



粵海投資有限公司
GUANGDONG INVESTMENT LIMITED

Stock Code: 0270

INTERIM REPORT 2016



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Corporate Information

as at 24 August 2016

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Xiaofeng (*Chairman*)
Mr. WEN Yinheng (*Managing Director*)
Mrs. HO LAM Lai Ping, Theresa (*Company Secretary*)
Mr. TSANG Hon Nam (*Chief Financial Officer*)

Non-Executive Directors

Mr. WU Jianguo
Mr. ZHANG Hui
Ms. ZHAO Chunxiao
Mr. LAN Runing
Mr. LI Wai Keung

Independent Non-Executive Directors

Dr. CHAN Cho Chak, John, *GBS, JP*
Dr. the Honourable LI Kwok Po, David, *GBM, GBS, OBE, JP*
Mr. FUNG Daniel Richard, *SBS, QC, SC, JP*
Dr. the Honourable CHENG Mo Chi, Moses,
GBM, GBS, OBE, JP
Mr. WU Ting Yuk, Anthony,
Standing Committee Member of CPPCC National Committee, GBS, JP

AUDIT COMMITTEE

Dr. the Honourable LI Kwok Po, David
(*Committee Chairman*)
Dr. CHAN Cho Chak, John
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. WU Ting Yuk, Anthony

REMUNERATION COMMITTEE

Dr. CHAN Cho Chak, John (*Committee Chairman*)
Dr. the Honourable LI Kwok Po, David
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. WU Ting Yuk, Anthony

NOMINATION COMMITTEE

Mr. HUANG Xiaofeng (*Committee Chairman*)
Dr. CHAN Cho Chak, John
Dr. the Honourable LI Kwok Po, David
Mr. FUNG Daniel Richard
Dr. the Honourable CHENG Mo Chi, Moses
Mr. WU Ting Yuk, Anthony

COMPANY SECRETARY

Mrs. HO LAM Lai Ping, Theresa

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China CITIC Bank, Guangzhou Branch
China Merchants Bank
Chong Hing Bank
DBS Bank Ltd., Hong Kong Branch
Goldman Sachs Capital Markets, L.P.
Hang Seng Bank
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China,
Shenzhen Branch
Malayan Banking Berhad
Standard Chartered Bank
The Hongkong and Shanghai Banking
Corporation Limited
OCBC Wing Hang Bank Limited

REGISTERED OFFICE

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Guangdong Investment Tower
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SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Customer Service Hotline: (852) 2980 1333

SHARE INFORMATION

Place of Listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	0270
Board Lot	2,000 shares
Financial Year End	31 December

SHAREHOLDERS' CALENDAR

Closure of Register of Members	12 October 2016
Interim Dividend Payable	HK 12.0 cents per ordinary share 27 October 2016

Report on Review of Interim Financial Information



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To the directors of Guangdong Investment Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 32, which comprises the condensed consolidated statement of financial position of Guangdong Investment Limited (the “Company”) and its subsidiaries as at 30 June 2016 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material aspects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

24 August 2016

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

		For the six months ended 30 June	
	<i>Notes</i>	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		HK36.33 cents	HK35.53 cents
Diluted		HK36.30 cents	HK35.47 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	2,503,102	2,459,642
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(455,563)	14,048
Net gains/(loss) on available-for-sale financial assets	(2,074)	46,802
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>	(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

	<i>Notes</i>	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	9	429,911	437,785
Prepayment and deposits	10	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	9,243	9,429
Receivables, prepayments and deposits	10	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	13	(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	14	(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		48,323,353	48,331,611

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Condensed Consolidated Statement of Financial Position

30 June 2016

	<i>Notes</i>	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES			
– page 6		48,323,353	48,331,611
NON-CURRENT LIABILITIES			
Bank and other borrowings	14	(6,559,011)	(7,015,960)
Other liabilities	15	(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	16	5,787,613	5,711,660
Reserves	18	26,180,553	25,760,484
Non-controlling interests		31,968,166	31,472,144
		5,867,258	5,795,281
Total equity		37,835,424	37,267,425

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company												
	Share capital (Unaudited) HK\$'000	Share option reserve* (Unaudited) HK\$'000	Asset revaluation reserve* (Unaudited) HK\$'000	Capital reserve* (Unaudited) HK\$'000	Available-for-sale financial assets	Expansion fund reserve* (Unaudited) HK\$'000	Exchange fluctuation reserve* (Unaudited) HK\$'000	Other reserve* (Unaudited) HK\$'000	Special reserve* (Unaudited) HK\$'000	Retained profits* (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
					revaluation reserve*								
					(Unaudited) HK\$'000								
At 1 January 2016	5,711,660	29,029	44,958	1,495,954	21,148	2,064,766	544,495	97,046	128,207	21,334,881	31,472,144	5,795,281	37,267,425
Profit for the period	-	-	-	-	-	-	-	-	-	2,275,104	2,275,104	227,998	2,503,102
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations													
– Subsidiaries	-	-	-	-	-	-	(307,694)	-	-	-	(307,694)	(120,409)	(428,103)
– Associates	-	-	-	-	-	-	(26,681)	-	-	-	(26,681)	(779)	(27,460)
Net loss on available-for-sale financial assets	-	-	-	-	(2,074)	-	-	-	-	-	(2,074)	-	(2,074)
Total comprehensive income for the period	-	-	-	-	(2,074)	-	(334,375)	-	-	2,275,104	1,938,655	106,810	2,045,465
Capital injection of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	144,117	144,117
Share options exercised, net of share issue expenses	75,953	(16,344)	-	-	-	-	-	-	-	-	59,609	-	59,609
Equity-settled share option arrangements	-	1,277	-	-	-	-	-	-	-	-	1,277	-	1,277
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(178,950)	(178,950)
Transfer to retained profits	-	-	-	-	-	(1,140)	-	-	-	1,140	-	-	-
Final 2015 dividend paid	-	-	-	-	-	-	-	-	-	(1,503,519)	(1,503,519)	-	(1,503,519)
Transfer to retained profits upon issue of new ordinary shares (note 18)	-	-	-	-	-	-	-	-	(59,609)	59,609	-	-	-
At 30 June 2016	5,787,613	13,962	44,958	1,495,954	19,074	2,063,626	210,120	97,046	68,598	22,167,215	31,968,166	5,867,258	37,835,424

* These reserve accounts comprise the consolidated reserves of HK\$26,180,553,000 (31 December 2015: HK\$25,760,484,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company												
	Share capital (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Available-for-sale financial assets revaluation reserve (Unaudited) HK\$'000	Expansion fund reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Special reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2015	5,595,013	45,120	44,958	1,495,954	24,079	1,814,038	1,466,501	96,027	132,204	19,552,850	30,266,744	5,397,407	35,664,151
Profit for the period	-	-	-	-	-	-	-	-	-	2,221,301	2,221,301	238,341	2,459,642
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations													
- Subsidiaries	-	-	-	-	-	-	10,529	-	-	-	10,529	3,236	13,765
- Associates	-	-	-	-	-	-	262	-	-	-	262	21	283
Net gains on available-for-sale financial assets	-	-	-	-	46,802	-	-	-	-	-	46,802	-	46,802
Total comprehensive income for the period	-	-	-	-	46,802	-	10,791	-	-	2,221,301	2,278,894	241,598	2,520,492
Capital injection of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	164,576	164,576
Change in ownership interests in a subsidiary	-	-	-	-	-	-	-	(715)	-	-	(715)	715	-
Share options exercised, net of share issue expenses	116,647	(25,099)	-	-	-	-	-	-	-	-	91,548	-	91,548
Equity-settled share option arrangements	-	4,080	-	-	-	-	-	-	-	-	4,080	-	4,080
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7,998)	(7,998)
Transfer to retained profits	-	-	-	-	-	(49)	-	-	-	49	-	-	-
Final 2014 dividend paid	-	-	-	-	-	-	-	-	-	(1,251,010)	(1,251,010)	-	(1,251,010)
Transfer from retained profits in accordance with the Undertaking (note 18)	-	-	-	-	-	-	-	-	3,808	(3,808)	-	-	-
Transfer to retained profits upon issue of new ordinary shares (note 18)	-	-	-	-	-	-	-	-	(91,548)	91,548	-	-	-
At 30 June 2015	5,711,660	24,101	44,958	1,495,954	70,881	1,813,989	1,477,292	95,312	44,464	20,610,930	31,389,541	5,796,298	37,185,839

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,718,303	2,166,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in available-for-sale financial assets	1,360,542	(2,495,904)
Purchases of items of property, plant and equipment	(440,057)	(610,179)
Additions to investment properties	(319,565)	(259,247)
Additions to operating concession rights	(13,478)	–
Increase in investment in an associate	(7,075)	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired	63,636	(970,696)
Settlement of consideration payable for the acquisition of subsidiaries	(209,937)	(44,132)
Cash flows from other investing activities, net	–	3,863
Net cash flows from/(used in) investing activities	434,066	(4,376,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares	59,609	91,548
New bank and other loans	135,656	3,980,704
Repayments of bank and other loans	(758,126)	(1,330,499)
New loan from a fellow subsidiary	35,670	–
New loan from the ultimate holding company	85,228	–
Capital injection from non-controlling shareholders of subsidiaries	144,117	164,576
Dividends paid to non-controlling shareholders	(198,732)	–
Dividends paid to shareholders	(1,503,519)	(1,251,010)
Cash flow used in other financing activities, net	(68,490)	(51,428)
Net cash flows from/(used in) financing activities	(2,068,587)	1,603,891
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,083,782	(605,681)
Cash and cash equivalents at beginning of period	8,095,092	6,696,200
Effect of foreign exchange rate changes, net	(171,638)	766
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,007,236	6,091,285
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,463,711	4,731,585
Non-pledged bank deposits with original maturity of less than three months when acquired	3,543,525	1,359,700
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	9,007,236	6,091,285
Non-pledged time deposits with original maturity of more than three months when acquired	1,115,551	1,276,407
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	10,122,787	7,367,692

Notes to Interim Financial Information

30 June 2016

1. GENERAL INFORMATION, KEY EVENTS AND ACCOUNTING POLICIES

Guangdong Investment Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong whose shares are publicly traded. The principal activities of the Company and its subsidiaries (collectively known as the "Group") are described in note 3.

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

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



Notes to Interim Financial Information

30 June 2016

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.

Notes to Interim Financial Information

30 June 2016

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						

Notes to Interim Financial Information

30 June 2016

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						

Notes to Interim Financial Information

30 June 2016

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

Notes to Interim Financial Information

30 June 2016

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department stores		Water resources		Electric power generation		Hotel operations and management	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	13,034,798	12,813,420	147,071	171,866	15,752,120	15,757,067	2,645,445	2,581,653	1,998,069	2,062,388
Investments in associates	-	-	162,581	161,906	430,205	402,406	1,134,636	1,328,558	-	-
Unallocated assets										
Total assets										
Segment liabilities	1,028,504	1,081,488	784,913	973,849	2,230,430	2,352,089	795,072	1,036,493	119,911	144,897
Unallocated liabilities										
Total liabilities										

	Toll road and bridge		Others		Eliminations		Consolidated	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	3,053,841	3,205,551	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	83,796	82,340	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 (note 21(a)(v))	10,243	8,367
Total finance costs for the period	62,621	51,428

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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 (Unaudited) HK\$'000	2015 (Unaudited) 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 (Unaudited) HK\$'000	2015 (Unaudited) 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.

Notes to Interim Financial Information

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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 UNDER SERVICE CONCESSION ARRANGEMENTS

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Receivables under service concession arrangements wholly attributable to sewage treatment operations	439,154	447,214
Less: Portion classified as current assets	(9,243)	(9,429)
Non-current portion	429,911	437,785

Receivables under service concession arrangements were neither past due nor impaired. Such receivables were due mainly from the government authorities in Mainland China in respect of the Group's sewage treatment operations. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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10. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<i>Notes</i>	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade receivables, net of impairment		895,104	386,755
Other receivables, prepayments and deposits		373,462	359,898
Due from the ultimate holding company	<i>21(d)</i>	87	245
Due from fellow subsidiaries	<i>21(d)</i>	6,174	3,238
		1,274,827	750,136
Less: Portion classified as non-current assets		(7,535)	(13,481)
Current portion		1,267,292	736,655

Except for trade receivables as detailed below, none of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

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

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10. RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The aging analysis of the trade receivables that are not considered to be impaired is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Neither past due nor impaired	803,674	274,759
Less than 3 months past due	56,014	54,224
3 months to 6 months past due	9,705	13,897
6 months to 1 year past due	1,453	1,691
More than 1 year past due	24,258	42,184
	895,104	386,755

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

11. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

30 June 2016

	Loans and receivables (Unaudited) HK\$'000	Available- for-sale financial assets (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale financial assets	–	4,899,138	4,899,138
Receivables under service concession arrangements	439,154	–	439,154
Financial assets included in receivables, prepayments and deposits	1,101,835	–	1,101,835
Due from non-controlling shareholders of subsidiaries	55,906	–	55,906
Cash and cash equivalents	10,122,787	–	10,122,787
	11,719,682	4,899,138	16,618,820

Notes to Interim Financial Information

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11. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets (continued)

31 December 2015

	Loans and receivables (Audited) HK\$'000	Available- for-sale financial assets (Audited) HK\$'000	Total (Audited) HK\$'000
Available-for-sale financial assets	–	6,228,797	6,228,797
Receivables under service concession arrangements	447,214	–	447,214
Financial assets included in receivables, prepayments and deposits	634,661	–	634,661
Due from non-controlling shareholders of subsidiaries	61,521	–	61,521
Cash and cash equivalents	9,295,184	–	9,295,184
	10,438,580	6,228,797	16,667,377

Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Financial liabilities included in payables, accruals and other liabilities	3,495,482	4,428,799
Due to non-controlling shareholders of subsidiaries	351,971	367,981
Bank and other borrowings	6,938,262	7,572,196
	10,785,715	12,368,976

Notes to Interim Financial Information

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12. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Financial assets				
Available-for-sale financial assets	4,899,138	6,228,797	4,899,138	6,228,797

Apart from the non-current portion of receivables under service concession arrangements and bank and other borrowings, management has assessed that the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 30 June 2016 and 31 December 2015 because of the immediate or short term maturity of these financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of receivables under service concession arrangements and bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 30 June 2016 and 31 December 2015 was assessed to be insignificant. The carrying amounts of the non-current portion of receivables under service concession arrangements and bank and other borrowings approximate to their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>As at 30 June 2016 (Unaudited)</i>				
Available-for-sale financial assets	–	4,899,138	–	4,899,138
<i>As at 31 December 2015 (Audited)</i>				
Available-for-sale financial assets	–	6,228,797	–	6,228,797

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (2015: Nil).

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13. PAYABLES, ACCRUALS AND OTHER LIABILITIES

	<i>Notes</i>	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade payables		525,296	623,275
Accruals, other payables and other liabilities		3,857,336	4,397,613
Deferred income		215,253	225,129
Due to the immediate holding company	<i>21(d)</i>	46,578	48,332
Due to the ultimate holding company	<i>21(d)</i>	13,379	3,445
Due to fellow subsidiaries	<i>21(d)</i>	84,296	85,515
Loans from the ultimate holding company	<i>21(d)</i>	391,622	313,965
Loan from a fellow subsidiary	<i>21(d)</i>	35,100	–
		5,168,860	5,697,274
Less: Portion classified as non-current liabilities	<i>15</i>	(1,157,495)	(1,312,009)
Current portion		4,011,365	4,385,265

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

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15. OTHER LIABILITIES

At 30 June 2016, included in other liabilities was a non-interest-bearing receipt in advance of HK\$827,400,000 (31 December 2015: HK\$827,400,000), of which HK\$709,200,000 (31 December 2015: HK\$709,200,000) was grouped in non-current liabilities. In prior years, the Government of the Hong Kong Special Administrative Region ("HKSAR") granted a loan facility with a principal amount of HK\$2,364 million (the "Loan Facility") to the Guangdong Provincial Government (the "GPG") for the purpose of the Dongshen Water Supply Phase IV Renovation Project (the "Phase IV Renovation Project"). Pursuant to the concession agreements related to the Phase IV Renovation Project, the Loan Facility was utilised for the construction of the Phase IV Renovation Project. Upon the completion of the Phase IV Renovation Project during the year ended 31 December 2003, the Group acquired and recorded the assets of the Phase IV Renovation Project and assumed the repayment obligations of the Loan Facility from the GPG as a non-interest-bearing receipt in advance. The outstanding Loan Facility is settled through the deduction of future water revenue to be received by the Group from the Government of the HKSAR, by an annual amount of HK\$118,200,000 for 20 years commencing from December 2003.

16. SHARE CAPITAL

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Issued and fully paid: 6,264,662,621 (31 December 2015: 6,255,048,341) ordinary shares	5,787,613	5,711,660

A summary of the movements during the period in the Company's share capital is as follows:

	Number of ordinary shares in issue (Unaudited)	Share capital (Unaudited) HK\$'000
At 1 January 2016	6,255,048,341	5,711,660
Share options exercised (<i>Note</i>)	9,614,280	59,609
Release of share option reserve (<i>Note</i>)	–	16,344
At 30 June 2016	6,264,662,621	5,787,613

Note: During the six months ended 30 June 2016, 9,614,280 share options were exercised at a subscription price of HK\$6.20 per ordinary share, resulting in the issue of 9,614,280 ordinary shares for total proceeds of approximately HK\$59,609,000. The exercise of 9,614,280 share options resulted in the release of share option reserve of approximately HK\$16,344,000 to the share capital.

Notes to Interim Financial Information

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17. SHARE OPTION SCHEME

On 24 October 2008, the Company adopted a new share option scheme (the "2008 Scheme"). The purpose of the 2008 Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Eligible participants of the 2008 Scheme include, but not limited to, directors, officers and employees of the Group. The 2008 Scheme became effective on 24 October 2008 and, unless otherwise terminated or amended, will remain in force for 10 years from that date. The vesting periods of the share options granted under the 2008 Scheme is from the date of grant until the commencement of the respective exercise periods.

Movements in share options under the Company's 2008 Scheme during the period are as follows:

	2016		2015	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	6.20	21,069,600	6.20	37,447,000
Forfeited during the period	6.20	(753,960)	6.20	(1,611,630)
Exercised during the period	6.20	(9,614,280)	6.20	(14,765,770)
At 30 June	6.20	10,701,360	6.20	21,069,600

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2016 was HK\$10.26 (six months ended 30 June 2015: HK\$10.58) per share.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2016

Number of options	Exercise price* HK\$ per share	Exercise period** (dd.mm.yyyy)
153,600	6.20	22-01-2015 to 21-07-2018
784,260	6.20	22-01-2016 to 21-07-2018
3,254,500	6.20	22-01-2017 to 21-07-2018
6,509,000	6.20	22-01-2018 to 21-07-2018
10,701,360		

Notes to Interim Financial Information

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17. SHARE OPTION SCHEME (continued)

2015

Number of options	Exercise price* HK\$ per share	Exercise period** (dd.mm.yyyy)
153,600	6.20	22-01-2015 to 21-07-2018
10,458,000	6.20	22-01-2016 to 21-07-2018
3,486,000	6.20	22-01-2017 to 21-07-2018
6,972,000	6.20	22-01-2018 to 21-07-2018
21,069,600		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** Further details regarding the share options granted under the 2008 Scheme are set out in (i) the "Share Option Scheme adopted on 24 October 2008" in the "Directors' Interests and Short Positions in Securities" section of the interim report on pages 40 and 41; and (ii) the "Share Options of the Company" section of the interim report on page 44.

18. RESERVES

One of the undertakings given to the High Court of the HKSAR by the Company in its capital reduction application (the "Undertaking") relates to the setting up of a special reserve (the "Special Reserve") on the terms that for so long as there shall remain outstanding any debt of, or claim against the Company, which would be admissible to proof in a notional winding-up of the Company when the Undertaking became effective on 24 December 2003 (the "Effective Date") and the person entitled to the benefit thereof shall not have consented to the said reduction of capital or agreed otherwise, the Company shall credit to the Special Reserve: (a) any amount arising by reason of a release of any provision taken into account in establishing the accumulated losses of the Company as at 30 June 2003; or (b) any amount received by the Company as profit by way of distribution from a corporation which was a subsidiary of the Company at the Effective Date which is made by such subsidiary out of profit available for distribution prior to the Effective Date or any dividend paid to the Company in respect of any liquidation of a subsidiary commencing prior to that date.

During the six months ended 30 June 2016, the release of provision as determined above amounted to Nil (six months ended 30 June 2015: HK\$3,807,943); and no profit (six months ended 30 June 2015: Nil) was distributed from the Company's subsidiary as determined above, which resulted in an aggregate transfer from retained profits to the Special Reserve of the Group and the Company of Nil (six months ended 30 June 2015: HK\$3,807,943).



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18. RESERVES (continued)

The Special Reserve shall not be treated as realised profits of the Company and shall, for so long as the Company shall remain a limited company, be treated as an undistributable reserve of the Company for the purpose of the Hong Kong Companies Ordinance. Further, the amount standing to the credit of the Special Reserve may be reduced by an amount equal to any increase, after the Effective Date, in the paid-up share capital account of the Company which results from an issue of shares (other than for the purposes of any redemption or purchase by the Company of its own shares) for cash or other consideration or by way of the capitalisation of distributable profits or reserves. The Company shall be at liberty to transfer the amount so reduced to the general reserves of the Company and the same shall become available for distribution.

During the six months ended 30 June 2016, the reduction of the Special Reserve and the capitalisation of the same amount to retained profits, resulting from the increase in paid-up share capital due to the issue of the Company's ordinary shares (before any share issue expenses), amounted to HK\$59,608,536 (six months ended 30 June 2015: HK\$91,547,774). In effecting the reduction and capitalisation as aforesaid, the amount transferred from the Special Reserve is kept to be an amount not exceeding the balance of the Special Reserve before such transfer.

The amount credited to the Special Reserve shall not at any time exceed HK\$2,984,676,517 (the "Limit"). The Limit may be reduced by the amount of any increase, after the Effective Date, in the paid-up share capital account of the Company which results from the issue of shares as referred to above. The Limit may also be reduced by the amount of any non-permanent loss of the Company as at 30 June 2003 which subsequently turns into a permanent loss. During the six months ended 30 June 2016, no non-permanent loss was turned into a permanent loss of the Group (six months ended 30 June 2015: Nil).

In the event that the amount standing to the credit of the Special Reserve at any time exceeds the Limit, the Company shall be at liberty to transfer the amount of any such excess to the general reserves of the Company and the same shall become available for distribution. All profits and write-backs of provisions made by the Company between 1 July 2003 and the Effective Date are subject to an undertaking in similar terms.

As at 30 June 2016, the Limit of the Group's Special Reserve was reduced by an increase in paid-up share capital due to the issue of the Company's ordinary shares of HK\$59,608,536 for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$91,547,774) which has turned into a permanent loss for the six months ended 30 June 2016.

The Limit, as adjusted, was HK\$452,189,996 (31 December 2015: HK\$511,798,532) and the amount standing to the credit of the Group's Special Reserve was HK\$68,599,266 (31 December 2015: HK\$128,207,802) as at 30 June 2016.

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19. OPERATING LEASE ARRANGEMENTS

The Group leases certain leasehold properties under operating lease arrangements. Leases for properties are negotiated for terms of one to twenty years (31 December 2015: one to twenty years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within one year	99,587	89,510
In the second to fifth years, inclusive	80,903	90,291
After five years	10,254	15,821
	190,744	195,622

In addition to the operating lease arrangements disclosed above, the Group leases certain leasehold properties for the department store operations of subsidiaries of the Group. The rental charge for the six months ended 30 June 2016 of HK\$41,183,000 (six months ended 30 June 2015: HK\$67,199,000) was calculated with reference to the revenue generated by the Group.

20. COMMITMENTS

- (a) In addition to the operating lease commitments detailed in note 19 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Capital commitments in respect of property, plant and equipment, investment properties and intangible assets: Contracted for	1,658,995	1,392,982

- (b) On 8 June 2016, the Company entered into a cooperation agreement with 東莞市謝崗鎮人民政府 in respect of a public-private-partnership project (the "Yinping PPP Project") for the development of certain public roads which are not toll roads (the "Project Roads") in 銀瓶創新區 (Yinping Innovation Zone) in Dongguan, Guangdong, the PRC.

The Group shall be responsible for, *inter alia*, providing funding for the development of the Project Roads with the development costs not exceeding RMB4.754 billion (equivalent to approximately HK\$5.562 billion), and project management and maintenance of the Project Roads.

As at 30 June 2016, the Company was in the process of establishing a wholly-owned subsidiary to perform the Company's obligations in the Yinping PPP Project. Further details of the Yinping PPP Project are set out in the Company's announcement dated 8 June 2016.

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21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances set out elsewhere in this interim financial information, the Group had the following significant related party transactions during the period:

(a) Transactions with related parties

	Notes	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Hotel management fees received from fellow subsidiaries	(i)	(2,788)	(3,049)
Rental income received from Guangdong Holdings Limited ("Guangdong Holdings"), GDH Limited and certain fellow subsidiaries	(ii)	(15,306)	(13,664)
Water distribution income received from a fellow subsidiary	(iii)	(13,468)	(14,897)
Dividends paid and payable to GDH Limited and certain of its subsidiaries by GH Water Supply (Holdings) Limited	(iv)	42,399	7,709
Dividends paid to GDH Limited and certain of its subsidiaries by the Company	(iv)	820,935	684,113
Interest expenses charged by Guangdong Holdings and a fellow subsidiary	(v)	10,243	8,367

Notes:

- (i) Hotel management fees were charged in accordance with the terms of agreements entered into between the Group's subsidiary and the respective fellow subsidiaries.
- (ii) The Group received rental income, other income and reimbursement of other expense in accordance with the terms of respective tenancy agreements with these related parties amounted to HK\$17,259,000 (2015: HK\$15,175,000) in total, including rental income of HK\$15,306,000 (2015: HK\$13,664,000) for the period ended 30 June 2016.
- (iii) Income on the supply of untreated water was charged in accordance with the terms of an agreement entered into between the Group's subsidiary and the fellow subsidiary.
- (iv) Dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (v) Interest expenses were charged on loans from Guangdong Holdings with principal amounts of HK\$307,757,000 (2015: HK\$313,965,000) and HK\$83,865,000 (2015: Nil) at 81.3% and 100% of the RMB benchmark 3-year lending rate per annum announced by the People's Bank of China, respectively, and a loan from a fellow subsidiary with a principal amount of HK\$35,100,000 (2015: Nil) at 94% of the RMB benchmark 5-year lending rate per annum announced by the People's Bank of China.

Notes to Interim Financial Information

30 June 2016

21. RELATED PARTY TRANSACTIONS (continued)

(b) *Other transactions with related parties*

The Group's fellow subsidiary which is also a shareholder of a non-wholly-owned subsidiary of the Group, has provided a guarantee for the obligation of the Group's non-wholly-owned subsidiary in proportion to its interest in that subsidiary on a several basis up to RMB286,720,000 (31 December 2015: RMB358,400,000).

(c) *Commitments with related parties*

The Group entered into several tenancy agreements, as lessor, with Guangdong Holdings, GDH Limited and certain fellow subsidiaries of the Group (collectively, the "GDH Group") for leasing out several units in Hong Kong and Mainland China as office premises. The total amounts received from the GDH Group for the period were included in note 21(a) to the interim financial information. Details of the Group's commitments with related parties at the end of the reporting period are as follows:

	Year ending 30 June 2017 HK\$'000 (Unaudited)	Year ending 30 June 2018 HK\$'000 (Unaudited)	Year ending 30 June 2019 HK\$'000 (Unaudited)
Guangdong Holdings	15,721	5,372	122
GDH Limited	10,242	7,520	684
Guangdong Land Holdings Limited	1,237	–	–
Guangdong Tannery Limited	294	–	–

(d) *Outstanding balances with related parties*

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Balances with related parties included in receivables, prepayments and deposits:			
Due from the ultimate holding company	(i)	87	245
Due from fellow subsidiaries	(i)	3,635	853
Due from a fellow subsidiary	(ii)	2,539	2,385
Balances with related parties included in payables, accruals and other liabilities:			
Due to the immediate holding company	(i)	(46,578)	(48,332)
Due to the ultimate holding company	(i)	(13,379)	(3,445)
Due to fellow subsidiaries	(i)	(84,296)	(85,515)
Loans from the ultimate holding company	(iii)	(391,622)	(313,965)
Loan from a fellow subsidiary	(iv)	(35,100)	–

Notes to Interim Financial Information

30 June 2016

21. RELATED PARTY TRANSACTIONS (continued)

(d) Outstanding balances with related parties (continued)

Notes:

- (i) The balances are unsecured, non-interest-bearing and have no specific terms of repayment.
- (ii) The balance is unsecured, non-interest-bearing and repayable within 30 days.
- (iii) As at 30 June 2016, the balance represented loans from the ultimate holding company, which is unsecured and interest-bearing ranging from 81.3% to 100% of the RMB benchmark 3-year lending rate per annum announced by the People's Bank of China. The balances of HK\$56,160,000 (31 December 2015: HK\$57,293,000), HK\$251,597,000 (31 December 2015: HK\$256,672,000) and HK\$83,865,000 (31 December 2015: Nil) are repayable in 2016, 2017 and 2019, respectively.
- (iv) As at 30 June 2016, the balance represented a loan from a fellow subsidiary, which is unsecured and interest-bearing at 94% of the RMB benchmark 5-year lending rate per annum announced by the People's Bank of China. The balance is repayable in 2021.

(e) Compensation of directors and key management personnel of the Group

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employee benefits	4,801	3,575
Post-employment benefits	238	199
Equity-settled share option benefits	166	1,421
Total compensation paid to directors and key management personnel	5,205	5,195

22. CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment, operating concession rights and investment properties in aggregate of approximately HK\$499,889,000 (2015: HK\$1,936,407,000).

23. COMPARATIVE AMOUNTS

The presentation of certain balances in the interim financial information has been revised. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation. The directors are of the opinion that this presentation would better reflect the financial performance of the Group.

24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors of the Company on 24 August 2016.

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).



Management Discussion and Analysis

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 (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 97.5% (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).

Management Discussion and Analysis

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:

	Leased area sq.m.	Revenue for the six months ended 30 June		Changes %
		2016 HK\$'000	2015 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%.



Management Discussion and Analysis

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.

Management Discussion and Analysis

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).



Management Discussion and Analysis

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.

Management Discussion and Analysis

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, practise 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.

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.

Directors' Interests and Short Positions in Securities

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY

(i) Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note)
Huang Xiaofeng	Personal	2,595,580	Long position	0.041%
Wu Jianguo	Personal	483,370	Long position	0.008%
Zhang Hui	Personal	2,106,130	Long position	0.034%
Zhao Chunxiao	Personal	582,170	Long position	0.009%
Li Wai Keung	Personal	1,427,160	Long position	0.023%
Ho Lam Lai Ping, Theresa	Personal	879,200	Long position	0.014%
Tsang Hon Nam	Personal	879,200	Long position	0.014%
Chan Cho Chak, John	Personal	5,450,000	Long position	0.087%
Li Kwok Po, David	Personal	11,000,000	Long position	0.176%
Cheng Mo Chi, Moses	Personal	3,124,000	Long position	0.050%

Note: The approximate percentage of interests held was calculated on the basis of 6,264,662,621 ordinary shares of the Company in issue as at 30 June 2016.

(ii) Interests in options relating to ordinary shares (Long positions)

(1) Share Option Scheme adopted on 24 October 2008 (the "2008 Scheme")

Name of Director	Date of grant of share options* (dd.mm.yyyy)	Number of share options					Total consideration paid for share options granted 2016 HK\$	Exercise price of share options** HK\$ (per share)	Price of ordinary share at date immediately before grant*** HK\$ (per share)	Price of ordinary share at date immediately before the exercise date*** HK\$ (per share)
		At date of grant	At 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period				
Huang Xiaofeng	22.01.2013	2,693,000	1,615,800	-	(738,380)	-	6.20	6.30	9.20	
Wen Yinsheng	22.01.2013	1,395,000	837,000	-	(382,670)	-	6.20	6.30	9.20	
Wu Jianguo	22.01.2013	2,268,000	1,360,800	-	(582,170)	-	6.20	6.30	9.24	
Zhang Hui	22.01.2013	2,268,000	1,360,800	-	(589,930)	-	6.20	6.30	9.20	
Zhao Chunxiao	22.01.2013	2,268,000	1,360,800	-	(582,170)	-	6.20	6.30	9.24	
Li Wai Keung	22.01.2013	2,243,000	1,345,800	-	(529,960)	-	6.20	6.30	9.20	
Ho Lam Lai Ping, Theresa	22.01.2013	1,256,000	753,600	-	(376,800)	-	6.20	6.30	9.20	
Tsang Hon Nam	22.01.2013	1,256,000	753,600	-	(376,800)	-	6.20	6.30	9.20	

Notes to the above share options granted pursuant to the 2008 Scheme:

- The option period of all the share options is five years and six months from the date of grant.
- Any share option is only exercisable during the option period after it has become vested.

Directors' Interests and Short Positions in Securities

- (c) The normal vesting scale of the share options is as follows:

Date	Percentage Vesting
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

- (d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the Board upon grant and stated in the offer of grant.

- (e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	Percentage Vesting
Before the date which is four months after the date of grant	0%
On or after the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80%
	The remaining 20% also vests upon passing the overall performance appraisal for those four years

(2) Notes to the reconciliation of share options outstanding during the period

- * Details of the vesting period of the share options granted under the 2008 Scheme are set out in the "Share Option Scheme adopted on 24 October 2008" section of this report.
- ** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- *** The price of the Company's ordinary share disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the share options were granted.

The price of the Company's ordinary share disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the Directors or all other participants as an aggregate whole.

Directors' Interests and Short Positions in Securities

INTERESTS AND SHORT POSITIONS IN GUANGDONG LAND HOLDINGS LIMITED

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held <i>(Note)</i>
Huang Xiaofeng	Personal	3,880,000	Long position	0.227%
Zhao Chunxiao	Personal	2,320,000	Long position	0.136%
Ho Lam Lai Ping, Theresa	Personal	398,000	Long position	0.023%
Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 30 June 2016.

INTERESTS AND SHORT POSITIONS IN GUANGNAN (HOLDINGS) LIMITED

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held <i>(Note)</i>
Tsang Hon Nam	Personal	300,000	Long position	0.033%
Li Kwok Po, David	Personal	15,000	Long position	0.002%

Note: The approximate percentage of interests held was calculated on the basis of 907,593,285 ordinary shares of Guangnan (Holdings) Limited in issue as at 30 June 2016.

INTERESTS AND SHORT POSITIONS IN GUANGDONG TANNERY LIMITED

Interests in ordinary shares

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held <i>(Note)</i>
Ho Lam Lai Ping, Theresa	Personal	200,000	Long position	0.037%

Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

As at 30 June 2016, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interests	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) (Note 2)	Interest in controlled corporation	3,420,563,527	Long position	54.60%
GDH Limited (Note 3)	Beneficial owner/ Interest in controlled corporation	3,420,563,527	Long position	54.60%
Guangdong Trust Ltd.	Beneficial owner/ Interest in controlled corporation	576,404,918	Long position	9.20%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 6,264,662,621 ordinary shares of the Company in issue as at 30 June 2016.
2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) has in the Company is held through its 100% direct interest in GDH Limited.
3. The interests of GDH Limited set out above include attributable interest held through its wholly-owned subsidiary, Guangdong Trust Ltd.

Save as disclosed above, as at 30 June 2016, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Share Options of the Company

As at 30 June 2016, save as disclosed in the section of “Directors’ Interests and Short Positions in Securities” of this report, certain other eligible persons had the following interests in rights to subscribe for the ordinary shares of the Company granted under the 2008 Scheme. Each share option entitled the holder to subscribe for one ordinary share of the Company. Further details are set out in note 17 to the interim financial information.

Category of participants	Date of grant of share options (dd.mm.yyyy)	Number of share options					Total consideration paid for share options granted HK\$	At 30 June 2016	Exercise price of share options HK\$ (per share)	Price of ordinary share at date immediately before date of grant HK\$ (per share)	Price of ordinary share at date immediately before the exercise date HK\$ (per share)
		At date of grant	At 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period					
Employees	22.01.2013	19,202,000	10,292,400	-	(4,820,360)	-	5,472,040	-	6.20	6.30	10.16
Ex-Director	22.01.2013	2,315,000	1,389,000	-	(635,040)	(753,960)	-	-	6.20	6.30	9.20

Additional information regarding the above share options is set out in the “Notes to the above share options granted pursuant to the 2008 Scheme” in the section headed “Directors’ Interests and Short Positions in Securities” of this report on pages 40 and 41.

Details regarding the reconciliation of share options outstanding during the period are set out in the “Notes to the reconciliation of share options outstanding during the period” in the section headed “Directors’ Interests and Short Positions in Securities” of this report on page 41.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2016 and, where appropriate, the applicable recommended best practices of the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code throughout the six months ended 30 June 2016.

CHANGES IN DIRECTORS’ INFORMATION

The changes in Directors’ information are set out below:

- (i) Mr. Li Wai Keung is currently the President of the Hong Kong Business Accountants Association.
- (ii) Dr. Li Kwok Po, David ceased to be a Director of Armada Holdings Limited (formerly known as SCMP Group Limited).
- (iii) Dr. Cheng Mo Chi, Moses was awarded the Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region.

Save for the above changes during the period from 1 January 2016 to the date of this report, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The unaudited interim financial information of the Group and the Company’s interim report for the six months ended 30 June 2016 have been reviewed by the Audit Committee of the Company and Messrs. Ernst & Young, the auditors of the Company.

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 for the six months ended 30 June 2016.



Corporate Governance and Other Information

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 23 October 2014

Pursuant to a facility agreement (the "GDI 2014 Facility Agreement") entered into between the Company and a bank on 23 October 2014 in relation to a term loan facility (the "GDI 2014 Facility") in the principal amount of HK\$1,800 million made available by the bank to the Company, it shall be an event of default if:

- (i) 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") ceases to beneficially own, directly or indirectly, at least 51% of the shareholding in the Company; or
- (ii) the Guangdong Provincial People's Government of the People's Republic of China (the "Guangdong Provincial Government") ceases to beneficially own, directly or indirectly, 100% of the shareholding in Guangdong Holdings.

On and at any time after the occurrence of any of the aforementioned events which is continuing, the bank may by notice to the Company:

- (i) cancel the GDI 2014 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the principal amount outstanding, together with accrued interest, and all other amounts accrued or outstanding under the GDI 2014 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the principal amount outstanding be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the GDI 2014 Facility as at 30 June 2016 amounted to HK\$1,800 million. The GDI 2014 Facility shall be repaid by the Company on the date 36 months from the date of the GDI 2014 Facility Agreement.

Facility Agreement dated 6 May 2015

Pursuant to a facility agreement (the "GH Water Holdings Facility Agreement") entered into by GH Water Supply (Holdings) Limited ("GH Water Holdings"), a subsidiary of the Company, on 6 May 2015 in relation to a term loan facility (the "GH Water Holdings Facility") of up to a principal amount of HK\$1,300 million made available by certain banks (the "GH Water Holdings Facility Lenders"), it shall be an event of default if:

- (i) the Company is not, or ceases to be, owned (directly and/or indirectly) as to at least 51% by GDH Limited ("GDH"); or
- (ii) GDH is not, or ceases to be, owned (directly and/or indirectly) as to at least 51% by the Guangdong Provincial Government.

On and at any time after the occurrence of any of the aforementioned events which is continuing, the agent of the GH Water Holdings Facility Lenders may, and shall if so directed by the GH Water Holdings Facility Lenders whose lending commitments or participations aggregate 66 $\frac{2}{3}$ % or more of the total commitments or participations under the GH Water Holdings Facility (the "Majority Lenders"), by notice to GH Water Holdings:

- (i) cancel the total commitments under the GH Water Holdings Facility whereupon they shall immediately be cancelled;
- (ii) declare that the whole or any part of the principal amount outstanding, together with accrued interest, and all other amounts accrued or outstanding under the GH Water Holdings Facility Agreement and related finance documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (iii) declare that the whole or any part of the principal amount outstanding be payable on demand, whereupon it shall immediately become payable on demand by the agent on the instructions of the Majority Lenders.

The GH Water Holdings Facility was fully repaid during the six months ended 30 June 2016.

Corporate Governance and Other Information

Facility Agreement dated 22 May 2015

Pursuant to a facility agreement (the "GDI May 2015 Facility Agreement") entered into between the Company and a bank on 22 May 2015 in relation to a term loan facility (the "GDI May 2015 Facility") in the principal amount of HK\$1,500 million made available by the bank to the Company, it shall be an event of default if:

- (i) GDH ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company; and
- (ii) the Guangdong Provincial Government ceases to beneficially own, directly and/or indirectly, 100% of the shareholding in GDH.

If an event of default under the GDI May 2015 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI May 2015 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI May 2015 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the GDI May 2015 Facility as at 30 June 2016 amounted to HK\$1,500 million. The GDI May 2015 Facility shall be repaid by the Company on the date 36 months from the date of the GDI May 2015 Facility Agreement.

Facility Agreement dated 23 June 2015

Pursuant to a facility agreement (the "GDI June 2015 Facility Agreement") entered into between the Company and a bank on 23 June 2015 in relation to a term loan facility (the "GDI June 2015 Facility") in the principal amount of HK\$1,000 million made available by the bank to the Company, it shall be an event of default if:

- (i) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company; and
- (ii) the Guangdong Provincial Government ceases to beneficially own, directly and/or indirectly, 100% of the shareholding in Guangdong Holdings.

If an event of default under the GDI June 2015 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI June 2015 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI June 2015 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the GDI June 2015 Facility as at 30 June 2016 amounted to HK\$1,000 million. The GDI June 2015 Facility shall be repaid by the Company on the date 36 months from the date of the GDI June 2015 Facility Agreement.



Corporate Governance and Other Information

Facility Agreement dated 6 October 2015

Pursuant to a facility agreement (the "GDI October 2015 Facility Agreement") entered into between the Company and a bank on 6 October 2015 in relation to a term loan facility (the "GDI October 2015 Facility") in the principal amount of HK\$1,800 million made available by the bank to the Company, it shall be an event of default if:

- (i) GDH ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in the Company; and
- (ii) the Guangdong Provincial Government ceases to beneficially own, directly and/or indirectly, 100% of the shareholding in GDH.

If an event of default under the GDI October 2015 Facility Agreement occurs, the bank may by notice to the Company:

- (i) cancel the GDI October 2015 Facility whereupon they shall immediately be cancelled;
- (ii) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the GDI October 2015 Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (iii) declare that all or part of the loans be payable on demand, whereupon they shall immediately become payable on demand by the bank.

The outstanding principal of the GDI October 2015 Facility as at 30 June 2016 amounted to HK\$1,800 million. The GDI October 2015 Facility shall be repaid by the Company on the date 36 months from the date of the GDI October 2015 Facility Agreement.

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.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 24 August 2016

