GDH

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

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

2013 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights for the year ended 31 December

	2013	2012	Changes
	HK$'000	HK$'000	%
Revenue	**7,990,015**	7,736,095	+ 3.3
Profit for the year attributable to owners of the Company	**4,426,117**	3,413,824	+ 29.6
Earnings per share – Basic	**70.96 HK cents**	54.77 HK cents	+ 29.6
Dividends per share			
Interim	**7.00 HK cents**	7.00 HK cents	
Proposed final	**16.00 HK cents**	13.00 HK cents	
	23.00 HK cents	20.00 HK cents	+ 15.0

CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	7,990,015	7,736,095
Cost of sales		(2,666,253)	(2,649,416)
Gross profit		5,323,762	5,086,679
Other income and losses, net	4	400,386	335,733
Net gain on disposal of subsidiaries, associates and a joint venture		441,518	-
Changes in fair value of investment properties		735,758	794,601
Selling and distribution expenses		(166,197)	(170,057)
Administrative expenses		(1,093,480)	(1,060,757)
Other operating income/(expenses), net		149,764	(52,038)
Finance costs	5	(60,020)	(164,575)
Share of profit of a joint venture		51,238	81,527
Share of profits less losses of associates		262,168	70,573
PROFIT BEFORE TAX	6	6,044,897	4,921,686
Income tax expense	7	(1,098,511)	(953,672)
PROFIT FOR THE YEAR		4,946,386	3,968,014
Attributable to:			
Owners of the Company	9	4,426,117	3,413,824
Non-controlling interests		520,269	554,190
		4,946,386	3,968,014
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		70.96 HK cents	54.77 HK cents
Diluted		70.75 HK cents	54.58 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 2013

	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR	4,946,386	3,968,014
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve released upon disposal of subsidiaries, associates and a joint venture	(276,184)	-
Exchange differences on translation of foreign operations	405,541	(1,500)
Net gains on available-for-sale financial assets	2,867	-
Net movement on cash flow hedges	-	122,482
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	132,224	120,982
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Fair value gains on property, plant and equipment	-	393
OTHER COMPREHENSIVE INCOME FOR THE YEAR	132,224	121,375
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,078,610	4,089,389
Attributable to:		
Owners of the Company	4,490,134	3,497,331
Non-controlling interests	588,476	592,058
	5,078,610	4,089,389

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,085,632	3,100,116
Investment properties		10,531,668	9,459,530
Prepaid land lease payments		94,558	96,772
Goodwill		266,146	266,146
Investment in a joint venture		-	720,386
Investments in associates		1,702,873	1,482,287
Intangible assets		13,320,172	14,124,484
Deposits		107,625	-
Deferred tax assets		29,698	28,747
Total non-current assets		29,138,372	29,278,468
CURRENT ASSETS			
Available-for-sale financial assets		5,037,387	431,655
Tax recoverable		4,032	86
Inventories		79,462	56,717
Receivables, prepayments and deposits	10	521,451	3,122,795
Cash and cash equivalents		6,531,736	4,472,271
Total current assets		12,174,068	8,083,524
CURRENT LIABILITIES			
Payables and accruals	11	(2,630,526)	(2,639,494)
Tax payable		(494,427)	(365,617)
Due to non-controlling shareholders of subsidiaries		(276,373)	(315,991)
Interest-bearing bank borrowings		(974,547)	(238,000)
Total current liabilities		(4,375,873)	(3,559,102)
NET CURRENT ASSETS		7,798,195	4,524,422
TOTAL ASSETS LESS CURRENT LIABILITIES - page 5		36,936,567	33,802,890

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2013

	2013 HK$'000	2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES - page 4	36,936,567	33,802,890
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	(1,580,635)	(2,547,407)
Other liabilities	(1,178,726)	(1,198,821)
Deferred tax liabilities	(1,995,688)	(1,672,413)
Total non-current liabilities	(4,755,049)	(5,418,641)
Net assets	32,181,518	28,384,249
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,119,691	3,117,103
Reserves	23,195,331	20,110,448
Proposed final dividend	998,300	810,447
	27,313,322	24,037,998
Non-controlling interests	4,868,196	4,346,251
Total equity	32,181,518	28,384,249

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, 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 and available-for-sale financial assets 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

1. BASIS OF PREPARATION (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 CHANGES IN ACCOUNTING POLICIES 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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities –Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The Directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the application of HKFRS 11 does not change the classification of the Group's investment in a joint venture.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. The adoption of HKFRS 12 only affects disclosures in the financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. The adoption of HKFRS 13 only affects disclosures in the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been represented to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 and 2011-2013 Cycles	Amendments to a number of HKFRSs issued in December 2013[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] No mandatory effective date yet determined but is available for adoption

The Group has assessed the potential impact of applying HKFRS 10 and HKAS 32 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 treasury services 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, interest income and investment income from available-for-sale financial assets, finance costs, other unallocated gains/(losses), net, share of profits less losses of a joint venture and associates and net gain on disposal of subsidiaries, associates and a joint venture are excluded from such measurement.

Segment assets exclude investments in associates, an investment in a joint venture, deferred tax assets, tax recoverable, cash and cash equivalents, available-for-sale financial assets and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude 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	
	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	1,092,673	1,039,671	771,857	711,418	4,934,479	4,775,060
Intersegment sales	105,917	102,415	-	-	-	-
Other revenue from external sources (note)	8,569	16,070	44,333	39,212	1,241	1,287
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	2,612	653	-	-	45,857	(6,508)
Total	1,209,771	1,158,809	816,190	750,630	4,981,577	4,769,839
Segment results	1,540,326	1,590,586	252,088	224,061	2,860,524	2,686,575
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A joint venture	-	-	-	-	-	-
Associates	-	-	(26,588)	13,141	(29,843)	(40,296)
Net gain on disposal of subsidiaries, associates and a joint venture						
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	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Segment revenue:						
Sales to external customers	497,891	520,014	678,753	665,181	14,362	24,751
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	11,288	12,215	1,311	3,749	3,755	31
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	5,131	2	10,453	284	127	(1,752)
Total	514,310	532,231	690,517	669,214	18,244	23,030
Segment results	302,147	101,154	134,185	129,731	(4,200)	5,697
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Other unallocated losses, net						
Finance costs						
Share of profits less losses of:						
A joint venture	-	-	-	-	51,238	81,527
Associates	315,723	93,214	-	-	2,876	4,514
Net gain on disposal of subsidiaries, associates and a joint venture						
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	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	7,990,015	7,736,095
Intersegment sales	-	-	(105,917)	(102,415)	-	-
Other revenue from external sources (note)	1,483	5,316	-	-	71,980	77,880
Other revenue from intersegment transactions (note)	5,829	3,903	(5,829)	(3,903)	-	-
Exchange differences, net	31,589	936	-	-	95,769	(6,385)
Total	38,901	10,155	(111,746)	(106,318)	8,157,764	7,807,590
Segment results	(63,483)	(61,496)	-	-	5,021,587	4,676,308
Interest income					70,318	218,358
Interest income from available-for-sale financial assets					205,056	-
Investment income from available-for-sale financial assets					53,032	53,849
Other unallocated losses, net					-	(14,354)
Finance costs					(60,020)	(164,575)
Share of profits less losses of:						
A joint venture	-	-	-	-	51,238	81,527
Associates	-	-	-	-	262,168	70,573
Net gain on disposal of subsidiaries, associates and a joint venture					441,518	-
Profit before tax					6,044,897	4,921,686
Income tax expense					(1,098,511)	(953,672)
Profit for the year					4,946,386	3,968,014

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

Group

	Property investment and development		Department stores		Water distribution	
	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	11,103,897	12,598,938	126,692	124,527	14,148,083	14,977,274
Investments in associates	-	-	153,187	179,780	168,617	108,233
Investment in a joint venture	-	-	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	663,323	567,025	1,303,830	1,296,939	1,422,707	1,502,456
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	45,306	37,394	18,196	16,862	868,431	866,870
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	-	103
Losses arising from the reclassification from hedging reserve to the statement of profit or loss	-	-	-	-	-	14,251
Impairment losses recognised in the statement of profit or loss	-	-	-	-	-	-
Impairment losses reversed in the statement of profit or loss	-	-	(214)	-	(488)	(959)
Changes in fair value of investment properties	(735,758)	(794,601)	-	-	-	-
Other non-cash expenses/(income), net	-	-	-	-	(44)	(230)
Capital expenditure *	137,935	1,558,139	8,435	17,593	13,294	16,375

* 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	
	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	308,008	167,378	2,304,669	2,347,454	-	827
Investments in associates	1,381,069	1,124,927	-	-	-	69,347
Investment in a joint venture	-	-	-	-	-	720,386
Unallocated assets						
Total assets						
Segment liabilities	531,074	542,153	114,678	106,195	-	119,611
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	8,504	8,498	125,653	128,670	-	341
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	-	-
Losses arising from the reclassification from hedging reserve to the statement of profit or loss	-	-	-	-	-	-
Impairment losses recognised in the statement of profit or loss	-	18,453	-	-	-	3,651
Impairment losses reversed in the statement of profit or loss	(107,898)	-	(6)	(12)	-	-
Changes in fair value of investment properties	-	-	-	-	-	-
Other non-cash expenses/(income), net	500	-	(8)	(97)	-	-
Capital expenditure *	43,631	10,232	43,932	12,591	4	9

* 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	
	2013	2012	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	8,774	9,144	-	-	28,000,123	30,225,542
Investments in associates	-	-	-	-	1,702,873	1,482,287
Investment in a joint venture	-	-	-	-	-	720,386
Unallocated assets					11,609,444	4,933,777
Total assets					41,312,440	37,361,992
Segment liabilities	49,270	18,764	-	-	4,084,882	4,153,143
Unallocated liabilities					5,046,040	4,824,600
Total liabilities					9,130,922	8,977,743
Other segment information:						
Depreciation and amortisation	934	753	-	-	1,067,024	1,059,388
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	-	-	-	-	103
Losses arising from the reclassification from hedging reserve to the statement of profit or loss	-	-	-	-	-	14,251
Impairment losses recognised in the statement of profit or loss	-	420	-	-	-	22,524
Impairment losses reversed in the statement of profit or loss	-	-	-	-	(108,606)	(971)
Changes in fair value of investment properties	-	-	-	-	(735,758)	(794,601)
Other non-cash expenses/(income), net	-	-	-	-	448	(327)
Capital expenditure *	419	1,853	-	-	247,650	1,616,792

* 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 2013 and 2012.

Group

	2013 HK$'000	2012 HK$'000
Revenue from external customers		
Hong Kong	289,853	289,624
Mainland China	7,700,162	7,446,471
	7,990,015	7,736,095

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

	2013 HK$'000	2012 HK$'000
Non-current assets		
Hong Kong	1,910,375	1,593,312
Mainland China	27,198,299	27,656,409
	29,108,674	29,249,721

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$3,743,300,000 (2012: HK$3,538,700,000) 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 net revenue, other income and losses is as follows:

	2013 HK$'000	2012 HK$'000
Revenue		
Sale of water and electricity	5,432,370	5,295,074
Sale of goods	66,111	62,264
Commissions from concessionaire sales	705,746	649,154
Hotel and rental income	1,771,426	1,704,852
Toll revenue	14,362	24,751
	7,990,015	7,736,095
Other income		
Interest income	70,318	218,358
Interest income from available-for-sale financial assets	205,056	-
Investment income from available-for-sale financial assets	53,032	53,849
Others	71,980	77,880
	400,386	350,087
Other losses		
Changes in fair value of derivative financial instruments not qualified as hedges, net	-	(103)
Losses arising from the reclassification from hedging reserve to the statement of profit or loss	-	(14,251)
	-	(14,354)
	400,386	335,733

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Interest on bank borrowings wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	60,020	53,186
Finance charges on cash flow hedges, net	-	111,389
Total finance costs for the year	60,020	164,575

6. PROFIT BEFORE TAX

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

	2013 HK$'000	2012 HK$'000
Cost of inventories sold*	379,663	420,892
Depreciation	255,861	245,589
Recognition of prepaid land lease payments	4,763	4,705
Amortisation of intangible assets*	806,400	809,094
Minimum lease payments under operating leases in respect of land and buildings	131,109	116,108
Auditors' remuneration	8,530	8,145
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	664,672	610,650
Equity-settled share option expense	21,944	(931)
Pension scheme contributions	78,051	62,928
Less: Forfeited contributions	(4)	(27)
Net pension scheme contributions#	78,047	62,901
	764,663	672,620
Gross rental income from investment properties	(941,287)	(873,399)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	113,122	100,212
Net rental income from investment properties	(828,165)	(773,187)
Exchange differences, net	(95,769)	6,385
Impairment of items of property, plant and equipment^	-	3,651
Impairment of prepayments and other receivables^	-	18,873
Reversal of impairment on an investment in an associate^	(107,898)	-
Loss on disposal of items of property, plant and equipment, net^	149	2,389
Gain on disposal of items of intangible assets, net^	(70,101)	-

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

\# As at 31 December 2013 and 2012, 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/(expenses), net" on the face of the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 at a rate of 25%.

	2013 HK$'000	2012 HK$'000
Group:		
Current - Hong Kong		
Charge for the year	21,202	23,227
Overprovision in prior years	(138)	(31)
Current - Mainland China		
Charge for the year	814,468	642,802
Underprovision/(overprovision) in prior years	5,090	(4,010)
Deferred tax	257,889	291,684
Total tax charge for the year	1,098,511	953,672

8. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Interim – 7.0 HK cents (2012: 7.0 HK cents) per ordinary share	436,671	436,324
Proposed final – 16.0 HK cents (2012: 13.0 HK cents) per ordinary share	998,300	810,447
	1,434,971	1,246,771

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 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 the basic earnings per share amount 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 the diluted earnings per share amount 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:

	2013 HK$'000	2012 HK$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	4,426,117	3,413,824

	Number of shares 2013	 2012
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,237,296,890	6,233,257,978
Effect of dilution - weighted average number of ordinary shares that assumed to have been issued:		
Share options	18,471,522	21,911,174
For the purpose of the diluted earnings per share calculation	6,255,768,412	6,255,169,152

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 16% (2012: 15%) 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	
	2013	2012
	HK$'000	HK$'000
Within 3 months	273,339	251,165
3 months to 6 months	172	6,180
6 months to 1 year	172	50,443
More than 1 year	85,394	40,473
	359,077	348,261
Less: Impairment	(10,374)	(10,535)
	348,703	337,726

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	
	2013	2012
	HK$'000	HK$'000
Within 3 months	574,751	550,213
3 months to 6 months	168	162
6 months to 1 year	417	1,328
	575,336	551,703

CHAIRMAN'S STATEMENT

RESULTS

I am pleased to report to the shareholders our results of 2013. The Group's audited consolidated profit attributable to shareholders for 2013 amounted to HK$4,426 million (2012: HK$3,414 million), representing an increase of 29.6% over 2012. Basic earnings per share increased by 29.6% over 2012, to 70.96 HK cents (2012: 54.77 HK cents).

DIVIDEND

The Board recommends the payment of a final dividend of 16.0 HK cents per share for 2013. Aggregating such dividend with the interim dividend of 7.0 HK cents per share paid in 2013, the total dividend for the entire year will be 23.0 HK cents (2012: 20.0 HK cents) per share. The said 2013 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on 16 July 2014.

REVIEW

In 2013, given the uncertainties over the global and China economies, the financial market remained volatile, which had an adverse effect on the economic growth in China. Despite the complicated domestic and international economic conditions, the Group continued to integrate its competitive resources through actively pushing ahead the strategic restructuring so as to greatly enhance its core competitiveness as well as to effectively consolidate the market position of the Group. Faced with these fluctuations in the market environment, the Group carried out a detailed analysis on the market landscape, actively adjusted the business mix and capitalised on the value creation potential of the existing assets to achieve satisfactory growth in results performance.

Through efforts made by the management, the Group's profit attributable to shareholders increased by 29.6% to HK$4,426 million, and profit before tax increased by 22.8% or HK$1,123 million to HK$6,045 million (2012: HK$4,922 million). The growth was mainly contributed by water distribution, electric power generation and the gain arising from disposal of certain non-core investments, but was partly offset by the decrease in net gain arising from fair value adjustments of investment properties.

PROSPECTS

Looking ahead to 2014, the global economy will remain volatile and the sluggish economic growth will continue to affect the operating conditions in the near term. In face of the complicated and changing international economic conditions, in order to further strengthen the core competitiveness of the enterprise and enhance the standard of corporate governance, the Group will step up its efforts to closely monitor the market opportunities amid the changing trends in the market environment. While pushing ahead the innovation efforts of its internal control, the Group will optimise the standard of corporate governance and improve the operating efficiency with a view to achieving long-term value creation.

We will continue to closely monitor the economic environment, adopt stringent cost control and risk management measures, and further increase the operating efficiency leverage on the economies of scale to facilitate the sustainable development of business. In addition, in order to achieve another set of record breaking operating results, in pushing ahead our business integration, we will monitor the market and investment opportunities in the areas of water resources management and commercial real estate to allocate resources more appropriately and establish market positioning so as to build a solid and sound foundation for achieving the strategic growth objectives of the Group.

Finally, on behalf of the Board, I would like to thank all investors for their support in the year and 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, 25 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The consolidated revenue of the Group for 2013 was HK$7,990 million (2012: HK$7,736 million), an increase of 3.3% as compared with that in 2012. The growth was mainly contributed by water distribution, department stores operations, and property investment and development businesses.

The consolidated profit attributable to shareholders of the Group increased by 29.6% to HK$4,426 million (2012: HK$3,414 million). The profit before tax increased by 22.8% or HK$1,123 million to HK$6,045 million (2012: HK$4,922 million). The growth was mainly contributed by water distribution, electric power generation and the gain arising from disposal of certain non-core investments, but was partly offset by the decrease in net gain arising from fair value adjustments of investment properties.

Net gain arising from fair value adjustments of investment properties of HK$736 million (2012: HK$795 million) was recorded during the year. The finance cost of the Group substantially decreased by 63.6% to HK$60 million (2012: HK$165 million) as there was no finance charges arising from interest rate swap arrangement for the year.

Basic earnings per share was 70.96 HK cents (2012: 54.77 HK cents), representing an increase of 29.6% as compared with that in 2012.

BUSINESS OVERVIEW

A summary of the performance of the Group's major businesses during 2013 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 2013, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.00% (2012: 95.98%). GH Water Holdings holds 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 1.817 billion cubic meters (2012: 1.991 billion cubic meters), down by 8.7%, which generated a revenue of HK$4,934,479,000 (2012: HK$4,775,060,000), an increase of 3.3% over 2012.

Pursuant to the Hong Kong Water Supply Agreement for years 2012 to 2014 entered into between the Government of Hong Kong Special Administrative Region and the Guangdong Provincial Government in 2011, the annual revenue for water sales to Hong Kong for the three years of 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$3,743.30 million (2012: HK$3,538.7 million). The revenue from water sales to Shenzhen and Dongguan areas for the year decreased by 3.7% to HK$1,191,179,000 (2012: HK$1,236,360,000). The profit before tax of the Dongshen Water Supply Project for the year was HK$2,915,216,000 (2012: HK$2,575,817,000), 13.2% higher than that in 2012.

Nansha Water Supply

The Group's effective interest in 廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd., formerly known as Nansha GDH Water Co., Ltd.) ("Nansha Water Co") is 49%. The annual capacity of water supply of Nansha Water Co is 71.90 million cubic meters. The total volume of water supplied to users during the year amounted to 59.74 million cubic meters (2012: 55.53 million cubic meters), showing an increase of 7.6%. Revenue for the year increased by 15.9% to HK$148,138,000 (2012: HK$127,807,000). The loss before tax of Nansha Water Co for the year was HK$61,787,000 (2012: HK$66,605,000), 7.2% less than that in 2012.

Property Investment

Mainland China

Teem Plaza

As at 31 December 2013, 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.

During the year, revenue of Teem Plaza, comprising rental income from both the shopping mall (included rentals from the department store operated by the Group) and the office building, reached HK$1,115,335,000 (2012: HK$1,055,948,000), an increase of 5.6%. The profit before tax for the year, excluding the revaluation gain and net interest income, increased by 1.8% to HK$748,499,000 (2012: HK$735,214,000).

Teemall, one of the most popular shopping malls in a 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 nearly 99% during the year (2012: 99%). The mall is successful in retaining existing brand-name tenants as well as attracting new ones. Strong demands for shop spaces in the mall and the use of the open tendering system for tenants selection resulted in an increase in 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 99.0% (2012: 98.7%) as at 31 December 2013, the total rental income for the year was HK$210,017,000 (2012: HK$202,438,000), an increase of 3.7%. The profit before tax for the year, excluding the revaluation gain, grew by 3.0% to HK$179,625,000 (2012: HK$174,394,000).

Tianjin Teem Shopping Mall

GD Teem owns a parcel 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. Approximately HK$1,456 million had been invested as at 31 December 2013.

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 Co., Ltd.) (“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 parcel 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. This parcel of 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. Approximately HK$659 million had been invested by Tianhecheng Investco in Wanye according to the cooperation agreement as at 31 December 2013.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the year was 99.1% (2012: 98.1%), 1% higher than that in 2012. As a result of the upsurge in average rental, total rental income for the year was increased by 18.0% to HK$44,225,000 (2012: HK$37,482,000).

Department Stores Operations

As at 31 December 2013, 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 the Teemall Store in Teem Plaza. It also operates Teemall Store – Beijing Road Branch (“Ming Sheng Store”), 奥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 around 133,700 square meters (2012: 129,600 square meters) generated revenue of HK$771,857,000 (2012: HK$711,418,000), an increase of 8.5%. The profit before tax for the year excluding interest income, increased by 12.5% to HK$252,088,000 (2012: HK$224,060,000).

Teemall Store offers a wide range of products and is one of the major top-selling department stores in Guangzhou. The revenue of Teemall Store increased by 6.9% to HK$520,046,000 (2012: HK$486,346,000) during the year.

Due to keen competition from those newly opened department stores along the Beijing Road, the revenue of Ming Sheng Store for the year decreased by 1.3% to HK$61,385,000 (2012: HK$62,199,000). Ao Ti Store is operated as an outlet mall and its revenue for the year was HK$30,649,000 (2012: HK$23,177,000), an increase of 32.2%. The revenue of Baiyun New Town Store for the year was HK$18,733,000 (2012: HK$14,076,000), an increase of 33.1%. The revenue of Dong Pu Store for the year was HK$46,843,000 (2012: HK$33,895,000), an increase of 38.2%.

Wan Bo Store is operated as an outlet mall and offers brand-name products at a substantial discount. The revenue of Wan Bo Store for the year was HK$94,201,000 (2012: HK$91,725,000), an increase of 2.7%.

The Group's effective interest in 廣東永旺天河城商業有限公司 (Guangdong Aeon Teem Co., Ltd.) (“GD Aeon Teem”) is 26.63%. Due to a negative contribution from new stores of GD Aeon Teem and the impairment on leasehold improvements of those new stores, the Group's share of losses in GD Aeon Teem amounted to HK$26,588,000 (2012: share of profit HK$13,141,000) during the year.

Hotel Operations and Management

As at 31 December 2013, our hotel management team managed a total of 39 hotels (2012: 37 hotels), of which two were located in Hong Kong, one in Macau and 36 in Mainland China. As at 31 December 2013, seven hotels, of which two were located in Hong Kong, two in Shenzhen, one in each of Guangzhou, Zhuhai and Zhengzhou, were owned or lease-owned by the Group. Of these seven hotels, six were managed by our hotel management team but the one located in Guangzhou, namely Sheraton Guangzhou Hotel, is managed by Sheraton Overseas Management Corporation.

Among the seven hotels owned or lease-owned, five are star-rated hotels and two are hotels with limited services. During the year, the average room rate of Sheraton Guangzhou Hotel was HK$1,218 (2012: HK$1,279) whereas the average room rates of the remaining four star-rated hotels and the two hotels with limited services were HK$763 (2012: HK$780) and HK$244 (2012: HK$226), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 80.3% (2012: 63.8%) and of the other four star-rated hotels was 80.4% (2012: 82.5%) during the year.

Regarding the hotel operations and management business as a whole, the revenue for the year increased by 2.0% to HK$678,753,000 (2012: HK$665,181,000). The profit before tax for the year increased by 8.3% to HK$143,530,000 (2012: HK$132,485,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK"), a 95% owned subsidiary of the Company, holds 63% interest in 中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.) ("ZTP"). Accordingly, the Group's effective interest in ZTP is 59.85%. 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 655 million kwh (2012: 697 million kwh), a decrease of 6.0%. As a result of the decrease in electricity sales, revenue for the year was down by 3.4% to HK$424,961,000 (2012: HK$440,138,000). However, due to the decrease in coal price, profit margin for the year increased as compared to that in 2012. The profit before tax for the year was HK$125,919,000 (2012: HK$104,790,000), an increase of 20.2%.

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 agreed to make additional contribution into ZTP in order to provide part of the funds for the Zhongshan Project, and their respective interests in ZTP will then be adjusted to 75% and 25% after completion of the contribution. ZPHK and Xing Zhong also agreed to extend the original term of the joint venture, for another 30 years from the expiry of the original term of ZTP and upon approval of the Zhongshan Project by the relevant PRC authorities.

The construction of Zhongshan Project was approved by the National Development and Reform Commission in 2012. Thus, ZPHK and Xing Zhong are in the course of applying for the extension of the term of the joint venture.

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

The Group’s effective interest in Yudean Jinghai Power is 25%. As at 31 December 2013, Yudean Jinghai Power had four (2012: two) power generation units with a total installed capacity of 3,200 MW (2012: 1,200 MW). The construction of two new power generation units with total installed capacity of 2,000 MW was completed and put into operation in January 2013. Sales of electricity for the year amounted to 15,025 million kwh (2012: 6,775 million kwh), an increase of 121.8%. Revenue for the year amounted to HK$8,280,555,000 (2012: HK$3,708,181,000), an increase of 123.3%. Due to the increase in sales volume together with and the decrease in coal price, profit before tax for the year increased by 238.2% to HK$1,682,825,000 (2012:HK$497,564,000).

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. 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.

Pursuant to the equity transfer agreement dated 27 September 2013, the Group disposed of its entire equity interest in Yue Jiang Power to 廣東電力發展股份有限公司 (Guangdong Electric Power Development Co., Ltd.) for a consideration of approximately RMB86,195,000 (equivalent to approximately HK$107,898,000) and a gain of HK$39,219,000 arising from the said disposal was recognised during the year. The transaction was completed on 23 October 2013.

Further, pursuant to the capacity quota transfer agreement dated 27 September 2013, 韶關發電Ｄ廠有限公司 (Shaoguan Power Plant (D) Ltd.), an indirect non wholly-owned subsidiary of the Company, sold the 200 MW capacity quota of its generating unit, which had been closed down in 2008, to Yue Jiang Power for a consideration of RMB56,000,000 (equivalent to approximately HK$70,101,000).

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 Meixian Power Plant (2012: Nil).

Toll Roads and Bridges

“Two Bridges” and Panyu Bridge

The Group had a 51% equity interest in Guangdong Transport Investment (BVI) Company Limited (“GTI”), a joint venture of the Group. GTI held interests in the “Two Bridges” projects namely Humen Bridge and Shantou Haiwan Bridge with profit sharing ratios of 23% and 30%, respectively. The Group through a wholly-owned subsidiary, Guangdong Assets Management (BVI) No.3 Limited (“GAM3”), indirectly held a 20% equity interest in 廣東番禺大橋有限公司 (Guangdong Pan Yu Bridge Company Limited) (“Panyu Bridge”).

On 17 June 2013, the Group and Xin Yue (BVI) Company Limited, the joint venture partner who held a 49% equity interest in GTI, entered into an agreement for the disposal of the Group’s entire 51% and 100% equity interests in GTI and GAM3, for a total consideration of RMB821,660,000 (equivalent to approximately HK$1,031,430,000). The transaction was completed on 28 June 2013 and the gain arising from the disposal in the sum of HK$424,245,000 was recognised during the year.

Yingkeng Highway

The Group's effective interest in this project is 70%. Given the poor conditions of Yingkeng Highway, the toll charged to road users for Shakou station and Wangbu station has been stopped since 31 July 2013 and 1 October 2013 respectively. Revenue for the year decreased by 42.0% to HK$14,362,000 (2012: HK$24,751,000). The loss before tax for the year was HK$7,465,000 (2012: profit before tax of HK$7,500,000).

On 25 December 2013, the Group disposed of its entire equity interest in Yingkeng Highway to 英德市城建綜合開發公司, resulting in a loss on disposal of HK$21,946,000 during the year.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December 2013, the available-for-sale financial assets of the Group increased by HK$4,605 million to HK$5,037 million (2012: HK$432 million), these financial assets placed by the Group with a number of licensed banks in the PRC for a term of no more than one year. The principal sums are denominated in RMB and guaranteed by those banks upon the maturity date.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 31 December 2013, the cash and bank balances of the Group increased by HK$2,060 million to HK$6,532 million (2012: HK$4,472 million), of which 19.9% was denominated in Hong Kong dollars, 77.4% in Renminbi and 2.7% in US dollars.

As at 31 December 2013, the Group's financial borrowing amounted to HK$3,619 million (2012: HK$3,967 million), of which 17.1% was denominated in US dollars and 82.9% was in Hong Kong dollars, including the non-interest-bearing receipt in advance of HK$1,064 million. Of the Group's total financial borrowings, HK$1,093 million was repayable within one year while the remaining balances of HK$2,053 million and HK$473 million are repayable within two to five years and beyond five years from the end of reporting period, respectively. During the year, the Group's financial borrowing decreased by HK$348 million mainly due to the repayments of the bank loans in 2013 of HK$238 million.

The Group maintained nil credit facilities as at 31 December 2013 (2012: RMB1,100 million).

As at 31 December 2013 and 2012, the Group was in net cash position. Hence, no gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was presented. The Group was in a healthy debt servicing position as the EBITDA/finance cost as at 31 December 2013 was 114.3 times (2012: 36.4 times).

The existing cash resources of the Group, together with steady cash flows generated from the Group's operations, are sufficient to meet the Group's payment obligations and business requirements.

PLEDGE OF ASSETS

As at 31 December 2013, 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 (2012: Nil).

CAPITAL EXPENDITURE

The Group's capital expenditure during the year amounted to HK$248 million which was principally related to development cost for property development projects, construction cost for Zhongshan Project and hotel renovations cost.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 31 December 2013, total US dollars borrowings amounted to HK$620 million (2012: HK$692 million). The foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 31 December 2013, the Group's total floating rate borrowings amounted to HK$2,555 million (2012: HK$2,785 million). The interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group had a total of 4,200 employees, of whom 853 employees were at managerial level. Among them, 3,942 employees were employed by subsidiaries in Mainland China and 258 were employed by the head office and subsidiaries in Hong Kong. Total remuneration for the year was approximately HK$701,985,000 (2012: HK$621,237,000).

In 2013, the profound impacts of the global financial crisis continued to linger, while the world's economic recovery remained slow. Under such unfavorable circumstances, the Group made every effort in improvement of business outcomes by way of optimizing investment portfolio and maximizing capital employed. Through these adjustments the Group has successfully built up its focus on the industries with advantages and enhanced its business competitiveness continuously. In this year, a corporate culture with core values in honesty and responsibility were fostered; a variety of strategies were employed to recruit professional talents, who were being trained intensively to meet the rapid development of the company. On this basis, the Group introduced an innovative incentive & constrain mechanism, put forward a new strategic management guided by long term development. The Group hopes it will nurture an environment which could attract high caliber managerial and technical talents. Further the Group implemented an achievement-oriented appraisal system, regularly reviewing the performance of its senior management to ensure the integrity and efficiency. Remuneration and incentive packages for staff were commensurate with the results of the company, such as operating net cash flows and profits after tax. For further motivating our employees, performance-based incentive policy was introduced in which incentive bonuses were paid to the management team, key officers and outstanding staff according to their positions and performance appraisals. The Group also adopted a share option scheme to reward and retain long-service employees of the Group. In order to meet the needs of staff career development, the Group actively encouraged staff and provided subsidies for continuing education by way of various training programs. Looking into the future, the Group will put the stress on regulating internal management, enhance capability of the management team, optimize the organizational structure, push up reconciliation of the company resources orderly, carry on capital operation effectively, and build a corporate culture and working environment emphasizing honesty and integrity. The Group believes these arrangements will build a solid foundation for the long term development of the company in the year 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 2013 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the deviation pertaining to 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, certain Independent Non-Executive Directors and Non-Executive Directors were unable to attend the annual general meeting of the Company held on 14 June 2013 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 2013 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$
	4,979,000	1.88	9,360,520
	198,500	6.20	1,230,700
Total	5,177,500		10,591,220

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, 20 June 2014 at 10:00 a.m. (the "2014 Annual General Meeting"). The register of members of the Company will be closed on Thursday, 19 June 2014 and Friday, 20 June 2014 and no transfer of shares will be registered during these two days.

In order to qualify for attending and voting at the 2014 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 Wednesday, 18 June 2014.

Entitlement for Final Dividend

The Board has resolved to recommend the payment of a final dividend of 16.0 HK cents per ordinary share for the year ended 31 December 2013 which is expected to be paid on Wednesday, 16 July 2014 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 26 June 2014 subject to the final approval at the 2014 Annual General Meeting.

For the purpose of determining shareholders' entitlements to the final dividend for the year ended 31 December 2013, the register of members of the Company will be closed on Thursday, 26 June 2014 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, 25 June 2014.

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 2013 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.

* *Tricor Tengis Limited will relocate to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on 31 March 2014.*

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 25 March 2014

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.