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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

Unaudited financial highlights for the six months ended 30 June

	2014	2013	Changes
	HK$' 000	HK$' 000	%
Revenue	**4,315,967**	4,137,945	+4.3
Profit attributable to owners of the Company	**2,469,295**	2,428,325	+1.7
Earnings per share – Basic	**39.57 HK cents**	38.94 HK cents	+1.6
Interim dividend per share	**8.00 HK cents**	7.00 HK cents	+14.3

CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of Guangdong Investment Limited (the "Company" or "GDI") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group" or the "GDI Group") for the six months ended 30 June 2014 together with the comparative figures for corresponding period in 2013. These results have not been audited, but have been reviewed by the Company's audit committee and the auditors, Messrs. Ernst & Young.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
REVENUE	3	4,315,967	4,137,945
Cost of sales		(1,282,406)	(1,285,111)
Gross profit		3,033,561	2,852,834
Other income and gains		263,472	109,216
Gain on disposal of a subsidiary and a joint venture		-	424,245
Changes in fair value of investment properties		617,597	317,725
Selling and distribution expenses		(83,238)	(72,085)
Administrative expenses		(579,079)	(482,407)
Other operating income/(expenses), net		86,787	(9,106)
Finance costs	4	(36,159)	(29,995)
Share of profit of a joint venture		-	51,238
Share of profits less losses of associates		161,012	113,263
PROFIT BEFORE TAX	5	3,463,953	3,274,928
Income tax expense	6	(665,918)	(629,091)
PROFIT FOR THE PERIOD		2,798,035	2,645,837
Attributable to:			
Owners of the Company		2,469,295	2,428,325
Non-controlling interests		328,740	217,512
		2,798,035	2,645,837
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		39.57 HK cents	38.94 HK cents
Diluted		39.47 HK cents	38.81 HK cents

Details of the dividends proposed for the period are disclosed in note 7 to the announcement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	2,798,035	2,645,837
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserves released upon disposal of a subsidiary and a joint venture	-	(231,773)
Exchange differences on translation of foreign operations	(148,703)	237,566
Net gains on available-for-sale financial assets	11,178	64,711
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(137,525)	70,504
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Fair value gains on property, plant and equipment, net of tax	38,623	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(98,902)	70,504
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,699,133	2,716,341
Attributable to:		
Owners of the Company	2,402,283	2,427,158
Non-controlling interests	296,850	289,183
	2,699,133	2,716,341

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,029,080	3,085,632
Investment properties	9	11,305,411	10,531,668
Prepaid land lease payments		91,382	94,558
Goodwill		278,959	266,146
Investments in associates		1,585,958	1,702,873
Intangible assets		12,920,779	13,320,172
Receivables under operating concessions	10	293,145	-
Deposits		259,242	107,625
Deferred tax assets		29,272	29,698
Total non-current assets		29,793,228	29,138,372
CURRENT ASSETS			
Available-for-sale financial assets		8,119,545	5,037,387
Tax recoverable		-	4,032
Inventories		64,434	79,462
Receivables, prepayments and deposits	11	986,254	521,451
Cash and cash equivalents		4,968,285	6,531,736
Total current assets		14,138,518	12,174,068
CURRENT LIABILITIES			
Payables, accruals and other liabilities	12	(2,225,467)	(2,630,526)
Tax payable		(340,085)	(494,427)
Due to non-controlling shareholders of subsidiaries		(292,010)	(276,373)
Interest-bearing bank borrowings		(1,219,432)	(974,547)
Dividend payable		(998,445)	-
Total current liabilities		(5,075,439)	(4,375,873)
NET CURRENT ASSETS		9,063,079	7,798,195
TOTAL ASSETS LESS CURRENT LIABILITIES – page 5		38,856,307	36,936,567

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2014

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES – page 4	38,856,307	36,936,567
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	(1,386,925)	(1,580,635)
Other liabilities	(1,433,760)	(1,178,726)
Deferred tax liabilities	(2,208,142)	(1,995,688)
Total non-current liabilities	(5,028,827)	(4,755,049)
Net assets	33,827,480	32,181,518
EQUITY		
Equity attributable to owners of the Company		
Issued capital	5,595,013	3,119,691
Reserves	22,671,454	23,195,331
Proposed dividend	499,223	998,300
	28,765,690	27,313,322
Non-controlling interests	5,061,790	4,868,196
Total equity	33,827,480	32,181,518

Notes:

1. ACCOUNTING POLICIES

The unaudited interim financial information of the Group for the six months ended 30 June 2014 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 2 to the announcement.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's interim financial information.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of the new and revised HKFRSs has had no material financial effect on the interim financial information.

3. OPERATING SEGMENT INFORMATION

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

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

(ii) The department stores segment operates department stores in Mainland China;

(iii) The water resources segment operates water supply and sewage treatment 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.

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

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department stores		Water resources	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	566,934	527,530	427,819	424,029	2,744,664	2,611,852
Intersegment sales	55,167	51,863	-	-	-	-
Other revenue from external sources (note)	913	1,238	24,027	20,845	3,402	547
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	(1,484)	714	-	-	(20,976)	26,770
Total	621,530	581,345	451,846	444,874	2,727,090	2,639,169
Segment results	1,066,301	725,460	163,170	169,018	1,707,515	1,642,746
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of:						
A joint venture	-	-	-	-	-	-
Associates	-	-	9,915	(2,078)	(13,699)	(9,807)
Gain on disposal of a subsidiary and a joint venture						
Profit before tax						
Income tax expense						
Profit for the period						

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	249,372	256,790	327,178	308,313	-	9,431
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	5,571	6,136	319	229	-	20
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	(176)	(207)	(1,592)	3,157	-	106
Total	254,767	262,719	325,905	311,699	-	9,557
Segment results	164,248	65,998	55,985	59,176	-	3,254
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of:						
A joint venture	-	-	-	-	-	51,238
Associates	164,796	122,272	-	-	-	2,876
Gain on disposal of a subsidiary and a joint venture						
Profit before tax						
Income tax expense						
Profit for the period						

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	4,315,967	4,137,945
Intersegment sales	-	-	(55,167)	(51,863)	-	-
Other revenue from external sources (note)	1,714	864	-	-	35,946	29,879
Other revenue from intersegment transactions (note)	4,895	1,970	(4,895)	(1,970)	-	-
Exchange differences, net	(2,039)	12,174	-	-	(26,267)	42,714
Total	4,570	15,008	(60,062)	(53,833)	4,325,646	4,210,538
Segment results	(45,645)	(28,812)	-	-	3,111,574	2,636,840
Interest income					29,972	20,308
Interest income from available-for-sale financial assets					153,589	-
Investment income from available-for-sale financial assets					43,965	59,029
Finance costs					(36,159)	(29,995)
Share of profits less losses of:						
A joint venture	-	-	-	-	-	51,238
Associates	-	-	-	-	161,012	113,263
Gain on disposal of a subsidiary and a joint venture					-	424,245
Profit before tax					3,463,953	3,274,928
Income tax expense					(665,918)	(629,091)
Profit for the period					2,798,035	2,645,837

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department stores		Water resources	
	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Segment assets	11,845,832	11,103,897	125,773	126,692	14,480,591	14,148,083
Investments in associates	-	-	161,613	153,187	183,469	168,617
Unallocated assets						
Total assets						
Segment liabilities	933,809	663,323	976,612	1,303,830	1,416,394	1,422,707
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Segment assets	525,655	308,008	2,240,903	2,304,669	-	-
Investments in associates	1,240,876	1,381,069	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	459,564	531,074	110,860	114,678	-	-
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Segment assets	8,035	8,774	-	-	29,226,789	28,000,123
Investments in associates	-	-	-	-	1,585,958	1,702,873
Unallocated assets					13,118,999	11,609,444
` Total assets					43,931,746	41,312,440
Segment liabilities	53,480	49,270	-	-	3,950,719	4,084,882
Unallocated liabilities					6,153,547	5,046,040
` Total liabilities					10,104,266	9,130,922

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Interest on bank borrowings wholly repayable within five years	28,098	29,995
Interest on the amount due to the ultimate holding company	8,061	-
Total finance costs for the period	36,159	29,995

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Interest income**	(29,972)	(20,308)
Interest income from available-for-sale financial assets**	(153,589)	-
Investment income from available-for-sale financial assets**	(43,965)	(59,029)
Cost of inventories sold*	173,274	208,649
Depreciation	127,899	126,367
Recognition of prepaid land lease payments	2,397	2,370
Amortisation of intangible assets*	397,906	401,969
Reversal of impairment of items of property, plant and equipment^	(85,497)	-

* Included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

** Included in "Other income and gains" on the face of the condensed consolidated statement of profit or loss.

^ Included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the period	12,241	10,660
Current - Mainland China		
Charge for the period	444,408	485,190
Underprovision in prior years	2,133	4,623
Deferred tax	207,136	128,618
Total tax charge for the period	665,918	629,091

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. DIVIDENDS

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim – 8.0 HK cents (2013: 7.0 HK cents) per ordinary share	499,223	436,671

At a meeting of the board of directors held on 26 August 2014, the directors resolved to pay to shareholders an interim dividend of 8.0 HK cents (2013: 7.0 HK cents) per ordinary share for the six months ended 30 June 2014.

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

The calculations of the basic and diluted earnings per share for the six months ended 30 June 2014 and 2013 are based on:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	2,469,295	2,428,325

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	Number of shares	
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,240,163,786	6,236,043,176
Effect of dilution - weighted average number of ordinary shares assumed to have been issued:		
Share options	16,109,830	20,271,659
For the purpose of diluted earnings per share calculation	6,256,273,616	6,256,314,835

9. INVESTMENT PROPERTIES

As at 30 June 2014, one of the Group's investment properties under development which was previously stated at cost as at 31 December 2013 was revalued on an open market, existing use basis, by the independent and professionally qualified valuers as the development project reached a stage that its fair value could be reliably determined. This gave rise to a revaluation gain of HK$110,085,000 and a related deferred tax of HK$27,521,000, which were both recognised in the consolidated statement of profit or loss for the period.

10. RECEIVABLES UNDER OPERATING CONCESSIONS

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Receivables under operating concessions	311,525	-
Less: Portion classified as current assets	(18,380)	-
Non-current portion	293,145	-

The Group applied the financial asset model to account for service concession arrangements of sewage treatment operations acquired during the current period and recognised receivables under operating concessions for such arrangements. Balance classified as current assets included HK$14,037,000 and HK$4,343,000 which were aged within 3 months and 3 to 6 months, respectively, based on the payment due date. None of the above balances was impaired.

11. RECEIVABLES, PREPAYMENTS AND DEPOSITS

Included in the Group's receivable, prepayments and deposits are trade receivables, net of impairments, from the Group's customers. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days to 180 days of issue. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade receivables related principally to the water resources and electricity supply businesses, giving rise to a concentration of credit risk whereby 48% (31 December 2013: 16%) of the total trade receivables was due from one of the Group's major customers. The Group does not hold any collateral or other credit enhancements over these balances.

11. RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

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:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Within 3 months	678,280	273,339
3 months to 6 months	484	172
6 months to 1 year	657	172
More than 1 year	77,557	85,394
	756,978	359,077
Less: Impairments	(10,483)	(10,374)
	746,495	348,703

12. PAYABLES , ACCRUALS AND OTHER LIABILITIES

Included in the Group's payables, accruals and other liabilities 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:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Within 3 months	380,656	574,751
3 months to 6 months	458	168
6 months to 1 year	463	417
	381,577	575,336

BUSINESS REVIEW, DISCUSSION AND ANALYSIS, AND PROSPECTS

RESULTS

The Board is pleased to report the results of the Group for the six months ended 30 June 2014 (the "Period"). The Group's unaudited consolidated profit attributable to shareholders amounted to HK$2,469 million (2013: HK$2,428 million), an increase of 1.7% as compared with the same period last year. Basic earnings per share increased 1.6% over the same period last year to 39.57 HK cents (2013: 38.94 HK cents).

INTERIM DIVIDEND

The Board declares an interim dividend of 8.0 HK cents per share for the Period (2013: 7.0 HK cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK$4,316 million (2013: HK$4,138 million), an increase of 4.3% as compared with the same period last year. The growth was mainly attributable to better performance in water resources and property investment and development businesses.

The unaudited consolidated profit attributable to shareholders of the Group for the Period increased by 1.7% to HK$2,469 million (2013: HK$2,428 million). The profit before tax increased by 5.8% or HK$189 million to HK$3,464 million (2013: HK$3,275 million). The growth was mainly attributable to better performance in electric power generation, water resources, property investment and development businesses. During the Period, no gain was realized from the disposal of any non-core investments of the Group whereas such a gain amounted to HK$424 million was recognized in the same period last year.

Net gain arising from fair value adjustments of investment properties of HK$618 million (2013: HK$318 million) was recorded during the Period. The finance cost of the Group increased by 20.0% to HK$36 million (2013: HK$30 million).

Basic earnings per share increased 1.6% to 39.57 HK cents (2013: 38.94 HK cents), as compared with the same period last year.

BUSINESS REVIEW

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

Water Resources

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 30 June 2014, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96% (31 December 2013: 96%). GH Water Holdings holds a 99.0% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion cubic meters. Total water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 0.941 billion cubic meters (2013: 1.000 billion cubic meters), down by 5.9%, generating a revenue of HK$2,733,513,000 (2013: HK$2,611,852,000), an increase of 4.7% over the same period last year.

Pursuant to the Hong Kong Water Supply Agreement for years 2012 to 2014 entered into between the Government of Hong Kong Special Administrative Region ("HKG") and the Guangdong Provincial Government ("GPG") in 2011, the annual revenue for water sales to Hong Kong for the three years of 2012, 2013 and 2014 are 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 Period increased by 5.8% to HK$2,160 million (2013: HK$2,042 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period increased by 0.7% to HK$574 million (2013: HK$570 million). The profit before tax of the Dongshen Water Supply Project for the Period was HK$1,741,583,000 (2013: HK$1,657,495,000), 5.1% higher than that in the same period last year.

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.) ("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 the user during the Period amounted to 30.97 million cubic meters (2013: 27.24 million cubic meters), showing an increase of 13.7%. Revenue for the Period increased by 33.4% to HK$91,268,000 (2013: HK$68,440,000). The loss before tax of Nansha Water Co for the Period was HK$28,404,000 (2013: HK$47,063,000 (excluding the government subsidy)), 39.6% less than that of the same period last year. The Group's share of loss in Nansha Water Co amounted to HK$13,699,000 (2013: HK$9,807,000) during the Period.

Water Group HK

During the Period, Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, set up a subsidiary and acquired two more subsidiaries which are principally engaged in sewage treatment operations in the People's Republic of China ("PRC"). 五華粵海環保有限公司 ("Wuhua Water Co") was newly established with a registered capital of RMB30 million. Further, 100% equity interests in both 東莞市常平金勝水務有限公司 ("Jinsheng Water Co") and 東莞市道滘鴻發污水處理有限公司 ("Daojiao Water Co") were acquired by Water Group HK at the consideration of approximately RMB109 million in aggregate.

Wuhua Sewage

The principal activities of Wuhua Water Co include sewage treatment, research and development of environmentally friendly products, technical consulting, environmental equipment installation and maintenance. The waste water processing capacity of the sewage treatment plant operated by Wuhua Water Co is 20,000 tons per day. Revenue and profit before tax for the period from 1 March 2014 (date of operation) to 30 June 2014 amounted to HK$2,802,000 and HK$1,567,000, respectively.

Jinsheng Sewage

Jinsheng Water Co is principally engaged in sewage treatment, research and development of environmentally friendly products, technical consulting, environmental equipment installation and maintenance. The waste water processing capacity of the sewage treatment plant operated by Jinsheng Water Co is 70,000 tons per day. Revenue and profit before tax for the period from 28 February 2014 (date of acquisition) to 30 June 2014 amounted to HK$7,757,000 and HK$342,000, respectively.

Daojiao Sewage

Daojiao Water Co is principally engaged in sewage treatment. The waste water processing capacity of the sewage treatment plant operated by Daojiao Water Co is 40,000 tons per day. Revenue and profit before tax for the period from 19 June 2014 (date of acquisition) to 30 June 2014 amounted to HK$593,000 and HK$85,000, respectively.

Property Investment

Mainland China

Teem Plaza

As at 30 June 2014, the Group held an effective equity interest of 76.13% in 廣東天河城(集團)股份有限公司(Guangdong Teem (Holdings) Limited) ("GD Teem"), the property owner of Teem Plaza. Teem Plaza 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 Period, revenue of Teem Plaza, comprising rental income from both the shopping mall (including rentals from the department stores operated by the Group) and the office building, reached HK$577,902,000 (2013: HK$539,001,000), an increase of 7.2%. The profit before tax for the Period, excluding revaluation gain and net interest income, increased by 10.6% to HK$418,589,000 (2013: HK$378,437,000).

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 102,000 square meters, respectively. The mall was operated at its full capacity with an average occupancy rate of nearly 99% during the Period (2013: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones. Strong demands for shop spaces in the mall and the open tendering system for selecting new tenants resulted in an increase of rental income during the Period.

The office building, known as 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 average occupancy rate of 98.4% (2013: 98.0%) as at 30 June 2014, the total rental income for the Period was HK$106,113,000 (2013: HK$100,912,000), an increase of 5.2%. The profit before tax for the Period, excluding revaluation gain, increased by 6.3% to HK$91,245,000 (2013: HK$85,875,000).

Tianjin Teem Shopping Mall

GD Teem owns a parcel of land situated in Tianjin to 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. A total sum of approximately HK$1,590 million had been invested as at 30 June 2014.

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 31.06%. 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 located in 番禺萬博中央商務區 (Panyu Wanbo Central Business District), which is designated to be a new commercial area in 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. A total sum of approximately HK$1,331 million had been invested by Tianhecheng Investco in Wanye in accordance with the cooperation agreement as at 30 June 2014.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2013: 98.2%), which was 1.8% higher than that in the same period last year. As a result of the increase in average rental, total rental income for the Period was up by 13.9% to HK$24,336,000 (2013: HK$21,365,000).

Department Stores Operations

As at 30 June 2014, the Group held an effective interest of approximately 85.2% 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"), 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 133,700 square meters (2013: 130,000 square meters) generated revenue of HK$427,819,000 (2013: HK$424,029,000), an increase of 0.9%. The addition of leased area taken together with the annual increment of rental payment incurred by the department stores exceeded the growth in business, hence the profit before tax for the Period decreased by 1.3% to HK$188,937,000 (2013: HK$191,463,000).

Teemall Store offers to sell a wide range of products and is one of the major top-selling department stores in Guangzhou. Due to keen competition of the retail market in Guangzhou and the reduction in pedestrian flow due to the work of interior renovation, the revenue of Teemall Store decreased by 13.9% to HK$257,903,000 (2013: HK$299,633,000) during the Period.

The revenue of the other five stores during the Period recorded various levels of growth as a result of the success of various promotional activities launched. During the Period, (i) the revenue of Ming Sheng Store increased by 9.8% to HK$32,714,000 (2013: HK$29,782,000); (ii) Ao Ti Store, an outlet mall, increased its revenue by 229.7% to HK$50,603,000 (2013: HK$15,348,000); (iii) the revenue of Baiyun New Town Store increased by 25.6% to HK$10,992,000 (2013: HK$8,750,000); (iv) the revenue of Dong Pu Store increased by 11.0% to HK$26,218,000 (2013: HK$23,617,000); (v) Wan Bo Store, an outlet mall, which sells brand-name products at a substantial discount, increased its revenue by 5.3% to HK$49,389,000 (2013: HK$46,899,000).

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 26.65%. The Group's share of profits in GD Aeon Teem amounted to HK$9,916,000 (2013: share of losses HK$2,078,000) during the Period.

Hotel Operations and Management

As at 30 June 2014, our hotel management team managed a total of 38 hotels (31 December 2013: 39 hotels), of which two were located in Hong Kong, one in Macau and 35 in Mainland China. As at 30 June 2014, 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 budget hotels. During the Period, the average room rate of Sheraton Guangzhou Hotel was HK$1,244 (2013: HK$1,219) whereas the average room rate of the remaining four star-rated hotels and the two budget hotels were HK$752 (2013: HK$744) and HK$241 (2013: HK$248), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 79.9% (2013: 79.0%) and of the other four star-rated hotels was 85.1% (2013: 77.9%) during the Period.

Regarding the hotel operations and management business as a whole, the revenue for the Period increased by 6.1% to HK$327,178,000 (2013: HK$308,313,000). The profit before tax for the Period decreased by 2.0% to HK$61,142,000 (2013: HK$62,411,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK") is effectively 95% owned by the Company. ZPHK holds 75% (2013: 63%) interest in 中山火力發電有限公司 (Zhongshan Thermal Power Co. Ltd.) ("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 Period amounted to 327 million kwh (2013: 346 million kwh), decreased by 5.5%. As a result of the decrease in electricity sales, revenue for the Period was down by 2.9% to HK$249,372,000 (2013: HK$256,790,000). However, due to the reduction in coal price, profit margin of ZTP for the Period increased as compared to that in 2013. The profit before tax for the Period was HK$81,098,000 (2013: HK$68,031,000), an increase of 19.2%.

Pursuant to the agreements entered into by ZPHK and 中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd.) ("Xing Zhong") on 22 July 2009, ZPHK and Xing Zhong agreed to make additional contribution into ZTP for the construction of two 300 MW heat and electricity supply plants (the "Zhongshan Project"), and their respective interests in ZTP would be adjusted to 75% and 25%. During the Period, capital contributions made by ZPHK for the Zhongshan Project amounted to HK$226,620,000.

The construction of Zhongshan Project was approved by the relevant PRC authorities in 2014, and the term of the joint venture was extended for a further 30 years to 29 October 2043.

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 30 June 2014, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the Period amounted to 6,985 million kwh (2013: 7,179 million kwh), decreased by 2.7%. Revenue for the Period amounted to HK$3,914,730,000 (2013: HK$3,904,531,000), an increase of 0.3%. Due to the reduction in coal price, the profit before tax of Yudean Jinghai Power for the Period increased by 34.9% to HK$880,193,000 (2013:HK$652,592,000). The Group's share of profit in Yudean Jinghai Power amounted to HK$164,796,000 (2013: HK$122,272,000) during the Period.

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 Period, no dividend income was received by GD Power Investment from this investment (2013: Nil).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2014, the available-for-sale financial assets of the Group increased by HK$3,083 million to HK$8,120 million (31 December 2013: HK$5,037 million), which are 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 the relevant banks upon the maturity date.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2014, the cash and bank balances of the Group decreased by HK$1,564 million to HK$4,968 million (31 December 2013: HK$6,532 million), of which 21.8% was denominated in Hong Kong dollars, 76.9% in Renminbi and 1.3% in US dollars.

As at 30 June 2014, the Group's financial borrowings increased by HK$51 million to HK$3,670 million (31 December 2013: HK$3,619 million), of which 81.8% was denominated in Hong Kong dollars, 16.9% in US dollars and 1.3% in Renminbi, including the non-interest-bearing receipt in advance of HK$1,064 million. Of the Group's total financial borrowings, HK$1,338 million was repayable within one year while the remaining balances of HK$1,859 million and HK$473 million are repayable within two to five years and beyond five years from the end of reporting period, respectively.

The Group did not maintain any credit facility as at 30 June 2014 (31 December 2013: Nil).

As at 30 June 2014 and 31 December 2013, the Group was in a net cash position. Hence, no gearing ratio (i.e. net financial indebtedness/net asset value (excluding non-controlling interests)) was presented. The Group was in a healthy debt servicing position as the EBITDA/finance cost as at 30 June 2014 was 107.0 times (31 December 2013: 114.3 times).

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

PLEDGE OF ASSETS

As at 30 June 2014, 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 (31 December 2013: Nil).

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK$252 million which was principally related to the development cost for property development projects and construction cost for Zhongshan Project.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2014, total US dollars borrowings amounted to HK$622 million (31 December 2013: HK$620 million) and total Renminbi borrowings amounted to HK$48 million (31 December 2013: Nil). The foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 30 June 2014, the Group's total floating rate borrowings amounted to HK$2,606 million (31 December 2013: HK$2,555 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 30 June 2014, the Group had a total of 4,219 employees, of which 831 were at the managerial level. Among the employees, 3,963 were employed by subsidiaries in Mainland China and 256 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK$331,910,000 (2013: HK$305,097,000).

In 2014, the global economy has been recovering, along with the revival of productivity and demand. Under such circumstances, the Group made every effort in improving its commercial competitiveness by optimizing investment portfolio and maximizing capital operation. Through re-organisation of its assets and re-adjustment of business focus, the Group has been enhancing its competitive advantages and increasing its core competency continuously. In this first half of the year, the Group continued its effort in building a corporate culture with core values of integrity and sense of responsibility, further enhanced the establishment of a team of professionals and experts. This has been done through recruiting strategic staff who possess the appropriate calibre necessitated by the Company's business, as well as training and nurturing employees with great potentials. On this basis, the Group has adopted a strategic view on establishing a performance management system with a continuous emphasis on incentive and disciplinary mechanism. This effort has fostered an environment for employee development, as a result of which a group of managerial and technical talents has been trained to meet the rapid development of the Group. Further, the Group implemented an achievement-oriented appraisal system, regularly reviewing the performance of its senior management to ensure their integrity and efficiency. Remuneration and incentive packages were commensurate with the results of the Group, such as operating net cash flows and profits after tax. For further motivation, performance-based incentive policy was introduced, in which incentive bonuses are paid to the management team, key officers and outstanding members of staff in accordance with their positions and performance appraisals. The Group also adopted a share option scheme to reward and retain loyal employees. In order to advance the proficiency of its employees, the Group actively encouraged its employees to attend continuing education and training programs by providing subsidies. Looking into the future, the Group will set focus on regulating internal management, enhance capability of the management team, optimize the organizational structure, push up reconciliation of the company resources orderly, conduct effective operation, and build a corporate culture and working environment emphasizing integrity and honesty. The Group believes these arrangements will build a solid foundation for a long term development of the Group.

REVIEW

During the first half of 2014, the global economy maintained a moderate recovering momentum, and the economy of China was running smoothly as a whole with progressive structural adjustment and ongoing transformational upgrade. Amid such economic environment, the Group continued to assess the market conditions with a view to strengthening its overall competitiveness and enhancing economic efficiency in propelling the sustainable development of the Group. Meanwhile, the Group actively implemented its growth strategies with a focus on the change of the development model and enhancment of the core competitiveness in order to optimize the assets composition of the Group. Accordingly, the Group maintained a satisfactory growth in production and operation and achieved better operating results.

PROSPECTS

In the second half of 2014, it is expected that the global economy will continue with its moderate recovery and a steady growth of the economy of China will also be maintained. The Group as a whole will further strengthen its research on the macro-economic trends. Attention will be placed towards the shift in policies over different types of industries. At the same time, the Group will further improve corporate governance and enhance the core competitiveness of the Group with an aim of achieving sustainable development.

During the second half of the year, the Group will fully leverage on its capital fund to consolidate its capital operation. Efficiency in the utilisation of funds will be improved further. The Group will strengthen the research on the changes in market trends and closely monitor the market opportunities. While intensifying its efforts in carrying out innovative reform, internally, the Group will raise its level of corporate governance and operating efficiency.

We shall use our endeavours to adopt stringent cost control and risk management measures. With the advantage of economies of scale, we shall promote the sustainable development of our business. Besides, business integration of the Group will be propelled and investment opportunities will be searched for with vigour on the core business, water resources management. In order to explore new avenues of profit, the Group will further enhance investment in businesses with strategic importance. Through reasonable allocation of resources, the Group strives to create better long-term value for its customers and investors.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company had complied with the applicable code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2014 and, where appropriate, the applicable recommended best practices of the CG Code.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, the Company issued the following new ordinary shares to an option holder 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 HK$	Total cash consideration HK$
900,000	1.88	1,692,000

Save as disclosed above, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of 8.0 HK cents (2013: 7.0 HK cents) per ordinary share for the six months ended 30 June 2014 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 26 September 2014. The interim dividend is expected to be paid on Thursday, 30 October 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 26 September 2014 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 25 September 2014.

REVIEW OF INTERIM RESULTS

The unaudited interim financial information of the Group and the Company's interim report for the six months ended 30 June 2014 have been reviewed by the Audit Committee of the Company and Messrs. Ernst & Young, the auditors of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.gdi.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2014 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the abovementioned websites in due course.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 26 August 2014

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely, Mr. HUANG Xiaofeng, Mr. WEN Yinheng and Mr. TSANG Hon Nam; six Non-Executive Directors, namely, 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, namely 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.