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

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

2015 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights for the year ended 31 December

	2015	2014	Changes
	HK$'000	HK$'000	%
Revenue	**9,171,959**	8,426,285	+8.8
Profit before tax	**5,246,248**	6,100,948	-14.0
Change in fair value of investment properties	***131,801***	*891,826*	
Exchange differences, net	***(491,449)***	*5,495*	
Reversal of impairments of non-current assets and provisions	***21,403***	*181,157*	
Profit for the year attributable to owners of the Company	**3,905,277**	4,397,130	-11.2
Earnings per share – Basic	**HK 62.45 cents**	HK 70.46 cents	-11.4
Dividends per share			
Interim	**HK 10.00 cents**	HK 8.00 cents	
Proposed final	**HK 24.00 cents**	HK 20.00 cents	
	HK 34.00 cents	HK 28.00 cents	+21.4

CONSOLIDATED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

The board of Directors (the "Board") of Guangdong Investment Limited (the "Company" or "GDI") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group" or the "GDI Group") for the year ended 31 December 2015 together with the comparative figures for 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4	9,171,959	8,426,285
Cost of sales		(3,027,980)	(2,777,793)
Gross profit		6,143,979	5,648,492
Other income and gains	4	812,632	591,208
Changes in fair value of investment properties		131,801	891,826
Selling and distribution expenses		(217,488)	(187,651)
Administrative expenses		(1,344,598)	(1,187,396)
Exchange differences, net		(491,449)	5,495
Other operating income, net		22,386	106,781
Finance costs	5	(136,094)	(79,353)
Share of profits less losses of associates		325,079	311,546
PROFIT BEFORE TAX	6	5,246,248	6,100,948
Income tax expense	7	(956,949)	(1,138,168)
PROFIT FOR THE YEAR		4,289,299	4,962,780
Attributable to:			
Owners of the Company	9	3,905,277	4,397,130
Non-controlling interests		384,022	565,650
		4,289,299	4,962,780
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		HK 62.45 cents	HK 70.46 cents
Diluted		HK 62.35 cents	HK 70.30 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	4,289,299	4,962,780
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,239,800)	(34,997)
Net gains/(loss) on available-for-sale financial assets	(2,931)	21,212
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	(1,242,731)	(13,785)
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	-	39,900
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(1,242,731)	26,115
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,046,568	4,988,895
Attributable to:		
Owners of the Company	2,980,340	4,424,319
Non-controlling interests	66,228	564,576
	3,046,568	4,988,895

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,083,391	3,649,550
Investment properties	10	12,326,764	12,113,823
Prepaid land lease payments		295,013	173,107
Goodwill		303,521	307,533
Investments in associates		1,892,870	1,659,479
Operating concession rights		15,218,717	12,858,007
Receivables under service concession arrangements		437,785	463,392
Prepayments and deposits		13,481	340,989
Deferred tax assets		46,726	41,104
Total non-current assets		37,618,268	31,606,984
CURRENT ASSETS			
Available-for-sale financial assets		6,228,797	8,207,894
Tax recoverable		17,080	11,419
Inventories		143,056	94,468
Receivables under service concession arrangements		9,429	8,821
Receivables, prepayments and deposits	11	736,655	642,390
Due from a non-controlling shareholders of subsidiaries		61,521	41,478
Cash and cash equivalents		9,295,184	7,001,911
Total current assets		16,491,722	16,008,381
CURRENT LIABILITIES			
Payables and accruals	12	(4,385,265)	(3,163,814)
Tax payable		(468,897)	(528,440)
Due to non-controlling shareholders of subsidiaries		(367,981)	(551,877)
Bank and other borrowings		(556,236)	(1,889,431)
Total current liabilities		(5,778,379)	(6,133,562)
NET CURRENT ASSETS		10,713,343	9,874,819
TOTAL ASSETS LESS CURRENT LIABILITIES - page 5		48,331,611	41,481,803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2015

	2015 HK$'000	2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES - page 4	48,331,611	41,481,803
NON-CURRENT LIABILITIES		
Bank and other borrowings	(7,015,960)	(1,975,248)
Other liabilities	(1,312,009)	(1,455,797)
Deferred tax liabilities	(2,736,217)	(2,386,607)
Total non-current liabilities	(11,064,186)	(5,817,652)
Net assets	37,267,425	35,664,151
EQUITY		
Equity attributable to owners of the Company		
Share capital	5,711,660	5,595,013
Reserves	25,760,484	24,671,731
	31,472,144	30,266,744
Non-controlling interests	5,795,281	5,397,407
Total equity	37,267,425	35,664,151

Notes:

1. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

1. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)
When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Other than as explained below, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not formed any joint arrangement during the year.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group has no acquisition of investment properties during the year.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

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

(i) The property investment and development segment mainly invests in various properties in Hong Kong and 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 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 road and bridge segment invests in road and bridge projects in Mainland China; and

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

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

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents, available-for-sale financial assets and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, tax payable, deferred tax liabilities and other unallocated liabilities as these liabilities are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments

	Property investment and development 2015 HK$'000	Property investment and development 2014 HK$'000	Department stores 2015 HK$'000	Department stores 2014 HK$'000	Water resources 2015 HK$'000	Water resources 2014 HK$'000
Segment revenue:						
Sales to external customers	1,171,425	1,160,459	812,552	783,707	5,895,616	5,302,117
Intersegment sales	109,947	110,622	-	-	-	-
Other income and gains from external sources	4,025	7,635	64,580	51,098	17,793	6,363
Other income from intersegment transactions	-	-	-	-	-	-
Total	1,285,397	1,278,716	877,132	834,805	5,913,409	5,308,480
Segment results	1,038,575	1,733,270	266,360	247,502	2,936,389	3,017,974
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	-	-	10,644	12,087	18,945	(20,455)
Profit before tax						
Income tax expense						
Profit for the year						

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Electric power generation 2015 HK$'000	Electric power generation 2014 HK$'000	Hotel operations and management 2015 HK$'000	Hotel operations and management 2014 HK$'000	Toll road and bridge 2015 HK$'000	Toll road and bridge 2014 HK$'000
Segment revenue:						
Sales to external customers	470,684	478,816	671,660	701,186	150,022	-
Intersegment sales	-	-	-	-	-	-
Other income and gains from external sources	10,694	11,232	196	1,568	56,806	-
Other income from intersegment transactions	-	-	-	-	-	-
Total	481,378	490,048	671,856	702,754	206,828	-
Segment results	204,225	326,358	100,130	119,176	144,842	-
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	295,490	319,914	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the year						

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	9,171,959	8,426,285
Intersegment sales	-	-	(109,947)	(110,622)	-	-
Other income and gains from external sources	1,548	3,013	-	-	155,642	80,909
Other income from intersegment transactions	11,122	9,039	(11,122)	(9,039)	-	-
Total	12,670	12,052	(121,069)	(119,661)	9,327,601	8,507,194
Segment results	(290,248)	(85,824)	-	-	4,400,273	5,358,456
Interest income					146,705	82,048
Interest income from available-for-sale financial assets					345,109	306,844
Investment income from available-for-sale financial assets					165,176	121,407
Finance costs					(136,094)	(79,353)
Share of profits less losses of:						
Associates	-	-	-	-	325,079	311,546
Profit before tax					5,246,248	6,100,948
Income tax expense					(956,949)	(1,138,168)
Profit for the year					4,289,299	4,962,780

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Property investment and development		Department stores		Water resources	
	2015	2014	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	12,813,420	12,616,060	171,866	128,556	15,757,067	14,819,020
Investments in associates	-	-	161,906	164,802	402,406	90,362
Unallocated assets						
Total assets						
Segment liabilities	1,081,488	981,289	973,849	1,289,881	2,352,089	1,768,122
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	39,020	40,428	15,502	17,849	915,197	873,145
Impairment losses recognised in the statement of profit or loss	-	-	-	-	2,322	-
Impairment losses reversed in the statement of profit or loss	-	-	-	-	-	-
Reversal of payables and accruals	-	-	-	-	-	-
Changes in fair value of investment properties	(131,801)	(891,826)	-	-	-	-
Other non-cash expenses/(income), net	-	-	135	24	55	(99)
Capital expenditure*	794,167	646,554	43,531	17,158	1,941,226	849,053

* Capital expenditure consists of additions to property, plant and equipment, operating concession rights, prepaid land lease payments and investment properties including assets from the acquisitions of subsidiaries.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Electric power generation		Hotel operations and management		Toll road and bridge	
	2015	2014	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	2,581,653	899,143	2,062,388	2,217,533	3,205,551	-
Investments in associates	1,328,558	1,404,315	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	1,036,493	593,084	144,897	134,973	82,340	-
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	6,453	7,053	125,854	131,450	21,597	-
Impairment losses recognised in the statement of profit or loss	-	-	-	386	-	-
Impairment losses reversed in the statement of profit or loss	(21,403)	(85,416)	-	(26)	-	-
Reversal of payables and accruals	-	(95,741)	-	-	-	-
Changes in fair value of investment properties	-	-	-	-	-	-
Other non-cash expenses/(income), net	(167)	151	-	2	-	-
Capital expenditure*	2,059,632	377,840	70,878	31,650	3,252,106	-

* Capital expenditure consists of additions to property, plant and equipment, operating concession rights, prepaid land lease payments and investment properties including assets from the acquisitions of subsidiaries.

3. OPERATING SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

	Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	7,469	8,451	-	-	36,599,414	30,688,763
Investments in associates	-	-	-	-	1,892,870	1,659,479
Unallocated assets					15,617,706	15,267,123
Total assets					54,109,990	47,615,365
Segment liabilities	63,577	53,071	-	-	5,734,733	4,820,420
Unallocated liabilities					11,107,832	7,130,794
Total liabilities					16,842,565	11,951,214
Other segment information:						
Depreciation and amortisation	768	923	-	-	1,124,391	1,070,848
Impairment losses recognised in the statement of profit or loss	-	-	-	-	2,322	386
Impairment losses reversed in the statement of profit or loss	-	-	-	-	(21,403)	(85,442)
Reversal of payables and accruals	-	-	-	-	-	(95,741)
Changes in fair value of investment properties	-	-	-	-	(131,801)	(891,826)
Other non-cash expenses/(income), net	-	-	-	-	23	78
Capital expenditure*	73	458	-	-	8,161,613	1,922,713

* Capital expenditure consists of additions to property, plant and equipment, operating concession rights, prepaid land lease payments and investment properties including assets from the acquisitions of subsidiaries.

3. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

The following table presents the Group's geographical information regarding revenue and certain assets for the years ended 31 December 2015 and 2014.

	2015 HK$'000	2014 HK$'000
Revenue from external customers		
Hong Kong	254,812	297,132
Mainland China	8,917,147	8,129,153
	9,171,959	8,426,285

The revenue information above is based on the locations of the customers.

	2015 HK$'000	2014 HK$'000
Non-current assets		
Hong Kong	2,192,300	2,110,020
Mainland China	35,379,242	29,455,860
	37,571,542	31,565,880

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

(c) Information about a major customer

Revenue of approximately HK$4,222,790,000 (2014: HK$3,959,340,000) was derived from sales by the water resources segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents income from water distribution, sewage treatment and related services; the invoiced value of electricity sold; the invoiced revenue arising from the sale of goods in department stores; commissions from concessionaire sales; revenue from hotel ownership and operations; rental income and toll revenue, net of value-added tax and business tax during the year.

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

	2015 HK$'000	2014 HK$'000
Revenue		
Income from water distribution, sewage treatment and related services*	5,895,616	5,302,117
Sale of electricity	470,684	478,816
Sale of goods	78,016	69,646
Commissions from concessionaire sales	734,536	714,061
Hotel and rental income	1,843,085	1,861,645
Toll revenue	150,022	-
	9,171,959	8,426,285
Other income and gains		
Interest income	146,705	82,048
Interest income from available-for-sale financial assets	345,109	306,844
Investment income from available-for-sale financial assets	165,176	121,407
Others	91,743	80,909
	748,733	591,208
Gains on bargain purchase	63,899	-
	812,632	591,208

* Included imputed interest income under service concession arrangements of HK$29,186,000 (2014: HK$16,575,000) from the sewage treatment operations.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank and other borrowings	119,491	62,811
Interest on loans from the ultimate holding company	16,603	16,542
Total finance costs for the year	136,094	79,353

6. PROFIT BEFORE TAX

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

	2015 HK$'000	2014 HK$'000
Cost of inventories sold*	337,841	397,756
Cost of services rendered*	1,849,070	1,575,570
Depreciation	274,776	261,143
Recognition of prepaid land lease payments	8,546	5,238
Amortisation of operating concession rights*	841,069	804,467
Minimum lease payments under operating leases in respect of land and buildings	101,398	98,927
Contingent rents under operating leases	48,418	44,654
Auditors' remuneration	11,582	9,422
Employee benefit expenses (excluding directors' fee) :		
Wages and salaries	850,147	723,851
Equity-settled share option benefits	9,008	22,400
Pension scheme contributions	85,269	83,950
Less: Forfeited contributions	(23)	(10)
Net pension scheme contributions#	85,246	83,940
	944,401	830,191
Gross rental income from investment properties	(1,016,567)	(993,645)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	120,164	120,587
Net rental income from investment properties	(896,403)	(873,058)
Reversal of impairment of items of property, plant and equipment^	-	(85,416)
Reversal of payables and accruals**	-	(95,741)
Reversal of impairment on an investment in an associate^	(21,403)	-
Loss on disposal of items of property, plant and equipment, net^	4,616	2,767
Impairment losses on trade receivables	2,322	386

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

** Amounts of HK$36,884,000 and HK$58,857,000 for the year ended 31 December 2014 were included in "Other operating income, net" and "Administrative expenses", respectively, on the face of the consolidated statement of profit or loss.

\# As at 31 December 2015 and 2014, the Group had no material forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years.

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

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Under the PRC Corporate Income Tax Law, which became effective from 1 January 2008, enterprises are subject to corporate income tax at a rate of 25%.

	2015 HK$'000	2014 HK$'000
Current - Hong Kong		
Charge for the year	19,151	22,345
Overprovision in prior years	(60)	(50)
Current - Mainland China		
Charge for the year	801,972	816,787
Under-provision/(over-provision) in prior years	(10,686)	2,787
Deferred tax	146,572	296,299
Total tax charge for the year	956,949	1,138,168

8. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Interim –HK 10.0 cents (2014: HK 8.0 cents) per ordinary share	625,505	499,223
Proposed final –HK 24.0 cents (2014: HK 20.0 cents) per ordinary share	1,503,000	1,251,000
	2,128,505	1,750,223

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

The total final dividend payable is based on the total number of shares as at the date of approval of these financial statements by the board of directors which includes the shares issued subsequent to the end of the reporting period.

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

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

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

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

	2015 HK$'000	2014 HK$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	3,905,277	4,397,130

	Number of shares 2015	 2014
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,253,915,335	6,240,223,667
Effect of dilution - weighted average number of ordinary shares that assumed to have been issued:		
Share options	9,344,796	14,957,958
For the purpose of the diluted earnings per share calculation	6,263,260,131	6,255,181,625

10. INVESTMENT PROPERTIES

As at 31 December 2014, an investment property under development, which was previously measured at cost less accumulated impairment losses, was revalued on an open market, existing use basis, by 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$88,002,000 and a related deferred tax charge of HK$22,000,000, which were both recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

11. RECEIVABLES, PREPAYMENTS AND DEPOSITS

Included in the Group's receivables, prepayments and deposits are trade receivables, net of impairments, from the Group's customers. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally due within 30 days to 180 days of issue. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group's trade receivables relate principally to the water distribution, sewage treatment and electricity supply businesses. The Group has a certain concentration of credit risk whereby 9% (2014: 8%) of the total trade receivables was due from one customer. The Group does not hold any collateral or other credit enhancements over these balances.

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

	2015 HK$'000	2014 HK$'000
Within 3 months	329,222	264,063
3 months to 6 months	14,032	3,439
6 months to 1 year	1,691	6,761
More than 1 year	54,892	71,257
	399,837	345,520
Less: Impairment	(13,082)	(10,760)
	386,755	334,760

12. PAYABLES AND ACCRUALS

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

	2015 HK$'000	2014 HK$'000
Within 3 months	623,056	635,979
3 months to 6 months	79	184
6 months to 1 year	140	278
	623,275	636,441

CHAIRMAN'S STATEMENT

RESULTS

I am pleased to report to the shareholders our results of 2015. The Group's audited consolidated profit attributable to shareholders for 2015 amounted to HK$3,905 million (2014: HK$4,397 million), decreased by 11.2% over 2014. Basic earnings per share decreased by 11.4% over 2014, to HK 62.45 cents (2014: HK 70.46 cents).

DIVIDEND

The Group uses its best endeavours to maximise the shareholders' interests with a view to creating a long-term value for the stakeholders and considers that dividend forms an integral part of shareholders' return. The Company has maintained a stable dividend distribution policy over the years. The Board recommends the payment of a final dividend of HK 24.0 cents per share for 2015. Aggregating such dividend with the interim dividend of HK 10.0 cents per share paid in 2015, the total dividend for the entire year will be HK 34.0 cents (2014: HK 28.0 cents) per share. The said 2015 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on 30 June 2016.

REVIEW

In 2015, global economic growth saw increasing divergence with gradual pickup in developed economies and slowdown in emerging markets, low commodity prices and volatile financial markets. Amid declining domestic economic growth and structural adjustments, Chinese economy saw increasing pressure for economic transition. Faced with slowing external economic conditions, the Group continued to embrace its development strategy of "make progress while ensuring stability". While further strengthening its existing core businesses, the Group actively sought new investment opportunities in its core business sectors; improved corporate governance and internal control mechanism; exploited market opportunities as they arise to support continued growth of the Company. Furthermore, in accordance with its commitment to sustainable development strategy, the Group further strengthened oversight of water quality safety and operational production safety.

The Group's consolidated profit attributable to shareholders decreased by 11.2% to HK$3,905 million (2014: HK$4,397 million), and profit before tax decreased by 14% or HK$855 million to HK$5,246 million (2014: HK$6,101 million) as (i) the net gain arising from fair value adjustment for investment properties was HK$132 million (2014: HK$892 million), HK$760 million less than that in 2014; (ii) the net exchange loss charged to profit or loss during the year was HK$491 million (2014: net exchange gain of HK$5 million); and (iii) the recovery of impairments on certain non-current assets and provisions was HK$21 million (2014: HK$182 million), HK$161 million less than that in 2014. 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 year amounted to HK$492 million (2014: HK$389 million) and HK$136 million (2014: HK$79 million), respectively, total interest income net of finance cost of the Group increased by 14.8% to HK$356 million (2014: HK$310 million) for the year.

PROSPECTS

Looking ahead to 2016, regional disparities in global economic growth are expected to widen, commodity prices remain sluggish and currency market uncertainty looms. China continues its transition to the new normal phase of economic development, with increased downward pressure on domestic economic growth. Faced with slowing external economic conditions and volatilities in foreign exchange and interest rate markets, the Group will rise to the challenges arising from adjustments in government policies, market volatilities and industrial consolidations, strengthen the Company's risk management while maintaining steady growth so as to create long-term value for its stakeholders.

The Group will continue to explore business opportunities in the areas of water resources management, property and infrastructure development, expand its core businesses and further optimise asset structure. The Group will closely monitor opportunities involving public-private-partnership projects in order to grasp market investment opportunities. While ensuring stability in its core businesses, the Group continues to seek business expansions to promote growth in an effort to further enhance the Company's financial performance.

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

HUANG Xiaofeng
Chairman
Hong Kong, 23 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

The consolidated revenue of the Group for 2015 was HK$9,172 million (2014: HK$8,426 million), an increase of 8.8% as compared with that in 2014. The growth was mainly attributable to better performance in water resources and department store operations as well as returns from the toll road acquired during the year.

The consolidated profit attributable to owners of the Group decreased by 11.2% to HK$3,905 million (2014: HK$4,397 million). The profit before tax decreased by 14% or HK$855 million to HK$5,246 million (2014: HK$6,101 million) during the year as (i) the net gain arising from fair value adjustment for investment properties was HK$132 million (2014: HK$892 million), HK$760 million less than that in 2014; (ii) the net exchange loss charged to profit or loss during the year was HK$491 million (2014: net exchange gain of HK$5 million); and (iii) the recovery of impairments on certain non-current assets and provisions was HK$21 million (2014: HK$182 million), HK$161 million less than that in 2014. 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 year amounted to HK$492 million (2014: HK$389 million) and HK$136 million (2014: HK$79 million), respectively, total interest income net of finance cost of the Group increased by 14.8% to HK$356 million (2014: HK$310 million) for the year.

Basic earnings per share was HK 62.45 cents (2014: HK 70.46 cents), decreased by 11.4% as compared with that in 2014.

BUSINESS OVERVIEW

A summary of the performance of the Group's major businesses during 2015 is 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 31 December 2015, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.0% (2014: 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 tons. Total water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 2.067 billion tons (2014: 1.939 billion tons), an increase of 6.6%, which generated a revenue of HK$5,489,361,000 (2014: HK$5,164,371,000), an increase of 6.3% over 2014.

Pursuant to the Hong Kong Water Supply Agreement for the years 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 were 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 year increased by 6.7% to HK$4,222,790,000 (2014: HK$3,959,340,000). The revenue from water sales to Shenzhen and Dongguan areas for the year increased by 5.1% to HK$1,266,571,000 (2014: HK$1,205,031,000). The profit before tax of the Dongshen Water Supply Project for the year was HK$3,128,734,000 (2014: HK$3,157,092,000), 0.9% lower than that in 2014 as the net exchange loss charged to profit or loss during the year was HK$439 million (2014: net exchange gain of HK$10 million).

Water Group HK

Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, holds a number of subsidiaries which are principally engaged in water distribution, sewage treatment operations and waterworks construction in the People's Republic of China ("PRC"), including 100% of the equity interest in each of 五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.*) ("Wuhua Water Co"), 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") and China City Water Supply Investment Holding Limited (the "China City Water Supply Group"), 90.1% of the equity interest in 東莞市常平金勝水務有限公司 (Dongguan Changping Jinsheng Water Co., Ltd.*) ("Jinsheng Water Co"), 70% of the equity interest 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"), 54.29% effective interest in 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.*) ("Kaiping Water Co") and 43.86% effective interest in 東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.*) ("Dongguan Qingxi Co").

On 9 October 2015, the acquisition of the China City Water Supply Group was completed for an aggregate amount of approximately HK$1,194 million. The principal assets of the China City Water Supply Group comprise six water supply plants, one sewage treatment plant and five waterworks construction companies located in Guangxi, Guangdong Province and Jiangsu Province.

On 15 December 2015, the acquisition of Dongguan Qingxi Co was completed with the total consideration of approximately HK$650 million. The principal assets of Dongguan Qingxi Co comprise three water supply plants located in Guangdong Province.

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, Kaiping Water Co and the China City Water Supply Group are 40,000 tons, 70,000 tons, 40,000 tons, 100,000 tons, 50,000 tons and 90,000 tons per day, respectively. The capacities of water supply for the Meizhou Water Group, the Danzhou Water Group, the China City Water Group and Dongguan Qingxi Co are 190,000 tons, 100,000 tons, 1,390,000 tons (including 520,000 tons from an associate) and 290,000 tons per day, respectively.

Revenue of Water Group HK and its subsidiaries during the year amounted in the aggregate to HK$406,255,000 (2014: from their respective dates of operation/acquisition to 31 December 2014 amounted in the aggregate to HK$137,746,000). Profit before tax of Water Group HK and its subsidiaries during the year amounted in the aggregate to HK$94,942,000 (2014: from their respective dates of operation/acquisition to 31 December 2014 amounted in the aggregate to HK$8,504,000).

Nansha Water Supply

The Company'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 capacity of water supply of Nansha Water Co is 200,000 tons per day. The total volume of water supplied to the users during the year amounted to 68.20 million tons (2014: 66.71 million tons), an increase of 2.2%. Revenue for the year increased by 11% to HK$225,977,000 (2014: HK$203,519,000). The profit before tax of Nansha Water Co for the year was HK$27,308,000 (2014: loss before tax of HK$42,635,000), improved by 164.1%. During the year, the Group's share of profit in Nansha Water Co amounted to HK$13,812,000 (2014: share of loss of HK$20,455,000), improved by 167.5%.

Property Investment

Mainland China

Teem Plaza

As at 31 December 2015, the Group held an effective 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 year, 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, was HK$1,185,966,000 (2014: HK$1,180,164,000), an increase of 0.5%. The profit before tax for the year, excluding changes in fair value of investment properties and net interest income, decreased by 1.0% to HK$788,848,000 (2014: HK$796,439,000).

The shopping mall, known as Teemall, is one of the most popular shopping malls in the prime area of Guangzhou and it has a total gross floor area and lettable area of approximately 160,000 square meters and 103,000 square meters, respectively. The mall had an average occupancy rate of nearly 99% during the year (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 year.

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 97.91% (2014: 98.9%) during the year, Teem Tower had a total revenue for the year of HK$219,425,000 (2014: HK$217,783,000), an increase of 0.8%. The profit before tax for the year, excluding changes in fair value of investment properties, decreased by 0.6% to HK$187,133,000 (2014: HK$188,183,000).

Tianjin Teem Shopping Mall

The Group 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$2,029 million had been invested as at 31 December 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 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$1,291 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 31 December 2015.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the year was 100% (2014: 100%). As a result of the increase in average rental, total revenue for the year raised by 6.5% to HK$51,400,000 (2014: HK$48,266,000).

Department Store Operations

As at 31 December 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"), 東莞第一國際百貨店 ("Dongguan Store"), 佛山南海百貨店 ("Nanhai Store") and 北京路粵海仰忠匯店 ("Yuehaiyangzhong Hui Store"). 天河城萬博 operates 天河城百貨歐萊斯折扣店 ("Wan Bo Store"). The nine stores with leased area of approximately 184,000 square meters (2014: 147,000 square meters) generated a total revenue of HK$812,552,000 (2014: HK$783,707,000), an increase of 3.7%. The profit before tax for the year increased by 8.1% to HK$336,646,000 (2014: HK$311,565,000).

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 5.0% to HK$534,000,000 (2014: HK$508,608,000) during the year.

Confronted with keen competition of the retail market in Guangzhou during the year, the revenue of the other eight stores achieved to keep a modest growth due to successful promotional activities. During the year, (i) the revenue of Ming Sheng Store decreased by 2.6% to HK$62,074,000 (2014: HK$63,748,000); (ii) the revenue of Ao Ti Store, an outlet mall, increased by 4.3% to HK$37,965,000 (2014: HK$36,398,000); (iii) the revenue of Baiyun New Town Store increased by 6.9% to HK$25,269,000 (2014: HK$23,644,000); (iv) the revenue of Dong Pu Store increased by 0.7% to HK$52,884,000 (2014: HK$52,513,000); (v) Dongguan Store was opened in August 2014 and its revenue for the year was HK$3,644,000 (2014: HK$1,807,000); (vi) Nanhai Store and Yuehaiyangzhong Hui Store recorded a revenue of HK$1,458,000 and HK$180,000, respectively, since their openings in August 2015 and December 2015; and (vii) the revenue of Wan Bo Store, an outlet mall which sells brand-name products at a substantial discount, decreased by 2.0% to HK$95,078,000 (2014: HK$96,989,000).

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%. Due to keen competition, the Group's share of profits in GD Aeon Teem decreased by 11.9% to HK$10,644,000 (2014: HK$12,087,000) during the year.

Hotel Operation and Management

As at 31 December 2015, our hotel management team managed a total of 40 hotels (2014: 38 hotels), of which two were located in Hong Kong (2014: two), one in Macau (2014: one) and 37 in Mainland China (2014: 35). As at 31 December 2015, seven hotels, of which two in each of Hong Kong and 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 with the exception of the one located in Guangzhou, namely Sheraton Guangzhou Hotel, was 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 year, the average room rate of Sheraton Guangzhou Hotel was HK$1,302 (2014: HK$1,248) whereas the average room rates of the remaining four star-rated hotels and the two budget hotels were HK$693 (2014: HK$767) and HK$246 (2014: HK$247), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 87.7% (2014: 84.4%) and that of the remaining star-rated hotels was 79.3% (2014: 82.8%) during the year.

Due to the decline in the number of overnight visitors from Mainland China and the adverse effect of interior renovation works, the average room rate and the occupancy rate of hotels in Hong Kong dropped. The revenue of hotel operation and management business for the year decreased by 4.2% to HK$671,660,000 (2014: HK$701,186,000). The profit before tax for the year decreased by 14.3% to HK$112,964,000 (2014: HK$131,860,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK"), a subsidiary of the Company, holds 75% equity 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 year amounted to 652 million kwh (2014: 624 million kwh), increased by 4.5%. As a result of the decrease in electricity tariff, revenue for the year declined by 2.2% to HK$390,855,000 (2014: HK$399,642,000). However, due to the reduction in coal price, the profit before tax for the year was HK$156,631,000 (2014: HK$148,748,000), an increase of 5.3%.

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"). A total sum of approximately HK$2,428 million had been invested as at 31 December 2015. The construction of two new 300 MW heat and electricity supply plants was completed. One of the new 300 MW supply plants commenced its operation to replace the two existing 110 MW power generation units in February 2016. Another new 300 MW supply plant was expected to commence its operation in June 2016.

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

The Group's effective interest in Yudean Jinghai Power is 25%. As at 31 December 2015, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the year amounted to 12,124 million kwh (2014: 13,795 million kwh), a decrease of 12.1%. As a result of weak power demand and drop in electricity tariff, revenue for the year declined by 18.6% to HK$6,213,255,000 (2014: HK$7,635,263,000). The profit before tax of Yudean Jinghai Power for the year decreased by 7.7% to HK$1,577,194,000 (2014: HK$1,709,340,000). The Group's share of profit in Yudean Jinghai Power amounted to HK$295,490,000 (2014: HK$319,914,000) during the year, a decrease of 7.6%.

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 25% of the equity interest in Meixian Power Plant.

During the year ended 31 December 2015, Meixian Power Plant reduced its capital from RMB 1,200,000,000 to RMB1,080,000,000 by returning RMB120,000,000 to its shareholders. The returned capital received by GD Power Investment amounted to US$4,818,885. At the same time, GD Power Investment reduced its capital from US$30,068,220 to US$24,468,220 by returning US$5,600,000 to its shareholders. The amount of returned capital received by the Company was US$2,744,000.

Toll road

興六高速公路 (Xingliu Expressway) (the “Xingliu Expressway”)*

On 9 October 2015, the acquisition of Rosy Canton Limited and its subsidiaries (the “Rosy Canton Group”), principally engaged in the operation of the Xingliu Expressway, was completed for an aggregate amount of approximately HK$2,588 million. The Xingliu Expressway comprises a main line which is 99.6 km in length and three connection lines (in Xingye, Guigang, Hengxian) with an aggregate length of 52.7 km.

The average daily traffic flow of the Xingliu Expressway was 18,710 vehicle trips since the date of acquisition to 31 December 2015. The revenue and profit before tax of the Rosy Canton Group since the date of acquisition to 31 December 2015 amounted to HK$150,022,000 and HK$78,265,000, respectively.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December 2015, the available-for-sale financial assets of the Group decreased by HK$1,979 million to HK$6,229 million (2014: HK$8,208 million), which have been placed by the Group with a number of licensed banks in Mainland China each of which for a term not exceeding 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 31 December 2015, the cash and bank balances of the Group increased by HK$2,293 million to HK$9,295 million (2014: HK$7,002 million), of which 95.7% was denominated in Renminbi, 3.4% in Hong Kong dollars and 0.9% in US dollars.

As at 31 December 2015, the Group’s financial borrowings amounted to HK$8,400 million (2014: HK$4,810 million), of which 91.8% was denominated in Hong Kong dollars and 8.2% in Renminbi, including non-interest-bearing receipt in advance of HK$827 million. Of the Group’s total financial borrowings, HK$674 million was repayable within one year while the remaining balances of HK$7,400 million and HK$326 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively. During the year, the Group’s financial borrowings increased by HK$3,590 million due to the new bank and other loans arising from borrowings and/or through acquisitions.

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

As at 31 December 2015 and 2014, the Group was in 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 31 December 2015 was 45.42 times (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 31 December 2015, none of property, plant and equipment, concession rights for water distribution operations and sewage treatment operations, comprising operating concession rights and receivables under service concession agreements were pledged to secure bank loans granted to the Group.

As at 31 December 2014, certain property, plant and equipment, concession rights for water distribution operations and sewage treatment operations, comprising operating concession rights and receivables under service concession agreements with net carrying amounts of HK$4,190,000, HK$43,472,000 and 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 year amounted to HK$8,162 million which was principally related to development cost for property development projects, construction cost for Zhongshan Project and the assets from the acquisitions of subsidiaries.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 31 December 2015, total Renminbi borrowings amounted to HK$685 million (2014: HK$192 million). During the current year, the net exchange loss was mainly attributable to certain net monetary assets denominated in Renminbi held by a subsidiary of the Company, where operation is principally in Mainland China with its functional currency determined in Hong Kong dollars. Due to the existing restriction of the conversion of currencies in Mainland China, it led to exchange loss arising from translation of monetary assets denominated in Renminbi to Hong Kong dollars. Currently, the Group has not used derivative financial instruments to hedge its foreign currency risk.

As at 31 December 2015, the Group's total floating rate borrowings amounted to HK$7,381 million (2014: HK$3,672 million). The interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group had a total of 6,522 employees, of whom 1,385 employees were at managerial level. Among them, 6,293 employees were employed by subsidiaries in Mainland China and 229 were employed by the head office and subsidiaries in Hong Kong. Total remuneration for the year was approximately HK$901,081,000 (2014: HK$766,853,000).

In 2015, the Group further reinforced a corporate culture of integrity, professionalism, willingness, honesty and cooperation. Required by the Company's business development, the Group endeavoured to build a capable management team by employing more professionals. The Group also stepped up its efforts in training and nurturing employees with potentials.

The Group implemented an achievement-oriented appraisal system, regularly reviewing the performance of its senior management to warrant their integrity and efficiency. Remuneration and incentive packages were commensurate with the results of the Group. Performance-based incentive policy was introduced. The Group also adopted a share option scheme to reward and attract professional talents to provide long-term service to the Group.

In order to advance the integrated proficiency of its employees, the Group actively encouraged its employees to attend continuing education and training programmes by providing subsidies as well as providing training according to the Company's strategic objectives and working needs on a target-oriented basis.

Looking into the future, targeting at building a strategic development system, the Group will strengthen internal control, push ahead with team building of the management and professionals, and forge a corporate culture and working environment emphasising on integrity and honesty. The Group believes these arrangements will build a solid foundation for the long term development of the Group.

CORPORATE GOVERNANCE CODE

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

In the opinion of the directors of the Company, the Company had complied with the code provisions set out in the CG Code for the year ended 31 December 2015 and, where appropriate, the applicable recommended best practices of the CG Code.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Total number of new ordinary shares issued	**Exercise price per ordinary share** 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 during the year.

BOOK CLOSURE

Annual General Meeting

The annual general meeting of the Company will be held at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, One Harbour Road, Wanchai, Hong Kong on Friday, 10 June 2016 at 10:00 a.m. (the "2016 Annual General Meeting"). The register of members of the Company will be closed from Wednesday, 8 June 2016 to Friday, 10 June 2016 (both days inclusive), during which period no transfer of share will be registered.

In order to qualify for attending and voting at the 2016 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 June 2016.

Entitlement for Final Dividend

The Board has resolved to recommend the payment of a final dividend of HK 24.0 cents per ordinary share for the year ended 31 December 2015 which is expected to be paid on Thursday, 30 June 2016 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 16 June 2016 subject to the final approval at the 2016 Annual General Meeting.

For the purpose of determining shareholders' entitlements to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will be closed on Thursday, 16 June 2016 and no transfer of shares will be registered on that day. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at the above address not later than 4:30 p.m. on Wednesday, 15 June 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.gdi.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 23 March 2016

* *The English names are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HUANG Xiaofeng, Mr. WEN Yinheng, Mrs. HO Lam Lai Ping, Theresa and Mr. TSANG Hon Nam; five Non-Executive Directors, namely, 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.