
Changes in fair value of derivative financial instruments not qualified as hedges, net	(103)	(15,050)
Losses arising from the reclassification from hedging reserve to the income statement	(14,251)	-
	(14,354)	(15,050)
	335,733	132,203

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2012 HK$'000	Group 2011 HK$'000
Interest on bank borrowings wholly repayable [(1)]:		
Within five years	53,186	34,452
Over five years	-	1,399
Total interest expense on financial liabilities not at fair value through profit or loss	53,186	35,851
Finance charges on cash flow hedges, net	111,389	125,909
Total finance costs for the year	164,575	161,760

(1) The balance for the year ended 31 December 2011 was net of government grants of HK$8,177,000 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):

	2012 HK$'000	2011 HK$'000
Cost of inventories sold*	420,892	505,135
Depreciation	245,589	196,653
Recognition of prepaid land lease payments	4,705	4,643
Amortisation of intangible assets*	809,094	818,322
Minimum lease payments under operating leases in respect of land and buildings	116,108	62,484
Auditors' remuneration	8,145	7,798
Employee benefit expense (excluding directors' remuneration)		
Wages and salaries	610,650	503,895
Equity-settled share option expense	(931)	899
Pension scheme contributions	62,928	55,507
Less: Forfeited contributions	(27)	(3)
Net pension scheme contributions#	62,901	55,504
	672,620	560,298
Gross rental income from investment properties	(873,399)	(808,113)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	100,212	90,030
Net rental income from investment properties	(773,187)	(718,083)
Exchange differences, net	6,385	(26,414)
Impairment of items of property, plant and equipment^	3,651	-
Impairment of items of intangible assets^	-	123,942
Impairment of prepayments and other receivables^	18,873	-
Loss on disposal of items of property, plant and equipment, net^	2,389	68
Loss on disposal of items of intangible assets, net^	-	1,477

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

\# As at 31 December 2012 and 2011, 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 expenses, 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% (2011: 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, 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 for enterprises which previously enjoyed a lower CIT rate of 15% were 18% in 2008; 20% in 2009; 22% in 2010 and 24% in 2011. For 2012 and thereafter, the applicable rate is 25%.

	2012 HK$'000	2011 HK$'000 (Restated)
Group:		
Current - Hong Kong		
Charge for the year	23,227	19,717
Overprovision in prior years	(31)	(189)
Current - Mainland China		
Charge for the year	642,802	637,614
Overprovision in prior years	(4,010)	(6,625)
Deferred	291,684	286,045
Total tax charge for the year	953,672	936,562

8. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Interim – 7.0 HK cents (2011: 7.0 HK cents) per ordinary share	436,324	436,310
Proposed final – 13.0 HK cents (2011: 11.0 HK cents) per ordinary share	810,447	685,630
	1,246,771	1,121,940

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 which includes the shares issued subsequent to the end of the reporting period.

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:

	2012 HK$'000	2011 HK$'000 (Restated)
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculation	3,413,824	3,006,728

	Number of shares 2012	 2011
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,233,257,978	6,231,841,633
Effect of dilution - weighted average number of ordinary shares that assumed to have been issued:		
Share options	21,911,174	21,056,729
For the purpose of diluted earnings per share calculation	6,255,169,152	6,252,898,362

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 due 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 and the Group has a certain concentration of credit risk whereby 15% (2011: 16%) of the total trade receivables was due from one customer. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2012	2011
	HK$'000	HK$'000
Within 3 months	251,165	292,251
3 months to 6 months	6,180	15,786
6 months to 1 year	50,443	5
More than 1 year	40,473	10,917
	348,261	318,959
Less: Impairments	(10,535)	(10,794)
	337,726	308,165

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 end of the reporting period, based on the payment due date, is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Within 3 months	550,213	480,783
3 months to 6 months	162	966
6 months to 1 year	1,328	2,481
	551,703	484,230

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 22 January 2013, a total of 39,432,000 share options were granted to certain directors and eligible persons of the Company in respect of their services to the Group in the forthcoming years. These share options will vest between 22 January 2015 to 22 January 2018, have an exercise price of HK$6.20 per share and an exercise period from 22 January 2015 to 21 July 2018. The price of the Company's shares at the date of grant was HK$6.20 per share.

CHAIRMAN'S STATEMENT

RESULTS

I am pleased to report to the shareholders that our results for 2012 maintained a steady growth. The Group's audited consolidated profit attributable to shareholders for 2012 amounted to HK$3,414 million (2011: HK$3,007 million, restated), an increase of 13.5% over 2011. Basic earnings per share was 54.77 HK cents (2011: 48.25 HK cents, restated), an increase of 13.5% over 2011.

DIVIDEND

The board of directors (the "Board") recommends the payment of a final dividend of 13.0 HK cents per share for 2012. Aggregating such dividend with the interim dividend of 7.0 HK cents per share paid in 2012, the total dividend for the entire year will be 20.0 HK cents (2011: 18.0 HK cents) per share. The said 2012 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on 11 July 2013.

REVIEW

Ever Since 2012, the European debt crisis has been deteriorating and the fiscal cliff issue of the United States has been in the foreground, dragging the recovery of the global economy. In the face of the complicated and fluctuating economic situation both domestically and internationally, the Group has actively implemented strategic moves, effectively integrated advantageous resources and strengthened its core competitiveness. By tapping the potential synergies in-depth, innovating the business model, creating a solid management foundation, realigning its marketing tactics and expediting project progress, the Group has maintained healthy development in production and operation and achieved satisfactory operating results albeit slowdown of China's economic growth and the increasingly competitive markets.

Through efforts made by the management, the Group's profit attributable to shareholders increased by 13.5% to HK$3,414 million, and profit before tax increased by 11.3% or HK$500 million to HK$4,922 million. The growth was mainly attributable to the contributions by property investment and development, water distribution and electric power generation businesses.

PROSPECTS

Looking ahead to 2013, with the developed countries still being confronted with difficulties arising from the debt crisis, the continuous laggardly development of the global economy is expected. Domestically, the problems of soaring costs and the increasing pressure on resources and environmental protection are still unresolved. As such, the Group needs to identify the challenges and actively weather potential risks by uniting concerted efforts of all staff, keeping abreast of the macroeconomic trends, analyzing market changes, and optimizing internal control so as to secure healthy and sustainable business development.

By leveraging on our capital strength, improving fund management and deploying strategic planning, the Group will further expand and strengthen our existing advantageous businesses, and enhance our competitiveness in the industry. The Group will enhance risk management systems, boost up the control on work flow, expedite business integration and increase management effectiveness. It will also keep an eye on potential investment opportunities that may emerge from water business and commercial properties, will gradually exit the sectors which do not possess advantages such as toll roads and bridges business and will continue to optimize resource allocation and identify our market position, in order to pave a solid foundation for further leap forward in the development and scale new heights in our operating results.

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

HUANG Xiaofeng
Chairman
Hong Kong, 28 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The consolidated revenue of the Group for 2012 was HK$7,736 million (2011: HK$7,161 million), an increase of 8.0% as compared with that in 2011. The growth was mainly contributed by water distribution, hotel operations and management, and property investment and development businesses.

The consolidated profit attributable to shareholders of the Group increased by 13.5% to HK$3,414 million (2011: HK$3,007 million, restated). The profit before tax increased by 11.3% or HK$500 million to HK$4,922 million (2011: HK$4,422 million). The growth was mainly contributed by property investment and development, water distribution and electric power generation businesses.

An increase in the fair value of investment properties of HK$795 million (2011: HK$777 million) was recorded during the year. The finance cost was slightly increased by 1.7% to HK$165 million.

Basic earnings per share was 54.77 HK cents (2011: 48.25 HK cents, restated), representing an increase of 13.5% as compared with that in 2011.

BUSINESS OVERVIEW

A summary of the performance of the Group's major businesses during 2012 are set out as follows:

Water Distribution

Dongshen Water Supply

The profit contribution from the Dongshen Water Supply Project continued to form a significant part of the Group's profit. As at 31 December 2012, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 95.98% (2011: 94.47%). During the year, the Company acquired 1,509,512 shares in GH Water Holdings at a price of HK$111 per share and for a total consideration of HK$168 million. GH Water Holdings held a 99% 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 cubic meters. Total water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 1.991 billion cubic meters (2011: 2.163 billion cubic meters), down by 8.0%, which generated a revenue of HK$4,775,060,000 (2011: HK$4,493,385,000), an increase of 6.3%.

Pursuant to the Hong Kong Water Supply Agreement for years 2012 to 2014 entered into between the Government of Hong Kong Special Administrative Region ("HKSAR") and the Guangdong Provincial Government ("GPG") in 2011, the annual revenue for water sales to Hong Kong for the three years 2012, 2013 and 2014 would be HK$3,538.70 million, HK$3,743.30 million and HK$3,959.34 million respectively.

The revenue from water sales to Hong Kong for the year increased by 5.8% to HK$3,538.7 million (2011: HK$3,344 million). The revenue from water sales to Shenzhen and Dongguan areas for the year increased by 7.6% to HK$1,236,360,000 (2011: HK$1,149,385,000). The profit before tax for the year was HK$2,575,817,000 (2011: HK$2,424,171,000), 6.3% higher than that in 2011.

Nansha Water Supply

On 8 March 2012, the Group completed the acquisition of 49% equity interest in Nansha GDH Water Co., Ltd. ("Nansha Water Co") at the consideration of RMB120.56 million in cash. Nansha Water Co is a company established in the PRC and is principally engaged in the construction, operation and maintenance of water supply facilities and the supply of water to Nansha District, Guangzhou.

The annual capacity of water supply from Nansha Water Co is 71.90 million cubic meters. The total volume of water supplied to user during the year amounted to 55.53 million cubic meters (2011: 56.40 million cubic meters), a decrease of 1.5%. Revenue for the year was HK$127,807,000 (2011: HK$103,512,000), an increase of 23.5%. The loss before tax of Nansha Water Co for the year was HK$66,605,000 (2011: HK$99,084,000), 32.8% less than that in 2011.

Property Investment

Mainland China

Teem Plaza

As at 31 December 2012, 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"), the owner of the property named Teem Plaza which comprises a shopping mall, an office building and a hotel. The shopping mall and the office building are held for investment purposes by the Group. The Sheraton Guangzhou Hotel (粵海喜來登酒店), which was completed and opened in July 2011, is a hotel property owned by the Group but managed by Sheraton Overseas Management Corporation.

During the year, the revenue of Teem Plaza, comprising rental income from both the shopping mall (including rentals from the department store run by the Group) and the office building, reached HK$1,055,948,000 (2011: HK$966,434,000), an increase of 9.3%. The profit before tax for the year, excluding the revaluation gain and net interest income, increased by 12.9% to HK$735,214,000 (2011: HK$651,196,000).

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 was operated at its full capacity with an average occupancy rate of approximately 99% during the year (2011: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones. Strong demands for retail spaces in the mall and the use of the open tendering system for tenants selection resulted in an increase of rental income during the year.

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 98.7% (2011: 97.6%) as at 31 December 2012, the total rental income for the year was HK$202,438,000 (2011: HK$178,202,000), an increase of 13.6%. The profit before tax for the year, excluding the revaluation gain, grew by 14.6% to HK$174,394,000 (2011: HK$152,121,000).

Tianjin Teem Shopping Mall

GD Teem owned a piece of land in Tianjin which 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. It is anticipated that the construction work of the Tianjin Teem Shopping Mall will be completed around the end of 2016. The estimated total investment of the project is about RMB2.3 billion, of which approximately HK$1,332 million has been invested as at 31 December 2012.

Panyu Wanbo CBD Project

The Group's effective interest in 廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited) ("Wanye") is 31.04%. 廣州天河城投資有限公司 (Guangzhou Tianhecheng Investment Co., Ltd.) ("Tianhecheng Investco"), a 60% owned subsidiary of GD Teem, directly holds 68% interest in Wanye. Wanye owns a piece of land well located in 番禺萬博中央商務區 (Panyu Wanbo Central Business District), which is designed to be a new commercial area of Guangzhou. The land will be developed into a large-scale integrated commercial project with gross floor area of approximately 260,000 square meters, comprising shopping centre, offices and shops. The aggregate amount to be invested by Tianhecheng Investco in Wanye is estimated to be about RMB1,944 million, of which approximately RMB316 million has been invested according to the cooperation agreement.

Acquisition of a 40% equity interest in each of the Target Companies (as defined below)

On 28 November 2011, GD Teem entered into a conditional equity transfer agreement (the "Agreement") with Guangdong Holdings, pursuant to which, GD Teem agreed to acquire 40% equity interest in each of 廣東三誠經濟發展有限公司 (Guangdong Sancheng Economic Development Company Limited), 廣州金東源房地產 開發有限公司(Guangzhou Jindongyuan Real Estate Development Company Limited) and 廣州天源投資管理有限公司 (Guangzhou Tianyuan Investment Management Company Limited), collectively the Target Companies.

On 27 June 2012, GD Teem and Guangdong Holdings entered into a supplemental agreement extending the period for completion of the registration procedures of the change of shareholder of the Target Companies to GD Teem to 31 December 2012.

As the registration of the change of shareholder of the Target Companies was disallowed by the relevant PRC regulatory authorities and it was not certain whether or not the transfer of interests of the Target Companies could be successfully pursued within a reasonable period, GD Teem decided not to further extend the period for the completion of the registration procedures. The Agreement was then terminated on 31 December 2012.

According to the Agreement, Guangdong Holdings was required to refund the consideration and the shareholders' loan provided by GD Teem to the Target Companies totaling RMB2,147.2 million to GD Teem. Furthermore, GD Teem was able to derive interest income of approximately RMB147.8 million accrued for the loan. The interest of the shareholders' loan RMB147.8 million was received by GD Teem in December 2012 and the consideration and the principal of shareholders' loan aggregating RMB2,147.2 million was refunded to GD Teem in early January 2013.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower reached 98.1% (2011: 99.5%) for the year, which was 1.4% lower than that in 2011. As a result of the rising average rental, total rental income for the year was up by 12.3% to HK$37,482,000 (2011: HK$33,369,000).

Department Stores Operations

As at 31 December 2012, the Group held an effective interest of approximately 85.18% in both 廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.) ("GDTDS") and 廣州市天河城萬博百貨有限公司 ("天河城萬博"). GDTDS operates Teemall Store in Teem Plaza. It also operates Teemall Store – Beijing Road Branch ("Ming Sheng Store"), 奧體歐萊斯名牌折扣店 ("Ao Ti Store"), 白雲新城百貨店 ("Baiyun New Town Store") and 東圃百貨店 ("Dong Pu Store"). 天河城萬博 operates 天河城百貨歐萊斯折扣店 ("Wan Bo Store"). The six stores in aggregate with leased area of approximately 129,600 square meters (2011: 126,700 square meters) generated revenue of HK$711,418,000 (2011: HK$649,343,000), an increase of 9.6%. Due to the decrease in profit margin of Teemall Store and the negative contribution from the three stores newly opened in 2011, profit before tax for the year decreased by 18.4% to HK$228,111,000 (2011: HK$279,504,000).

Teemall Store offers to sell a wide range of products and is one of the major high sale ranking department stores in Guangzhou. Due to keen competition of the Guangzhou retail market, the revenue of Teemall Store decreased by 2.2% to HK$486,346,000 (2011: HK$497,469,000) during the year.

The revenue of Ming Sheng Store for the year was HK$62,199,000 (2011: HK$57,666,000), an increase of 7.9%. Ao Ti Store, which is operated as an outlet mall, was opened in April 2011 and its revenue for the year was HK$23,177,000 (2011: HK$12,725,000). Baiyun New Town Store was opened in November 2011 and its revenue for the year was HK$14,076,000 (2011: HK$1,939,000). Dong Pu Store was opened in December 2011 and its revenue for the year was HK$33,895,000 (2011: HK$134,000).

Wan Bo Store, which is operated as an outlet mall, sells brand-name products at a substantial discount. The revenue of Wan Bo Store for the year was HK$91,725,000 (2011: HK$79,410,000), an increase of 15.5%.

During the year, the Group's share of profit in 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, decreased by 73.3% to HK$13,141,000 (2011: HK$49,160,000) due to negative contribution from three new stores of Guangdong Jusco Teem Stores Co., Ltd. and the increase in logistic and other shared costs charged by its headquarter.

Hotel Operations and Management

As at 31 December 2012, our hotel management team has been managing a total of 37 hotels (2011: 43 hotels), of which two were located in Hong Kong, one in Macau and 34 in the Mainland China. Of these 37 hotels, seven were owned or lease-owned by the Group (two in Hong Kong, two in Shenzhen, one in Zhuhai, one in Guangzhou and one in Zhengzhou). Sheraton Guangzhou Hotel, which was opened in July 2011, is owned by the Group and under the management of Sheraton Overseas Management Corporation.

Among the seven hotels owned or lease owned by the Group, five are star-rated hotels and two are hotels with limited service. During the year, the average room rate of the star-rated hotels of the Group (excluding Sheraton Guangzhou Hotel) in Hong Kong, Shenzhen and Zhuhai was HK$780 (2011: HK$751), an increase of 3.9%. Sheraton Guangzhou Hotel recorded an average room rate of HK$1,279 (2011: HK$1,318), decreased by 3.0% during the year. The average occupancy rate of Sheraton Guangzhou Hotel and the four star-rated hotels was 63.8% (2011: 44.1%) and 82.5% (2011: 81.8%), respectively. The average room rate of the hotels of the Group with limited service was HK$226 (2011: HK$213), an increase of 6.1%.

Regarding the hotel operations and management business as a whole, the revenue for the year increased by 28.2% to HK$665,181,000 (2011: HK$518,818,000), of which, HK$206,304,000 (2011: HK$70,432,000) was contributed by Sheraton Guangzhou Hotel. The profit before tax for the year increased by 41.7% to HK$132,485,000 (2011: HK$93,472,000).

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 holds 63% interest in ZTP. ZTP has two power generation units with a total installed capacity of 110 MW and steam generation capacity of 80 tons per hour. Sales of electricity during the year amounted to 697 million kwh (2011: 749 million kwh), a decrease of 6.9%. As a result of the decrease in electricity sales, revenue for the year was down by 1.9% to HK$440,138,000 (2011: HK$448,750,000). However, due to the significant decrease in coal price, profit margin for the year increased substantially as compared to that in 2011. The profit before tax for the year was HK$104,790,000 (2011: HK$56,054,000), an increase of 86.9%.

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, to replace the two existing power generation units. 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.

During the year, the construction of Zhongshan Project was approved by the relevant PRC authorities.

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

The Group has an indirect equity interest of 25% in Yudean Jinghai Power, which owns two power generation units with a total installed capacity of 1,200 MW. Sales of electricity for the year amounted to 6,775 million kwh (2011: 7,068 million kwh), a decrease of 4.1%. Revenue for the year grew by 1.9% to HK$3,708,181,000 (2011: HK$3,640,257,000) as a result of the rise in electricity tariff. The rise in electricity tariff as well as the decrease in coal price drove up the profit margin for the year as compared to that in 2011. Profit before tax for the year increased by 69.5% to HK$497,564,000 (2011:HK$293,476,000).

The construction of two additional power generation units by Yudean Jinghai Power was approved by the National Development and Reform Commission on 27 December 2012.

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 two power generation units with a total installed capacity of 600 MW. Sales of the electricity for the year amounted to 2,793 million kwh (2011: 3,512 million kwh), a decrease of 20.5%. Revenue for the year amounted to HK$1,718,371,000 (2011: HK$2,061,454,000) a decrease of 16.6% which was mainly due to the decrease in the electricity sales. Due to the decrease in coal price, loss before tax for the year was limited to HK$66,873,000 (2011: HK$196,968,000). As a full provision was made against the investment in Yue Jiang Power in 2009, no further loss would be attributed by Yue Jiang Power to the Group for the year.

廣東粵嘉電力有限公司 (Guangdong Yue Jia Electric Co. Ltd) ("Meixian Power Plant")

The Group's effective interest in Meixian Power Plant is 12.25%. Guangdong Power Investment Limited ("GD Power Investment"), a 49% associate of the Company, holds a 25% interest in Meixian Power Plant. During the year, no dividend income was received by GD Power Investment from this investment (2011: Nil).

Toll Roads and Bridges

"Two Bridges"

During the year, the profit attributable to the Group from a 51%-owned jointly-controlled entity (the "JCE") which holds interests in the "Two Bridges" project amounted to HK$81,527,000 in aggregate (2011: HK$82,588,000), a decrease of 1.3%.

(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 3.5% to 75,081 vehicle trips (2011: 72,571 vehicle trips). Revenue for the year amounted to HK$1,284,078,000 (2011: HK$1,261,564,000), an increase of 1.8%. Nonetheless, the profit before tax for the year decreased by 0.3% to HK$954,259,000 (2011: HK$956,737,000).

(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 10.4% to 17,520 vehicle trips (2011: 15,871 vehicle trips). Revenue for the year increased by 8.3% to HK$268,951,000 (2011: HK$248,362,000). The profit before tax for the year was HK$177,929,000 (2011: HK$165,182,000), an increase of 7.7%.

Yingkeng Highway

The Group's effective interest in this project is 70%. During the year, average daily traffic flow of this highway decreased by 2.5% to 4,483 vehicle trips (2011: 4,598 vehicle trips). Revenue decreased by 30.9% to HK$24,751,000 (2011: HK$35,808,000) mainly due to the decrease in traffic flow of heavy vehicles which paid a higher tariff. The profit before tax for the year was HK$7,500,000 (2011: loss before tax HK$110,612,000) as a result of decrease in impairment during the year. Due to latest policy, Yingkeng Highway may be required to stop collecting toll shortly.

Panyu Bridge

The Group's effective interest in this project is 20%. During the year, the average daily traffic flow of this bridge increased by 12.8% to 46,800 vehicle trips (2011: 41,506 vehicle trips). As a result, revenue for the year increased by 14.5% to HK$126,399,000 (2011: HK$110,401,000). The profit before tax for the year increased by 12.8% to HK$37,957,000 (2011: HK$33,651,000).

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 31 December 2012, the cash and bank balances of the Group increased by HK$929 million to HK$4,472 million (2011: HK$3,543 million), of which 14.6% is denominated in Hong Kong dollars, 84.7% in Renminbi and 0.7% in US dollars.

During the year, the Group's financial borrowing decreased by HK$1,164 million mainly due to the net effect of the addition of the bank loans of HK$1,456 million and the repayments of the expired bank loans in 2012 of HK$2,500 million.

As at 31 December 2012, the Group's financial borrowings amounted to HK$3,967 million (2011: HK$5,131 million), of which 17.5% is in US dollars and 82.5% is in Hong Kong dollars, including the non-interest-bearing receipt in advance of HK$1,182 million. Of the Group's total financial borrowings, HK$356 million was repayable within one year while the remaining balances of HK$3,020 million and HK$591 million are repayable within two to five years and beyond five years from the end of reporting period, respectively.

The Group maintained credit facilities of RMB1,100 million as at 31 December 2012 (2011: USD20 million and RMB50 million).

As at 31 December 2012, the Group is in a net cash position. Hence, no gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) is presented. The gearing of the Group as at 31 December 2011 was 9%. The improvement is in fact a reflection of the reduction in the financial borrowings level and the increase in net assets of the Group. The Group is in a healthy debt servicing position as the EBITDA/finance cost is 36.4 times (2011: 33.5 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 obligations and business requirements.

PLEDGE OF ASSETS

As at 31 December 2012, 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 (2011: Nil).

CAPITAL EXPENDITURE

The Group's capital expenditure during the year amounted to HK$1,617 million which was principally related to the acquisition of Panyu Wanbo CBD Project and the land and development cost for the Tianjin Teem Shopping Mall.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 31 December 2012, total US dollars borrowings amounted to HK$692 million (2011: HK$609 million). The foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 31 December 2012, the Group's total floating rate borrowings amounted to HK$2,785 million (2011: HK$3,831 million). For the purpose of interest rate risk management, the Group entered into certain fixed interest rate swap agreements, amounting to HK$5,400 million, which were terminated in November 2012.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2012, the Group had a total of 4,302 employees, of whom 825 employees were at managerial level. Among them, 4,077 employees were employed by subsidiaries in the Mainland China and 225 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the year was approximately HK$621,237,000 (2011: HK$503,895,000).

In 2012, facing the challenges of the Euro debt crisis and the slowdown of economic growth across the globe, the Group aimed at strengthening its competitiveness to maximize economic benefits, reinforcing internal control as well as maintaining stable development. The Group further focused on and expanded the core business by way of an asset and business restructuring. In the past year, the Group continued to carry forward the corporate culture that emphasizes such values as "Credibility, Integrity and Profitability". Besides, the Group implemented a set of new human resources policies that improve performance assessment, incentive schemes and human resources management. The improvement has helped the management and the employees to cope with the changing business environment and rapid development of the company. Looking ahead, the Group will focus on the strengthening of internal control and streamlining the corporate structure. By taking advantage of the competitive advantages and attractiveness of Hong Kong, the Group will make its best efforts to recruit high-caliber professional talents. Therefore, the Group has updated performance appraisals system so as to ensure integrity and efficiency. Remuneration and incentive packages for our staff are commensurate with the operating results such as operating net cash flows and profits after tax. In order to motivate our employees, the incentive bonuses are closely related to our employees' individual performance. The Group has also adopted a share option scheme to reward and retain outstanding employees to ensure the success of the Group in the long run. In terms of staff training and development, the Group encourages and promotes self-enhancement of the staff by subsidizing their professional development and training programs. The Group has set up training systems for new and experienced employees to help them effectively adapt to their positions and raise their productivity, we believe we have built a solid foundation for the long term development of the Group in the years ahead.

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

In the opinion of the directors of the Company, the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2012 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the following deviation:

Code Provision A.6.7

Under Code Provision A.6.7, Independent Non-Executive Directors and other Non-Executive Directors, as equal Board members, should attend general meetings of the Company. During the year, one Independent Non-Executive Director and several Non-Executive Directors were unable to attend the annual general meeting of the Company held on 1 June 2012 as they were out of town or had other engagements.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2012 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, the Company issued the following new ordinary shares to certain option holders pursuant to the share option scheme adopted by the Company on 24 October 2008:

	Total number of new ordinary shares issued	**Exercise price per ordinary share**	**Total cash consideration**
		HK$	HK$
Total	1,207,000	1.88	2,269,160

Save as disclosed above, 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.

BOOK CLOSURE

Annual General Meeting

The annual general meeting of the Company will be held at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, One Harbour Road, Wanchai, Hong Kong on Friday, 14 June 2013 at 10:00 a.m. (the "2013 Annual General Meeting"). The register of members of the Company will be closed on Thursday, 13 June 2013 and Friday, 14 June 2013 and no transfer of shares will be registered during these two days.

In order to qualify for attending and voting at the 2013 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 11 June 2013.

Entitlement for Final Dividend

The Board has resolved to recommend the payment of a final dividend of 13.0 HK cents per ordinary share for the year ended 31 December 2012 which is expected to be paid on Thursday, 11 July 2013 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 20 June 2013 subject to the final approval at the 2013 Annual General Meeting.

For the purpose of determining shareholders' entitlements to the final dividend for the year ended 31 December 2012, the register of members of the Company will be closed on Thursday, 20 June 2013 and no transfer of shares will be registered on that day. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at the above address not later than 4:30 p.m. on Wednesday, 19 June 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.gdi.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2012 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.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 28 March 2013

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