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 2015

Unaudited financial highlights for the six months ended 30 June

	2015	2014	Changes
	HK$'000	HK$'000	%
Revenue	**4,685,655**	4,315,967	+8.6
Profit attributable to owners of the Company	**2,221,301**	2,469,295	-10.0
Earnings per share – Basic	**35.53 HK cents**	39.57 HK cents	-10.2
Interim dividend per share	**10.00 HK cents**	8.00 HK cents	+25.0

CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015 together with the comparative figures for corresponding period in 2014. 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 2015

	Notes	For the six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
REVENUE	3	4,685,655	4,315,967
Cost of sales		(1,390,158)	(1,282,406)
Gross profit		3,295,497	3,033,561
Other income		336,405	263,472
Changes in fair value of investment properties		91,631	617,597
Selling and distribution expenses		(91,404)	(83,238)
Administrative expenses		(571,217)	(579,079)
Other operating income/(expenses), net		(4,343)	86,787
Finance costs	4	(51,428)	(36,159)
Share of profits less losses of associates		141,993	161,012
PROFIT BEFORE TAX	5	3,147,134	3,463,953
Income tax expense	6	(687,492)	(665,918)
PROFIT FOR THE PERIOD		2,459,642	2,798,035
Attributable to:			
Owners of the Company		2,221,301	2,469,295
Non-controlling interests		238,341	328,740
		2,459,642	2,798,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		35.53 HK cents	39.57 HK cents
Diluted		35.47 HK cents	39.47 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 2015

	For the six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	2,459,642	2,798,035
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	14,048	(148,703)
Net gains on available-for-sale financial assets	46,802	11,178
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	60,850	(137,525)
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	60,850	(98,902)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,520,492	2,699,133
Attributable to:		
Owners of the Company	2,278,894	2,402,283
Non-controlling interests	241,598	296,850
	2,520,492	2,699,133

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2015

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,153,298	3,649,550
Investment properties	9	12,509,739	12,113,823
Prepaid land lease payments		169,290	173,107
Goodwill		307,547	307,533
Investments in associates		1,506,982	1,659,479
Operating concession rights		12,455,192	12,858,007
Receivables under service concession arrangements		462,660	463,392
Prepayments and deposits		78,708	340,989
Deferred tax assets		43,853	41,104
Total non-current assets		32,687,269	31,606,984
CURRENT ASSETS			
Available-for-sale financial assets		10,807,055	8,207,894
Tax recoverable		242	11,419
Inventories		95,709	94,468
Receivables under service concession arrangements		8,824	8,821
Receivables, prepayments and deposits	10	1,131,877	642,390
Due from a non-controlling shareholder of a subsidiary		41,495	41,478
Cash and cash equivalents		7,367,692	7,001,911
Total current assets		19,452,894	16,008,381
CURRENT LIABILITIES			
Payables, accruals and other liabilities	11	(3,595,784)	(3,163,814)
Tax payable		(459,764)	(528,440)
Due to non-controlling shareholders of subsidiaries		(398,919)	(551,877)
Bank and other borrowings		(569,181)	(1,889,431)
Total current liabilities		(5,023,648)	(6,133,562)
NET CURRENT ASSETS		14,429,246	9,874,819
TOTAL ASSETS LESS CURRENT LIABILITIES – page 5		47,116,515	41,481,803

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2015

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES – page 4	47,116,515	41,481,803
NON-CURRENT LIABILITIES		
Bank and other borrowings	(5,945,779)	(1,975,248)
Other liabilities	(1,478,626)	(1,455,797)
Deferred tax liabilities	(2,506,271)	(2,386,607)
Total non-current liabilities	(9,930,676)	(5,817,652)
Net assets	37,185,839	35,664,151
EQUITY		
Equity attributable to owners of the Company		
Share capital	5,711,660	5,595,013
Reserves	25,677,881	24,671,731
	31,389,541	30,266,744
Non-controlling interests	5,796,298	5,397,407
Total equity	37,185,839	35,664,151

Notes:

1. ACCOUNTING POLICIES

The unaudited interim financial information of the Group for the six months ended 30 June 2015 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 2014.

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 2014, 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.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

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 store operations segment operates department stores in Mainland China;

(iii) The water resources segment operates water distribution and sewage treatment in Mainland China;

(iv) The electric power generation segment operates coal-fired 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; 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.

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department store operations		Water resources	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	589,486	566,934	469,020	427,819	3,078,217	2,744,664
Intersegment sales	55,330	55,167	-	-	-	-
Other revenue from external sources (note)	3,415	913	31,678	24,027	5,313	3,402
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	(2,675)	(1,484)	24	-	28,953	(20,976)
Total	645,556	621,530	500,722	451,846	3,112,483	2,727,090
Segment results	538,541	1,066,301	202,232	163,170	1,930,831	1,707,515
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 associates	-	-	9,978	9,915	3,008	(13,699)
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	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	224,331	249,372	324,601	327,178	-	-
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	6,284	5,571	216	319	-	-
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	(1,845)	(176)	1,696	(1,592)	-	-
Total	228,770	254,767	326,513	325,905	-	-
Segment results	69,332	164,248	53,277	55,985	-	-
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 associates	129,007	164,796	-	-	-	-
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	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	4,685,655	4,315,967
Intersegment sales	-	-	(55,330)	(55,167)	-	-
Other revenue from external sources (note)	939	1,714	-	-	47,845	35,946
Other revenue from intersegment transactions (note)	6,364	4,895	(6,364)	(4,895)	-	-
Exchange differences, net	21,673	(2,039)	-	-	47,826	(26,267)
Total	28,976	4,570	(61,694)	(60,062)	4,781,326	4,325,646
Segment results	(26,204)	(45,645)	-	-	2,768,009	3,111,574
Interest income					51,200	29,972
Interest income from available-for-sale financial assets					189,170	153,589
Investment income from available-for-sale financial assets					48,190	43,965
Finance costs					(51,428)	(36,159)
Share of profits less losses of associates	-	-	-	-	141,993	161,012
Profit before tax					3,147,134	3,463,953
Income tax expense					(687,492)	(665,918)
Profit for the period					2,459,642	2,798,035

Note: Excluding exchange differences, net

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department store operations		Water resources	
	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Segment assets	13,000,617	12,616,060	108,564	128,556	14,863,437	14,819,020
Investments in associates	-	-	174,867	164,802	93,386	90,362
Unallocated assets						
Total assets						
Segment liabilities	1,063,363	981,289	898,686	1,289,881	1,688,819	1,768,122
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Segment assets	2,224,549	899,143	2,191,722	2,217,533	-	-
Investments in associates	1,238,729	1,404,315	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	1,296,286	593,084	124,820	134,973	-	-
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Segment assets	7,363	8,451	-	-	32,396,252	30,688,763
Investments in associates	-	-	-	-	1,506,982	1,659,479
Unallocated assets					18,236,929	15,267,123
Total assets					52,140,163	47,615,365
Segment liabilities	58,526	53,071	-	-	5,130,500	4,820,420
Unallocated liabilities					9,823,824	7,130,794
Total liabilities					14,954,324	11,951,214

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Interest on bank and other borrowings wholly repayable within five years	43,061	28,098
Interest on loans from the ultimate holding company	8,367	8,061
Total finance costs for the period	51,428	36,159

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Interest income**	(51,200)	(29,972)
Interest income from available-for-sale financial assets**	(189,170)	(153,589)
Investment income from available-for-sale financial assets**	(48,190)	(43,965)
Cost of inventories sold*	166,806	200,884
Cost of services rendered*	820,086	683,616
Depreciation	133,282	127,899
Recognition of prepaid land lease payments	3,879	2,397
Amortisation of operating concession rights*	403,266	397,906
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" 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 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Current - Hong Kong		
Charge for the period	10,869	12,241
Current - Mainland China		
Charge for the period	559,676	444,408
Underprovision in prior years	1,203	2,133
Deferred tax	115,744	207,136
Total tax charge for the period	687,492	665,918

Hong Kong profits tax has been provided at the rate of 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 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Interim – 10.0 HK cents (2014: 8.0 HK cents) per ordinary share	625,505	499,223

At a meeting of the board of directors held on 14 August 2015, the directors resolved to pay to shareholders an interim dividend of 10.0 HK cents (2014: 8.0 HK cents) per ordinary share for the six months ended 30 June 2015.

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 2015 and 2014 are based on:

	For the six months ended 30 June	
	2015	2014
	(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	2,221,301	2,469,295

	For the six months ended 30 June	
	2015	2014
	(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	6,252,763,550	6,240,163,786
Effect of dilution - weighted average number of ordinary shares assumed to have been issued:		
Share options	9,804,331	16,109,830
For the purpose of diluted earnings per share calculation	6,262,567,881	6,256,273,616

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 had 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 condensed consolidated statement of profit or loss for the period ended 30 June 2014.

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 has a certain concentration of credit risk whereby 49% (31 December 2014: 8%) of the total trade receivables was due from one customer in the water distribution business (31 December 2014: one customer in electricity supply business). 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:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Within 3 months	689,312	264,063
3 months to 6 months	25,106	3,439
6 months to 1 year	14,453	6,761
More than 1 year	66,143	71,257
	795,014	345,520
Less: Impairments	(11,231)	(10,760)
	783,783	334,760

11. 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 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Within 3 months	406,916	635,979
3 months to 6 months	151	184
6 months to 1 year	49	278
	407,116	636,441

12. EVENTS AFTER THE REPORTING PERIOD

(a) The RC Acquisition

On 14 August 2015, the Company entered into an agreement (the "RC Sale and Purchase Agreement") with GDH Limited, the immediate holding company of the Company, pursuant to which the Company has conditionally agreed to acquire from GDH Limited the share representing the entire issued share capital of Rosy Canton Limited (the "RC Target Company"), the loan principal and accrued interest owed by a wholly-owned subsidiary of the RC Target Company to GDH Limited and to procure the repayment of certain outstanding payables due from the RC Target Company and its subsidiaries to Guangdong Holdings Limited, the ultimate holding company of the Company, and its fellow subsidiaries for an aggregate amount of approximately RMB2,124,315,000 (equivalent to approximately HK$2,603,773,000) in cash, subject to adjustment (if any) in accordance with the terms and conditions of the RC Sale and Purchase Agreement.

The RC Target Company is currently wholly-owned by GDH Limited. Upon completion, the RC Target Company will become a wholly-owned subsidiary of the Company. The principal asset of the RC Target Company is its indirect 100% equity interest in 廣西新長江高速公路有限責任公司 (Guangxi Xinchangjiang Gonglu Company Limited), which operates the Xingliu Expressway, a toll road located in Guangxi, the PRC.

(b) The WS Acquisition

On 14 August 2015, Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, entered into an agreement (the "WS Sale and Purchase Agreement") with GDH Limited, pursuant to which Water Group HK has conditionally agreed to acquire from GDH Limited the shares representing the entire issued share capital of China City Water Supply Investment Holding Limited (the "WS Target Company"), the loan principal and accrued interest owed by the WS Target Company and a wholly-owned subsidiary of the WS Target Company to GDH Limited and to procure the repayment of certain outstanding payables due from the WS Target Company and its subsidiaries to GDH Limited and its fellow subsidiaries for an aggregate amount of approximately RMB992,954,000 (equivalent to approximately HK$1,217,064,000) in cash, subject to adjustment (if any) in accordance with the terms and conditions of the WS Sale and Purchase Agreement.

The WS Target Company is currently wholly-owned by GDH Limited. Upon completion, the WS Target Company will become an indirect wholly-owned subsidiary of the Company. The principal assets of the WS Target Company are its indirect equity interests in certain water operating subsidiaries, which are principally engaged in water distribution business in the PRC.

Further details of the RC Acquisition and the WS Acquisition are included in the Company's discloseable and connected transactions announcement on 14 August 2015. As the above acquisitions are in progress, it is not practicable to disclose further details on the financial impact regarding these acquisitions.

13. COMPARATIVE AMOUNTS

As the applicable sections of the Hong Kong Companies Ordinance (Cap. 622) came into effect during the current financial year, the presentation and disclosure of certain items and balances in the condensed consolidated statement of financial position as at 31 December 2014 have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

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 2015 (the "Period"). The Group's unaudited consolidated profit attributable to owners of the Company amounted to HK$2,221 million (2014: HK$2,469 million), a decrease of 10.0% as compared with the same period last year. Basic earnings per share decreased by 10.2% over the same period last year to 35.53 HK cents (2014: 39.57 HK cents).

INTERIM DIVIDEND

The Board declares an interim dividend of 10.0 HK cents per share for the Period (2014: 8.0 HK cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK$4,686 million (2014: HK$4,316 million), an increase of 8.6% as compared with the same period last year. The growth was mainly attributable to better performance in water resources and department store operations.

The unaudited consolidated profit attributable to owners of the Company for the Period decreased by 10.0% to HK$2,221 million (2014: HK$2,469 million). The profit before tax decreased by 9.2% or HK$317 million to HK$3,147 million (2014: HK$3,464 million) as (i) the net gain arising from fair value adjustments for investment properties decreased by HK$526 million to HK$92 million (2014: HK$618 million); and (ii) the absence of the recovery of impairment on certain electric power plant amounting to HK$85 million which had been recorded during the same period last year. Save for the above, the Group sustained a growth in water resources and department store operations. Total interest income and finance cost of the Group for the Period amounted to HK$240 million (2014: HK$184 million) and HK$51 million (2014: HK$36 million), respectively, total interest income net of finance cost of the Group increased by 27.7% to HK$189 million (2014: HK$148 million) for the Period.

Basic earnings per share decreased by 10.2% to 35.53 HK cents (2014: 39.57 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 are set out 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 2015, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.0%. 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 1.075 billion cubic meters (2014: 0.941 billion cubic meters), an increase of 14.2%, which generated a revenue of HK$2,941,012,000 (2014: HK$2,733,513,000), an increase of 7.6% over the same period last year.

Pursuant to the Hong Kong Water Supply Agreement for year 2015 to 2017 entered into between the Government of the Hong Kong Special Administrative Region ("HKG") and the Guangdong Provincial Government ("GPG") in 2015, the annual revenue for water sales to Hong Kong for the three years of 2015, 2016 and 2017 are HK$4,222.79 million, HK$4,491.52 million and HK$4,778.29 million, respectively.

The revenue from water sales to Hong Kong for the Period increased by 6.6% to HK$2,303 million (2014: HK$2,160 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period increased by 11.1% to HK$638 million (2014: HK$574 million). The profit before tax of the Dongshen Water Supply Project for the Period was HK$2,021,052,000 (2014: HK$1,741,583,000), 16.0% 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 72.00 million cubic meters. The total volume of water supplied to the users during the Period amounted to 32.27 million cubic meters (2014: 30.97 million cubic meters), showing an increase of 4.2%. Revenue for the Period increased by 29.9% to HK$118,570,000 (2014: HK$91,268,000). The profit before tax of Nansha Water Co for the Period was HK$5,692,000 (2014: loss before tax of HK$28,404,000), improved by 120.0%. During the Period, the Group's share of profit in Nansha Water Co amounted to HK$3,008,000 (2014: share of loss of HK$13,699,000), improved by 122.0%.

Water Group HK

Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, holds certain subsidiaries which are principally engaged in water distribution and sewage treatment operations in the PRC, including 100% equity interests in each of 五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.) ("Wuhua Water Co"), 東莞市常平金勝水務有限公司(Dongguan Changping Jinsheng Water Co., Ltd.) ("Jinsheng Water Co") and 東莞市道滘鴻發污水處理有限公司 (Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.) ("Daojiao Water Co"), a 54.29% equity interest in 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.) ("Kaiping Water Co"), as well as 70% equity interests in both 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.) (the "Meizhou Water Group") and Super Sino Investment Limited (the "Danzhou Water Group").

The waste water processing capacities of each of the sewage treatment plants operated by Wuhua Water Co, Jinsheng Water Co, Daojiao Water Co, the Meizhou Water Group and Kaiping Water Co are 40,000 tons, 70,000 tons, 40,000 tons, 100,000 tons and 50,000 tons per day, respectively. The annual capacities of water supply for the Meizhou Water Group and the Danzhou Water Group are 100.8 million cubic meters and 36.5 million cubic meters, respectively.

Revenue of Water Group HK and its subsidiaries for the Period in aggregate amounted to HK$137,204,000 (2014: from their respective dates of operation/acquisition in aggregate amounted to HK$11,152,000). Profit before tax of Water Group HK and its subsidiaries for the Period in aggregate amounted to HK$28,820,000 (2014: from their respective dates of operation/acquisition in aggregate amounted to HK$1,994,000).

Property Investment

Mainland China

Teem Plaza

As at 30 June 2015, 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$598,079,000 (2014: HK$577,902,000), an increase of 3.5%. The profit before tax for the Period, excluding revaluation gain and net interest income, increased by 1.0% to HK$422,683,000 (2014: HK$418,589,000).

The shopping mall, known as the Teemall, is one of the most popular shopping malls in the prime area of Guangzhou with a total gross floor area and lettable area of approximately 160,000 square meters and 103,000 square meters, respectively. The mall was operated with an average occupancy rate of nearly 99% during the Period (2014: 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 (粤海天河城大厦), 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 98.9% (2014: 98.4%), the total revenue for the Period was HK$111,359,000 (2014: HK$106,113,000), an increase of 4.9%. The profit before tax for the Period, excluding revaluation gain, grew by 4.2% to HK$95,078,000 (2014: HK$91,245,000).

Tianjin Teem Shopping Mall

The Group owns a parcel of land situated in Tianjin being 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$1,901 million had been invested as at 30 June 2015.

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 is being developed into a large-scale integrated commercial project with a gross floor area of approximately 260,000 square meters. A total sum of approximately HK$1,339 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 30 June 2015.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2014: 100%). As a result of the increase in average rental, total revenue for the Period was up by 4.3% to HK$25,384,000 (2014: HK$24,336,000).

Department Store Operations

As at 30 June 2015, 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"), 奥體歐萊斯名牌折扣店 ("Ao Ti Store"), 白雲新城百貨店 ("Baiyun New Town Store"), 東圃百貨店 ("Dong Pu Store") and 東莞第一國際百貨店("Dongguan Store"). 天河城萬博 operates 天河城百貨歐萊斯折扣店 ("Wan Bo Store"). The seven stores with leased area of approximately 147,000 square meters (2014: 133,700 square meters) in aggregate generated a total revenue of HK$469,020,000 (2014: HK$427,819,000), an increase of 9.6%. The profit before tax for the Period increased by 23.8% to HK$233,815,000 (2014: HK$188,937,000).

Teemall Store offers to sell a wide range of products and is one of the major top-selling department stores in Guangzhou. The revenue of Teemall Store increased by 9.2% to HK$316,759,000 (2014: HK$290,166,000) during the Period.

The revenue of the other six stores during the Period recorded various levels of growth due to successful promotional activities. During the Period, (i) the revenue of Ming Sheng Store increased by 5.1% to HK$34,377,000 (2014: HK$32,714,000); (ii) the revenue of Ao Ti Store, an outlet mall, increased by 19.2% to HK$21,864,000 (2014: HK$18,340,000); (iii) the revenue of Baiyun New Town Store increased by 27.4% to HK$14,003,000 (2014: HK$10,992,000); (iv) the revenue of Dong Pu Store increased by 8.2% to HK$28,366,000 (2014: HK$26,218,000); (v) Dongguan Store was opened in August 2014 and its revenue for the Period was HK$2,005,000; (vi) Wan Bo Store, an outlet mall which sells brand-name products at a substantial discount, increased its revenue by 4.6% to HK$51,646,000 (2014: HK$49,389,000).

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$9,978,000 (2014: HK$9,916,000) during the Period.

Hotel Operations and Management

As at 30 June 2015, our hotel management team managed a total of 40 hotels (31 December 2014: 38 hotels), of which two were located in Hong Kong, one in Macau and 37 in Mainland China. As at 30 June 2015, 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$1,335 (2014: HK$1,244) whereas the average room rate of the remaining four star-rated hotels and the two budget hotels were HK$686 (2014: HK$752) and HK$224 (2014: HK$241), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 86.7% (2014: 79.9%) and that of the other four star-rated hotels was 82.1% (2014: 85.1%) during the Period.

Regarding the hotel operations and management business as a whole, the revenue for the Period decreased by 0.8% to HK$324,601,000 (2014: HK$327,178,000). The profit before tax for the Period decreased by 2.7% to HK$59,477,000 (2014: HK$61,142,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK"), a subsidiary of the Company, holds a 75% 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 303 million kwh (2014: 327 million kwh), decreased by 7.3%. As a result of the decrease in electricity sales and electricity tariff, revenue for the Period was down by 11.3% to HK$187,129,000 (2014: HK$210,900,000). The profit before tax for the Period was HK$72,263,000 (2014: HK$81,098,000), a decrease of 10.9%.

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 capital contribution to ZTP for the construction of two 300 MW heat and electricity supply plants (the "Zhongshan Project"). During the Period, capital contribution made by ZPHK for the Zhongshan Project amounted to HK$366,125,000 (2014: HK$226,620,000).

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 2015, 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 5,916 million kwh (2014: 6,985 million kwh), a decrease of 15.3%. Revenue for the Period amounted to HK$3,131,295,000 (2014: HK$3,914,730,000), a decrease of 20.0%. The decrease in revenue was mainly due to the temporary suspension of operation of one power generation unit for major overhaul. The profit before tax of Yudean Jinghai Power for the Period decreased by 21.7% to HK$688,787,000 (2014: HK$880,193,000). The Group's share of profit in Yudean Jinghai Power amounted to HK$129,007,000 (2014: HK$164,796,000) during the Period.

廣東粵嘉電力有限公司 (Guangdong Yuejia Electric Power 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 (2014: Nil).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2015, the available-for-sale financial assets of the Group increased by HK$2,599 million to HK$10,807 million (31 December 2014: HK$8,208 million), which have been 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 Renminbi and guaranteed by the relevant banks upon the maturity date.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2015, the cash and bank balances of the Group increased by HK$366 million to HK$7,368 million (31 December 2014: HK$7,002 million), of which 94.9% was denominated in Renminbi, 4.3% in Hong Kong dollars and 0.8% in US dollars.

As at 30 June 2015, the Group's financial borrowings increased by HK$2,651 million to HK$7,461 million (31 December 2014: HK$4,810 million), of which 97.7% was denominated in Hong Kong dollars and 2.3% in Renminbi, including the non-interest-bearing receipt in advance of HK$946 million. Of the Group's total financial borrowings, HK$687 million was repayable within one year while the remaining balances of HK$6,358 million and HK$416 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively.

The Group did not maintain any credit facility as at 30 June 2015 (31 December 2014: Nil).

The gearing ratio (i.e. net financial indebtedness/net asset value (excluding non-controlling interests)) of the Group as at 30 June 2015 was 3%. As at 31 December 2014, the Group was in a net cash position and hence no gearing ratio was presented. The Group was in a healthy debt servicing position as the EBITDA/finance cost as at 30 June 2015 was 69.9 times (31 December 2014: 87.5 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 30 June 2015, certain property, plant and equipment, concession rights for water distribution operations and sewage treatment operations, comprising operating concession rights and receivables under service concession arrangements with net carrying amounts of HK$4,120,000 (31 December 2014: HK$4,190,000), HK$42,428,000 (31 December 2014: HK$43,472,000) and HK$332,000 (31 December 2014: HK$53,687,000), respectively, were pledged to secure certain bank loans granted to the Group.

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK$1,936 million which was principally related to the construction costs for the Zhongshan Project and the development costs for the investment in property development projects.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2015, total Renminbi borrowings amounted to HK$170 million (31 December 2014: HK$192 million). In the current period, the foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 30 June 2015, the Group's total floating rate borrowings amounted to HK$6,345 million (31 December 2014: HK$3,672 million). In the current period, 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 2015, the Group had a total of 5,152 employees, of which 1,019 were at the managerial level. Among the employees, 4,904 were employed by subsidiaries in Mainland China and 248 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK$395,296,000 (2014: HK$331,910,000).

In 2015, the Group continued with its effort to enhance its corporate culture of integrity, professionalism, positivity, honesty and cooperation. The Group also further enhanced the establishment of a team of professionals and experts, further optimised the procedures for introducing key personnel; stepped up its efforts in introducing professionals necessitated by the Company's business development and 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 business of the Company. 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. For further motivation, performance-based incentive policy was introduced. The Group also adopted a share option scheme to attract, reward and retain talents to serve the Group on a long-term basis. In order to advance the integrated proficiency of its employees, the Group actively encouraged its employees to attend continuing education and training programs by providing subsidies as well as providing training on related professional knowledge according to the Company's strategic objectives and working needs on a target-oriented basis. Looking into the future, the Group will focus on regulating internal management, enhance capability of the management team, optimise organisational structure and internal control, and build a corporate culture and working environment emphasising on integrity and honesty. The Group believes that these arrangements will build a solid foundation for the long term development of the Group.

REVIEW

In the first half of 2015, the global economy continued to recover slowly with increasing regional disparities in growth trends. Despite economic slowdown, China's overall growth trends remained steady. Amid such complex economic environment, the Group increased its efforts in industry research of various business segments and actively sought business development opportunities while ensuring steady growth of its core businesses in order to promote sustainable growth. Meanwhile, the Group strived to strengthen its core competitiveness, further optimise its assets composition and has achieved satisfactory results.

PROSPECTS

In the second half of 2015, it is expected that disparities in global economic growth will continue to intensify and the overall economic recovery will face a number of uncertainties. On the other hand, the economy in China is expected to see steady and positive growth, despite certain short-term volatilities in business segments or capital market may pose potential risks to business operations. The Group will closely monitor the macro economy and capital market trends and expand business scale and enhance capital efficiency under prudent risk management.

Looking ahead, the Group will look to grow its business in water resources and infrastructure as part of the Group's strategy to increase profit growth points and overall investment portfolio. The Group will continue to seek investment opportunities in the water resources market to develop its core business. At the same time, it will monitor potential opportunities involving public-private-partnership projects in other sub sectors of infrastructure space, to capture business prospects that may arise due to the government's encouragement of infrastructure spending. The Group will expand its investment portfolio through potential opportunities in an effort to create long-term value for its stakeholders and become a leading infrastructure focused conglomerate.

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 2015 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 2015, 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 HK$	Total cash consideration HK$
14,765,770	6.20	91,547,774

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 2015.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of 10.0 HK cents (2014: 8.0 HK cents) per ordinary share for the six months ended 30 June 2015 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 29 September 2015. The interim dividend is expected to be paid on Friday, 30 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Tuesday, 29 September 2015 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 Friday, 25 September 2015.

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 2015 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 2015 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, 14 August 2015

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, Mr. ZHANG Hui, Ms. ZHAO Chunxiao, Mr. LAN Runing 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.