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 2016

Unaudited financial highlights for the six months ended 30 June

	2016	2015	Changes
	HK$'000	HK$'000	%
Revenue	**5,319,514**	4,685,655	+13.5
Profit before tax	**3,151,101**	3,147,134	+0.1
Exchange differences, net	***(145,045)***	*47,826*	
Profit attributable to owners of the Company	**2,275,104**	2,221,301	+2.4
Earnings per share – Basic	**HK 36.33 cents**	HK 35.53 cents	+2.3
Interim dividend per share	**HK 12.00 cents**	HK 10.00 cents	+20.0

CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 2016 together with the comparative figures for the corresponding period in 2015. These results have not been audited, but have been reviewed by the Company's Audit Committee and external auditors, Messrs. Ernst & Young.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
REVENUE	3	5,319,514	4,685,655
Cost of sales		(1,706,863)	(1,390,158)
Gross profit		3,612,651	3,295,497
Other income		281,413	336,405
Changes in fair value of investment properties		83,700	91,631
Selling and distribution expenses		(108,914)	(91,404)
Administrative expenses		(632,273)	(619,043)
Exchange differences, net		(145,045)	47,826
Other operating income/(expenses), net		711	(4,343)
Finance costs	4	(62,621)	(51,428)
Share of profits of associates		121,479	141,993
PROFIT BEFORE TAX	5	3,151,101	3,147,134
Income tax expense	6	(647,999)	(687,492)
PROFIT FOR THE PERIOD		2,503,102	2,459,642
Attributable to:			
Owners of the Company		2,275,104	2,221,301
Non-controlling interests		227,998	238,341
		2,503,102	2,459,642
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK 36.33 cents	HK 35.53 cents
Diluted		HK 36.30 cents	HK 35.47 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
PROFIT FOR THE PERIOD	2,503,102	2,459,642
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(455,563)	14,048
Net gains/(loss) on available-for-sale financial assets	(2,074)	46,802
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(457,637)	60,850
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(457,637)	60,850
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,045,465	2,520,492
Attributable to:		
Owners of the Company	1,938,655	2,278,894
Non-controlling interests	106,810	241,598
	2,045,465	2,520,492

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2016

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		6,918,193	7,083,391
Investment properties		12,527,682	12,326,764
Prepaid land lease payments		283,496	295,013
Goodwill		302,782	303,521
Investments in associates		1,727,422	1,892,870
Operating concession rights		14,685,888	15,218,717
Receivables under service concession arrangements		429,911	437,785
Prepayment and deposits		7,535	13,481
Deferred tax assets		69,789	46,726
Total non-current assets		36,952,698	37,618,268
CURRENT ASSETS			
Available-for-sale financial assets		4,899,138	6,228,797
Tax recoverable		13,539	17,080
Inventories		168,240	143,056
Receivables under service concession arrangements		9,243	9,429
Receivables, prepayments and deposits	9	1,267,292	736,655
Due from non-controlling shareholders of subsidiaries		55,906	61,521
Cash and cash equivalents		10,122,787	9,295,184
Total current assets		16,536,145	16,491,722
CURRENT LIABILITIES			
Payables, accruals and other liabilities	10	(4,011,365)	(4,385,265)
Tax payable		(422,903)	(468,897)
Due to non-controlling shareholders of subsidiaries		(351,971)	(367,981)
Bank and other borrowings		(379,251)	(556,236)
Total current liabilities		(5,165,490)	(5,778,379)
NET CURRENT ASSETS		11,370,655	10,713,343
TOTAL ASSETS LESS CURRENT LIABILITIES – page 5		48,323,353	48,331,611

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2016

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES – page 4	48,323,353	48,331,611
NON-CURRENT LIABILITIES		
Bank and other borrowings	(6,559,011)	(7,015,960)
Other liabilities	(1,157,495)	(1,312,009)
Deferred tax liabilities	(2,771,423)	(2,736,217)
Total non-current liabilities	(10,487,929)	(11,064,186)
Net assets	37,835,424	37,267,425
EQUITY		
Equity attributable to owners of the Company		
Share capital	5,787,613	5,711,660
Reserves	26,180,553	25,760,484
	31,968,166	31,472,144
Non-controlling interests	5,867,258	5,795,281
Total equity	37,835,424	37,267,425

Notes:

1. GENERAL INFORMATION, KEY EVENTS AND ACCOUNTING POLICIES

The unaudited interim financial information of the Group for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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 2015.

The financial information relating to the year ended 31 December 2015 included in these unaudited interim financial information for the six months ended 30 June 2016 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622). The Company's auditors have reported on those consolidated financial statements. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's interim financial information.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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

3. OPERATING SEGMENT INFORMATION

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

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

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

(iii) The water resources segment operates water 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; 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 and share of profits of 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)

	Property investment and development		Department stores		Water resources	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	562,676	589,486	383,869	469,020	3,370,524	3,078,217
Intersegment sales	59,349	55,330	-	-	-	-
Other income from external sources	207	3,415	29,434	31,678	10,873	5,313
Other income from intersegment transactions	-	-	-	-	-	-
Total	622,232	648,231	413,303	500,698	3,381,397	3,083,530
Segment results	540,257	538,541	125,826	202,232	1,903,554	1,930,831
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits of associates	-	-	3,940	9,978	28,802	3,008
Profit before tax						
Income tax expense						
Profit for the period						

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll road and bridge	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	389,195	224,331	296,933	324,601	316,317	-
Intersegment sales	10,758	-	-	-	-	-
Other income from external sources	9,548	6,284	81	216	2,109	-
Other income from intersegment transactions	-	-	-	-	-	-
Total	409,501	230,615	297,014	324,817	318,426	-
Segment results	157,854	69,332	34,880	53,277	208,569	-
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits of associates	88,737	129,007	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the period						

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	
	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000	2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Segment revenue:						
Sales to external customers	-	-	-	-	5,319,514	4,685,655
Intersegment sales	-	-	(70,107)	(55,330)	-	-
Other income from external sources	955	939	-	-	53,207	47,845
Other income from intersegment transactions	4,431	6,364	(4,431)	(6,364)	-	-
Total	5,386	7,303	(74,538)	(61,694)	5,372,721	4,733,500
Segment results	(106,927)	(26,204)	24	-	2,864,037	2,768,009
Interest income					97,393	51,200
Interest income from available-for-sale financial assets					89,554	189,170
Investment income from available-for-sale financial assets					41,259	48,190
Finance costs					(62,621)	(51,428)
Share of profits of associates	-	-	-	-	121,479	141,993
Profit before tax					3,151,101	3,147,134
Income tax expense					(647,999)	(687,492)
Profit for the period					2,503,102	2,459,642

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department stores		Water resources	
	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Segment assets	13,034,798	12,813,420	147,071	171,866	15,752,120	15,757,067
Investments in associates	-	-	162,581	161,906	430,205	402,406
Unallocated assets						
Total assets						
Segment liabilities	1,028,504	1,081,488	784,913	973,849	2,230,430	2,352,089
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll road and bridge	
	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Segment assets	2,645,445	2,581,653	1,998,069	2,062,388	3,053,841	3,205,551
Investments in associates	1,134,636	1,328,558	-	-	-	-
Unallocated assets						
Total assets						
Segment liabilities	795,072	1,036,493	119,911	144,897	83,796	82,340
Unallocated liabilities						
Total liabilities						

3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Segment assets	16,649	7,469	-	-	36,647,993	36,599,414
Investments in associates	-	-	-	-	1,727,422	1,892,870
Unallocated assets					15,113,428	15,617,706
` Total assets					53,488,843	54,109,990
Segment liabilities	72,855	63,577	-	-	5,115,481	5,734,733
Unallocated liabilities					10,537,938	11,107,832
` Total liabilities					15,653,419	16,842,565

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Interest on bank and other borrowings	52,378	43,061
Interest on loans from the ultimate holding company and a fellow subsidiary	10,243	8,367
Total finance costs for the period	62,621	51,428

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Interest income**	(97,393)	(51,200)
Interest income from available-for-sale financial assets**	(89,554)	(189,170)
Investment income from available-for-sale financial assets**	(41,259)	(48,190)
Cost of inventories sold*	240,065	166,806
Cost of services rendered*	999,685	820,086
Depreciation	197,663	133,282
Recognition of prepaid land lease payments	5,488	3,879
Amortisation of operating concession rights*	467,113	403,266

* 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

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the period	8,625	10,869
Current - Mainland China		
Charge for the period	572,549	559,676
Underprovision/(overprovision) in prior years	(4,197)	1,203
Deferred tax	71,022	115,744
Total tax charge for the period	647,999	687,492

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim - HK 12.0 cents (2015: HK 10.0 cents) per ordinary share	751,760	625,505

At a meeting of the board of directors held on 24 August 2016 (2015: 14 August 2015), the directors resolved to pay to shareholders an interim dividend of HK 12.0 cents (2015: HK 10.0 cents) per ordinary share for the six months ended 30 June 2016.

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

The calculations of the basic and diluted earnings per share amounts for the six months ended 30 June 2016 and 2015 are based on:

	For the six months ended 30 June	
	2016	2015
	(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	2,275,104	2,221,301

	For the six months ended 30 June	
	2016	2015
	(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	6,261,831,845	6,252,763,550
Effect of dilution - weighted average number of ordinary shares assumed to have been issued:		
Share options	5,503,208	9,804,331
For the purpose of the diluted earnings per share calculation	6,267,335,053	6,262,567,881

9. 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 46% (31 December 2015: nil) and 11% (31 December 2015: 9%) of the total trade receivables were due from two customers (31 December 2015: one customer). The Group does not hold any collateral or other credit enhancements over these balances.

An aging 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 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Within 3 months	862,104	329,222
3 months to 6 months	9,819	14,032
6 months to 1 year	1,453	1,691
More than 1 year	35,000	54,892
	908,376	399,837
Less: Impairment	(13,272)	(13,082)
	895,104	386,755

10. PAYABLES, ACCRUALS AND OTHER LIABILITIES

Included in the Group's payables, accruals and other liabilities are trade payables. An aging 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 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Within 3 months	525,078	623,056
3 months to 6 months	201	79
6 months to 1 year	17	140
	525,296	623,275

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Board is pleased to report the results of the Group for the six months ended 30 June 2016 (the "Period"). The Group's unaudited consolidated profit attributable to owners of the Company amounted to HK$2,275 million (2015: HK$2,221 million), an increase of 2.4% as compared with the same period last year. Basic earnings per share increased by 2.3% over the same period last year to HK 36.33 cents (2015: HK 35.53 cents).

INTERIM DIVIDEND

The Board declares an interim dividend of HK 12.0 cents per ordinary share for the Period (2015: HK 10.0 cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK$5,320 million (2015: HK$4,686 million), an increase of 13.5% as compared with the same period last year. In addition, the profit before tax for the Period slightly increased by 0.1% or HK$4 million to HK$3,151 million (2015: HK$3,147 million) and the unaudited consolidated profit attributable to owners of the Company increased by 2.4% to HK$2,275 million (2015: HK$2,221 million) for the Period. The growth in revenue, profit before tax and profit attributable to owners of the Company was mainly attributable to a better performance in both water resources and electric power generation businesses, and additional returns from the toll road business and certain water resources projects acquired during the last quarter of 2015. Nevertheless, the increase was partially offset by the net exchange loss of HK$145 million (2015: net exchange gain of HK$48 million) and the unsatisfactory performance in department store operation as well as the hotel operation and management businesses. Total interest income and finance cost of the Group for the Period amounted to HK$187 million (2015: HK$240 million) and HK$63 million (2015: HK$51 million), respectively, total interest income net of finance cost of the Group decreased by 34.4% to HK$124 million (2015: HK$189 million) for the Period.

Basic earnings per share increased by 2.3% to HK 36.33 cents (2015: HK 35.53 cents), as compared with the same period last year.

BUSINESS REVIEW

A summary of the performance of the Group's major businesses during the Period is 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 2016, 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 tons. Total water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 0.918 billion tons (2015: 1.075 billion tons), a decrease of 14.6%, which generated a revenue of HK$2,984 million (2015: HK$2,941 million), an increase of 1.5% over the same period last year.

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 and the Guangdong Provincial Government 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 Period increased by 6.4% to HK$2,450 million (2015: HK$2,303 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period decreased by 16.3% to HK$534 million (2015: HK$638 million). The profit before tax of the Dongshen Water Supply Project for the Period was HK$1,946 million (2015: HK$2,021 million), 3.7% lower than that in the same period last year as the net exchange loss charged to profit or loss during the Period was HK$143 million (2015: net exchange gain HK$29 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 and associates which are principally engaged in water distribution, sewage treatment operation and waterworks construction in the People's Republic of China ("PRC").

The water supply capacity of each of the subsidiaries of Water Group HK, namely, 東莞市清溪粵海水務有限公司 (Dongguan Qingxi Guangdong Water Co., Ltd.#), 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.#), 儀征港儀供水有限公司 (Yizheng Gangyi Gongshui Company Limited#), 高郵港郵供水有限公司 (Gaoyou Gangyou Gongshui Company Limited#), 寶應粵海水務有限公司 (Baoying Yuehai Shuiwu Company Limited#), 海南儋州自來水有限公司 (Hainan Danzhou Tap Water Company Limited#), 梧州粵海江河水務有限公司 (Wuzhou Yuehai Jianghe Shuiwu Company Limited#) and Zhaoqing HZ GDH Water Co., Ltd. is 290,000 tons, 210,000 tons, 150,000 tons, 145,000 tons, 130,000 tons, 100,000 tons, 355,000 tons and 90,000 tons per day, respectively, totaling 1,470,000 tons per day (2015: 380,000 tons per day).

The waste water processing capacity of the sewage treatment plants operated by each of the subsidiaries of Water Group HK, namely, 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.#), 梧州粵海環保發展有限公司 (Wuzhou Yuehai Huanbao Fazhan Company Limited#), 東莞市常平金勝水務有限公司 (Dongguan Changping Jinsheng Water Co., Ltd.#), 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.#), 五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.#) and 東莞市道滘鴻發污水處理有限公司 (Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.#) is 100,000 tons, 90,000 tons, 70,000 tons, 50,000 tons, 40,000 tons and 40,000 tons per day, respectively, totaling 390,000 tons per day (2015: 300,000 tons per day).

The water supply capacity of 江河港武水務（常州）有限公司 (Jianghe Gangwu Shuiwu (Changzhou) Company Limited#) and 廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd.#), being associates of Water Group HK, is 520,000 tons and 400,000 tons per day (including additional 200,000 tons per day following the completion of expansion work after the end of the Period), respectively, totaling 920,000 tons per day (2015: 200,000 tons per day).

Revenue of Water Group HK and its subsidiaries for the Period in aggregate amounted to HK$390,195,000 (2015: HK$137,204,000). Profit before tax of Water Group HK, its subsidiaries and associates for the Period, excluding the net exchange differences, in aggregate amounted to HK$98,493,000 (2015: HK$32,131,000). The growth was mainly attributable to additional returns from those water resources projects acquired during the last quarter of 2015.

Property Investment

Mainland China

Teem Plaza

As at 30 June 2016, 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.

Revenue of Teem Plaza comprises rental income from both the shopping mall (including rentals from the department stores operated by the Group) and the office building. During the Period, due to negative impact from exchange rate fluctuation, revenue of Teem Plaza decreased by 3.9% to HK$574,976,000 (2015: HK$598,079,000). Had the currency translation impact been excluded, the revenue of Teem Plaza achieved a steady growth of 2.3% as compared with the same period last year. The profit before tax for the Period, excluding changes in fair value of investment properties and net interest income, decreased by 3.0% to HK$409,807,000 (2015: HK$422,683,000).

The shopping mall, known as the 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 99.7% during the Period (2015: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones.

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 97.5% (2015: 98.9%), the revenue for the Period was HK$105,004,000 (2015: HK$111,359,000), a decrease of 5.7%. Had the currency translation impact been excluded, the revenue recorded an increase of 0.3% as compared with the same period last year. The profit before tax for the Period, excluding changes in fair value of investment properties, decreased by 5.2% to HK$90,180,000 (2015: HK$95,078,000).

Tianjin Teem Shopping Mall

The Group owns a parcel of land situated in Tianjin for developing 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$2,186 million had been invested as at 30 June 2016.

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 a 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$1,445 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 30 June 2016.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2015: 100%). As a result of the increase in average rental, the total revenue for the Period was up by 6.3% to HK$26,980,000 (2015: HK$25,384,000).

Department Store Operation

As at 30 June 2016, 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 Teemall Store in Teem Plaza. It also operates Teemall Store – Beijing Road Branch ("Ming Sheng Store"), 奧體歐萊斯名牌折扣店 ("Ao Ti Store"), 白雲新城百貨店 ("Baiyun New Town Store"), 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 had a total leased area of approximately 184,000 square meters (31 December 2015: 184,000 square meters) as at 30 June 2016. Confronted with keen competition of the retail market in Guangzhou during the Period, the total revenue decreased by 18.2% to HK$383,869,000 (2015: HK$469,020,000). The profit before tax for the Period decreased by 32.2% to HK$158,454,000 (2015: HK$233,815,000).

The revenue of the nine stores operated by the Group for the six months ended 30 June 2016 was as follows:

		Revenue for the six months ended 30 June		
	Leased area	2016	2015	Changes
	sq.m.	HK$'000	HK$'000	%
Teemall Store	40,000	249,777	316,759	-21.1
Wan Bo Store	19,600	45,396	51,646	-12.1
Ming Sheng Store	13,000	28,088	34,377	-18.3
Dong Pu Store	28,000	24,708	28,366	-12.9
Ao Ti Store	21,500	18,413	21,864	-15.8
Baiyun New Town Store	15,700	12,554	14,003	-10.3
Dongguan Store	9,800	1,703	2,005	-15.1
Nanhai Store	28,400	1,798	-	-
Yuehaiyangzhong Hui Store	8,000	1,432	-	-
	184,000	383,869	469,020	-18.2

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 the keen competition, the Group's share of profits in GD Aeon Teem amounted to HK$3,940,000 (2015: HK$9,978,000) during the Period, decreased by 60.5%.

Hotel Operation and Management

As at 30 June 2016, our hotel management team managed a total of 39 hotels (31 December 2015: 40 hotels), of which two were located in Hong Kong, one in Macau and 36 in Mainland China. As at 30 June 2016, 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 Period, the average room rate of Sheraton Guangzhou Hotel was HK$1,243 (2015: HK$1,335) whereas the average room rate of the remaining four star-rated hotels and the two budget hotels were HK$636 (2015: HK$686) and HK$220 (2015: HK$224), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 86.6% (2015: 86.7%) and that of the other four star-rated hotels was 77.0% (2015: 82.1%) during the Period.

Due to the decline in the number of overnight visitors from Mainland China and the adverse effect of interior renovation works, both of the average room rate and the occupancy rate of hotels in Hong Kong dropped. The revenue of hotel operation and management business for the Period decreased by 8.5% to HK$296,933,000 (2015: HK$324,601,000). The profit before tax for the Period decreased by 33.1% to HK$39,816,000 (2015: HK$59,477,000).

Other Infrastructure Projects

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 600 MW (2015: 110 MW). Sales of electricity during the Period amounted to 809 million kwh (2015: 303 million kwh), increased by 167.0%. As a result of the increase in electricity sales, revenue for the Period increased by 89.6% to HK$354,850,000 (2015: HK$187,129,000). The profit before tax for the Period was HK$140,842,000 (2015: HK$72,263,000), an increase of 94.9%.

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, a total sum of approximately HK$2,422 million had been invested as at 30 June 2016. The construction of two new 300 MW heat and electricity supply units was completed and they commenced operation in February 2016 and June 2016, respectively, to replace the two former power generation units.

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 2016, 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 4,871 million kwh (2015: 5,916 million kwh), a decrease of 17.7%. As a result of the soften demand and drop in electricity tariff, revenue for the Period declined by 28.6% to HK$2,235,857,000 (2015: HK$3,131,295,000). The profit before tax of Yudean Jinghai Power for the Period decreased by 28.1% to HK$494,931,000 (2015: HK$688,787,000). The Group's share of profit in Yudean Jinghai Power amounted to HK$88,737,000 (2015: HK$129,007,000) during the Period, decreased by 31.2%.

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 (2015: Nil).

興六高速公路 (Xingliu Expressway)

On 9 October 2015, the acquisition of 廣西新長江高速公路有限責任公司 (Guangxi Xinchangjiang Gonglu Company Limited#) ("Xinchangjiang Company"), principally engaged in the operation of the Xingliu Expressway, was completed. The Xingliu Expressway comprises a main line which is 99.6 km in length and three connection lines (in Xingye, Guigang and Hengxian) with an aggregate length of 52.7 km.

The average daily traffic flow of the Xingliu Expressway was 20,373 vehicle trips during the Period. The revenue and profit before tax of Xinchangjiang Company during the Period amounted to HK$316,317,000 and HK$192,701,000, respectively.

Yinping PPP Project

On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 (Dongguan City Xiegang Town People's Government) (the "Xiegang Government") in respect of a public-private-partnership project (the "Yinping PPP Project") for the development of certain A-grade highways, connecting roads and municipal roads (not being toll roads) (each a "Project Road" and together, the "Project Roads") and the related ancillary support services such as drainage, greening and lighting in 銀瓶創新區 (Yinping Innovation Zone) in Dongguan, Guangdong, the PRC.

During the period of construction of the Project Roads (the "Development Period"), the Group shall be responsible for providing funding for the development of the Project Roads (the "Development Costs") depending on the overall development plan and progress of Yinping Innovation Zone in phases with the total Development Costs not exceeding RMB4.754 billion (equivalent to approximately HK$5.562 billion). The Xiegang Government shall pay the Development Costs by 10 annual instalments throughout the maintenance period, being ten years (the "Maintenance Period") from the acceptance of the Project Roads by the Xiegang Government.

During the Development Period, the Group would be entitled to an accrued interest at 8% (compounded annually) from the date of each amount disbursed by the Project Co (as defined below) that constitute the Development Costs for such Project Road until the end of the Development Period of the relevant Project Roads. This amount (the "Accrued Interest Amount") will be paid by 10 annual instalments throughout the Maintenance Period. In addition, a management fee (the "Management Fee") equal to 2.5% of the Development Costs will be payable by 10 annual instalments throughout the Maintenance Period and an annual maintenance fee equal to 1.1% of the total Development Costs, will be payable annually over the Maintenance Period by the Xiegang Government. The aggregate of the then outstanding Development Costs, the Accrued Interest Amount and the Management Fee are calculated on an accrued interest at 8% per annum on a reducing balance basis over the Maintenance Period.

As at 30 June 2016, the Company was in the process of establishing a wholly-owned subsidiary (the "Project Co") to perform the Company's obligations in the Yinping PPP Project. The rights and responsibilities of the Company under the cooperation agreement will be transferred to the Project Co after its establishment.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2016, the available-for-sale financial assets of the Group decreased by HK$1,330 million to HK$4,899 million (31 December 2015: HK$6,229 million), which were 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 of these financial assets with those licensed banks were denominated in Renminbi and were principal protected upon the maturity date.

LIQUIDITY, GEARING AND FINANCIAL RESOURCES

As at 30 June 2016, the cash and bank balances of the Group increased by HK$828 million to HK$10,123 million (31 December 2015: HK$9,295 million), of which 95.7% was denominated in Renminbi, 3.4% in Hong Kong dollars and 0.9% in US dollars.

As at 30 June 2016, the Group's financial borrowings decreased by HK$634 million to HK$7,766 million (31 December 2015: HK$8,400 million), of which 93% was denominated in Hong Kong dollars and 7% in Renminbi, including the non-interest-bearing receipt in advance of HK$827 million. Of the Group's total financial borrowings, HK$497 million was repayable within one year while the remaining balances of HK$6,924 million and HK$345 million are repayable within two to five years and beyond five years from the end of reporting period, respectively.

The Group did not maintain any credit facility as at 30 June 2016 (31 December 2015: Nil).

As at 30 June 2016 and 31 December 2015, 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 2016 was 60.08 times (31 December 2015: 45.42 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 obligation and business requirements.

PLEDGE OF ASSETS

As at 30 June 2016 and 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 agreement, were pledged to secure certain bank loans granted to the Group.

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK$500 million which was principally related to the development cost for property development projects and the construction cost for Zhongshan Power Plant, water supply and sewage treatment plants.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2016, total Renminbi borrowings amounted to HK$543 million (31 December 2015: HK$685 million). During the Period, 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 denominated in Hong Kong dollars. Due to the existing restriction of the conversion of currencies in Mainland China, it led to an 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 30 June 2016, the Group's total floating rate borrowings amounted to HK$6,709 million (31 December 2015: HK$7,381 million). The interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 6,315 employees, of which 1,296 were at the managerial level. Among the employees, 6,087 were employed by subsidiaries in Mainland China and 228 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK$444,585,000 (2015: HK$395,296,000).

In 2016, the Group further cultivated its corporate culture of integrity, professionalism, positivity, honesty and cooperation; continued to enhance the establishment of a team of professionals and experts; introduced professionals necessitated by the Company's business development and training; and nurtured employees with great potentials.

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 target at building a strategic management system, focus on regulating internal management, enhance capability of the management team, 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 2016, global economic recovery remained sluggish marked by uncertainties such as persistently low commodity prices, volatile financial markets and Brexit referendum result. China's economic fundamentals remained stable amid complex economic structural adjustments and industrial transformation and upgrades phase. Faced with challenging economic environment, the Group further strengthened risk management and actively sought new investment opportunities while ensuring steady growth of its core businesses in order to promote sustainable growth.

PROSPECTS

In the second half of 2016, it is expected that global economic recovery will be muted facing a number of uncertainties, while the economic growth in China is expected to remain stable amid structural transitions. However, certain political and economic events may cause short-term volatilities in the global foreign exchange and interest rates markets, hence posing potential risks to business operations. The Group will closely monitor the macroeconomic performance and capital market trends, practice prudent risk management and promote stable growth in its core businesses.

Looking ahead, the Group will continue to monitor business opportunities in the areas of water resources, properties and infrastructure development, particularly potential opportunities involving public-private partnership projects in the water resources and infrastructure sectors riding on the government's encouragement of environmental protection and infrastructure spending, to further enhance the Company's financial performance in an effort to create long-term value for its stakeholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2016 and, where appropriate, the applicable recommended best practices of the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, 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$
9,614,280	6.20	59,608,536

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 (the "Hong Kong Stock Exchange") for the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK 12.0 cents (2015: HK 10.0 cents) per ordinary share for the six months ended 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 Wednesday, 12 October 2016. The interim dividend is expected to be paid on Thursday, 27 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Wednesday, 12 October 2016 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 Tuesday, 11 October 2016.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2016 have been reviewed by the Audit Committee of the Company and Messrs. Ernst & Young, external 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 Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2016 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, 24 August 2016

The English names are translation 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. the Honourable CHENG Mo Chi, Moses and Mr. WU Ting Yuk, Anthony.