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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0270)

**UNAUDITED FINANCIAL INFORMATION**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

The board of directors (the “Board”) of Guangdong Investment Limited (the “Company”) is pleased to announce the unaudited financial information of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2017 (the “Period”) together with the comparative figures.

<b>Unaudited financial highlights</b>			
	<b><u>For the three months ended 31 March</u></b>		
	<b>2017</b>	<b>2016</b>	<b>Changes</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Revenue</b>	<b><u>2,903,881</u></b>	<b><u>2,681,865</u></b>	<b>+8.3</b>
<i>Exchange differences, net</i>	<i>(4,155)</i>	<i>40,359</i>	
<i>Changes in fair value of investment properties</i>	<i>29,137</i>	<i>36,119</i>	
<b>Profit before tax</b>	<b><u>1,675,464</u></b>	<b><u>1,690,797</u></b>	<b>-0.9</b>
<b>Profit attributable to owners of the Company</b>	<b><u>1,179,077</u></b>	<b><u>1,198,656</u></b>	<b>-1.6</b>
	<b>31 March 2017</b>	<b>31 December 2016</b>	<b>Changes</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Total Assets</b>	<b><u>53,114,414</u></b>	<b><u>52,130,357</u></b>	<b>+1.9</b>
<b>Owners' Equity</b>	<b><u>33,573,563</u></b>	<b><u>32,221,968</u></b>	<b>+4.2</b>

Notes:

- (1) *The financial information has not been audited or reviewed by the Company's auditor.*
- (2) *The financial information relating to the year ended 31 December 2016 included in this announcement 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 will deliver the consolidated financial statements for the year ended 31 December 2016 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) in due course. The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).*

- (3) *This announcement is made by the Company on a voluntary basis in order to further enhance the Company's level of corporate governance and transparency. The Company will continue to publish financial information quarterly in subsequent financial years.*

## **PERFORMANCE HIGHLIGHTS**

The unaudited consolidated revenue of the Group for the Period was HK\$2,904 million (2016: HK\$2,682 million), an increase of 8.3% as compared with the same period last year. The growth was mainly attributable to a better performance in water resources business and the increase in electricity sales from energy projects.

The unaudited consolidated profit attributable to owners of the Company for the Period decreased by 1.6% or HK\$20 million to HK\$1,179 million (2016: HK\$1,199 million). The profit before tax decreased by 0.9% or HK\$16 million to HK\$1,675 million (2016: HK\$1,691 million) for the Period as (i) the net exchange loss charged to profit or loss for the Period was HK\$4 million (2016: net exchange gain HK\$40 million); and (ii) the net gain arising from fair value adjustments for investment properties was HK\$29 million (2016: HK\$36 million), HK\$7 million less than that in the same period last year. Nevertheless, the decrease was partially offset by a better performance in water resources business. Total interest income and finance cost of the Group for the Period amounted to HK\$84 million (2016: HK\$96 million) and HK\$27 million (2016: HK\$36 million), respectively. Total interest income net of finance cost of the Group decreased by 5% to HK\$57 million (2016: HK\$60 million) for the Period.

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

### **Water Resources**

#### *Dongshen Water Supply Project*

Total water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 479 million tons (2016: 504 million tons), decreased by 5.0%, generating a revenue of HK\$1,589 million (2016: HK\$1,528 million), an increase of 4.0% over the same period last year.

The revenue from water sales to Hong Kong for the Period increased by 6.4% to HK\$1,303 million (2016: HK\$1,225 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period decreased by 5.6% to HK\$286 million (2016: HK\$303 million). The profit before tax of the Dongshen Water Supply Project for the Period was HK\$1,128 million (2016: HK\$1,110 million), 1.6% higher than that in the same period last year.

*Other Water Resources Projects (being all water resources projects other than the Dongshen Water Supply Project)*

Apart from the Dongshen Water Supply Project, the Group 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 the water supply plants operated by each of the subsidiaries of the Company, 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 Water Supply Company Limited\*), 高郵港郵供水有限公司 (Gaoyou Gangyou Water Supply Company Limited\*), 寶應粵海水務有限公司 (Baoying Yuehai Water 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 Water Company Limited\*), Zhaoqing HZ GDH Water Co., Ltd. and 遂溪粵海水務有限公司 (Suixi Guangdong Water Company Limited\*) is 290,000 tons, 210,000 tons, 150,000 tons, 145,000 tons, 130,000 tons, 100,000 tons, 355,000 tons, 90,000 tons and 50,000 tons per day, respectively, totaling 1,520,000 tons per day (2016: 1,450,000 tons per day).

The waste water processing capacity of the sewage treatment plants operated by each of the subsidiaries of the Company, 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.\*), 東莞市道滘鴻發污水處理有限公司 (Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.\*) and 興寧粵海環保有限公司 (Xingning Yuehai Huanbao Co., Ltd.\*) is 100,000 tons, 90,000 tons, 70,000 tons, 50,000 tons, 40,000 tons, 40,000 tons and 3,000 tons per day, respectively, totaling 393,000 tons per day (2016: 390,000 tons per day).

The water supply capacity of 江河港武水務(常州)有限公司 (Jianghe Gangwu Water (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 the Company, is 520,000 tons and 400,000 tons per day, respectively, totaling 920,000 tons per day (2016: 720,000 tons per day).

The water supply capacity of the water supply plants under construction of each of the subsidiaries of the Company, namely, 高州粵海水務有限公司 (Gaozhou Guangdong Water Company Limited\*), 海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Company Limited\*), Zhaoqing HZ GDH Water Co., Ltd. and 遂溪粵海水務有限公司 (Suixi Guangdong Water Company Limited\*) is 100,000 tons, 50,000 tons, 50,000 tons and 20,000 tons per day, respectively, totaling 220,000 tons per day.

The waste water processing capacity of the sewage treatment plants under construction of each of the subsidiaries of the Company, namely, 汕尾粵海環保有限公司 (Shanwei Yuehai Huanbao Co., Ltd.\*), 開平粵海污水處理有限公司 (Kaiping Yuehai Sewage Treatment Co., Ltd.\*), 海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Company Limited\*) and 五華粵海清源環保有限公司 (Wuhua Yuehai Qingyuan Huanbao Co., Ltd.\*) is 30,000 tons, 25,000 tons, 20,000 tons and 15,000 tons per day, respectively, totaling 90,000 tons per day.

Revenue of Other Water Resources Projects for the Period in aggregate amounted to HK\$290,151,000 (2016: HK\$177,040,000). The growth was mainly attributable to the increase in construction revenue of HK\$116,891,000 arising from those projects under construction. Profit before tax of Other Water Resources Projects for the Period, excluding the net exchange differences, in aggregate amounted to HK\$45,391,000 (2016: HK\$36,012,000).

#### *New Water Resources Projects*

During the first quarter of 2017, the Group successfully bid for two new water resources projects in Meizhou with total designed water supply capacity of 60,000 tons per day and waste water processing capacity of 11,000 tons per day. The expected investment costs of these projects are RMB355 million (equivalent to approximately HK\$400 million).

## **Property Investment and Development**

### ***Mainland China***

#### *Teem Plaza*

As at 31 March 2017, 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 4.4% to HK\$277,481,000 (2016: HK\$290,216,000). Excluding the impact of currency translation, the revenue of Teem Plaza achieved a steady growth of 1.3% 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 5.4% to HK\$194,373,000 (2016: HK\$205,531,000).

The shopping mall, known as Teemall, had an average occupancy rate of nearly 99.9% during the Period (2016: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones.

The office building, known as Teem Tower, with an average occupancy rate of 88.9% (2016: 97.3%) during the Period, had a total revenue for the Period of HK\$47,939,000 (2016: HK\$52,822,000), decreased by 9.2%. Excluding the impact of currency translation, the revenue recorded a decrease of 3.9% 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 10.1% to HK\$40,435,000 (2016: HK\$44,984,000).

#### *Tianjin Teem Shopping Mall*

The Group owns a parcel of land situated in Tianjin for developing into a large-scale modern shopping mall with a total gross floor area above ground and underground of approximately 137,100 square meters and 56,000 square meters, respectively. A total sum of approximately HK\$2,420 million had been invested as at 31 March 2017.

## *Panyu Wanbo CBD Project*

The Group's effective interest in 廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited\*) ("Wanye") is 31.06%. 廣州天河城投資有限公司 (Guangzhou Tianhecheng Investment Co., Ltd.\*) ("Tianhecheng Investco"), a 60%-owned subsidiary of GD Teem, directly holds 68% interest in Wanye. Wanye owns a parcel of land in 番禺萬博中央商務區 (Panyu Wanbo Central Business District), which is designated to be a new commercial area in Guangzhou. This parcel of land is being developed into a large-scale integrated commercial project with a gross floor area of approximately 260,000 square meters. A total sum of approximately HK\$2,198 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 31 March 2017.

## ***Hong Kong***

### *Guangdong Investment Tower*

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2016: 100%). As a result of the increase in average rental, the total revenue for the Period was up by 3.8% to HK\$13,730,000 (2016: HK\$13,224,000).

## **Department Store Operation**

As at 31 March 2017, the Group operated eight stores with a total leased area of approximately 169,000 square meters (31 December 2016: 169,000 square meters). The total revenue increased by 2.2% to HK\$209,458,000 (2016: HK\$204,924,000). The profit before tax for the Period increased by 10.9% to HK\$92,551,000 (2016: HK\$83,448,000).

The revenue of the stores operated by the Group for the three months ended 31 March 2017 was as follows:

	Leased area sq.m.	Revenue for the three months ended 31 March		Changes %
		2017 HK\$'000	2016 HK\$'000	
Teemall Store	40,000	145,315	130,096	11.7
Wan Bo Store	19,600	23,451	25,099	-6.6
Ming Sheng Store	13,300	14,192	16,383	-13.4
Dong Pu Store	28,400	13,588	13,271	2.4
Ao Ti Store	21,500	10,359	10,594	-2.2
Baiyun New Town Store (closed in July 2016)	-	-	6,922	-100.0
Dongguan Store	9,800	961	836	15.0
Nanhai Store	28,400	1,092	942	15.9
Yuehaiyangzhong Hui Store	8,000	500	781	-36.0
	<u>169,000</u>	<u>209,458</u>	<u>204,924</u>	<u>2.2</u>

The Group's effective interest in 廣東永旺天河城商業有限公司 (Guangdong Aeon Teem Co., Ltd.\*) ("GD Aeon Teem") is 26.65%. Due to keen competition, the Group's share of profit in GD Aeon Teem amounted to HK\$1,964,000 (2016: HK\$5,118,000) during the Period, decreased by 61.6%.

## Hotel Ownership, Operation and Management

As at 31 March 2017, the Group's hotel management team managed a total of 32 hotels (31 December 2016: 42 hotels). Among the six hotels owned or lease-owned, five are star-rated hotels and one is budget hotel. During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$1,117 (2016: HK\$1,183) whereas the average room rate of the remaining four star-rated hotels and the budget hotel were HK\$679 (2016: HK\$723) and HK\$141 (2016: HK\$215), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 88.1% (2016: 87.3%) and that of the other four star-rated hotels was 77.6% (2016: 71.3%) during the Period.

The revenue of hotel operation and management business for the Period increased by 1.8% to HK\$147,989,000 (2016: HK\$145,341,000). The profit before tax for the Period increased by 103.2% to HK\$34,471,000 (2016: HK\$16,966,000).

## Energy Projects

### *Zhongshan Power Plant*

中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.\*) has two power generation units with a total installed capacity of 600 MW (2016: 300 MW). Sales of electricity during the Period amounted to 557 million kwh (2016: 336 million kwh), increased by 65.8%. As a result of the increase in electricity sales, revenue for the Period increased by 53.6% to HK\$ 234,114,000 (2016: HK\$152,390,000). However, due to the significant increase in coal price, the profit before tax for the Period was HK\$40,006,000 (2016: HK\$68,250,000), a decrease of 41.4%.

### *Guangdong Yudean Jinghai Power Generation Co., Ltd. ("Yudean Jinghai Power")*

The Group's effective interest in Yudean Jinghai Power is 25%. As at 31 March 2017, 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 2,328 million kwh (2016: 1,986 million kwh), an increase of 17.2%. Revenue for the Period increased by 5.2% to HK\$958,852,000 (2016: HK\$911,472,000). As a result of the significant increase in coal price, Yudean Jinghai Power recorded the loss before tax of HK\$82,667,000 (2016: profit before tax HK\$113,618,000) for the Period. The Group's share of loss in Yudean Jinghai Power amounted to HK\$20,184,000 (2016: share of profit in Yudean Jinghai Power HK\$19,768,000) during the Period.

## Road and Bridge

### *Xingliu Expressway*

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

The average daily traffic flow of the Xingliu Expressway was 26,919 vehicle trips during the Period (2016: 23,924 vehicle trips). The revenue of Xinchangjiang Company during the Period amounted to HK\$170,065,000 (2016: HK\$166,686,000), increased by 2.0%. Profit before tax during the Period amounted to HK\$105,214,000 (2016: HK\$104,339,000), increased by 0.8%.

## *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\$5.355 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.

The Company had established a wholly-owned subsidiary, 東莞粵海銀瓶開發建設有限公司 (Dongguan Yuehai Yinping Development and Construction Limited\*) (the "Project Co" or "Yuehai Yinping") to perform the Company's obligations in the Yinping PPP Project. The rights and responsibilities of the Company under the cooperation agreement had been transferred to Yuehai Yinping after its establishment. No Development Costs were paid or payable for the Period.

## **EVENT AFTER THE REPORTING PERIOD**

On 19 January 2017, the Company entered into a sale and purchase agreement with GDH Limited, the immediate holding company of the Company, pursuant to which the Company has conditionally agreed to acquire approximately 73.82% of the issued share capital of Guangdong Land Holdings Limited (the "GDL Acquisition"). Details of the GDL Acquisition are set out in the circular of the Company dated 24 February 2017.

As all the conditions precedent of the abovementioned sale and purchase agreement had been fulfilled, the GDL Acquisition was completed on 18 April 2017.

## PROSPECTS

Faced with global political and fiscal uncertainties such as Brexit, European election cycle and U.S. Federal Reserve rate hike, the Group will continue to maintain its stable growth strategy while closely monitoring changes in business operational condition, seize potential market opportunities so as to create long-term value for its stakeholders.

The Group will continue its investments in water resources management, property investment and development as well as infrastructure segments. The Group will closely monitor potential public-private-partnership projects as well as other market opportunities in our relevant business segments, expand its international horizon, increase profit growth points and further enhance the Company's financial performance.

## REVIEW OF UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group for the three months ended 31 March 2017 has been reviewed by the Audit Committee of the Company.

## CAUTION STATEMENT

Shareholders of the Company and potential investors should note that all the information contained in this announcement has not been audited. Accordingly, any information contained in this announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the three months ended 31 March 2017.

Shareholders of the Company and potential investors are urged to exercise caution in dealing in the securities of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board  
**HUANG Xiaofeng**  
Chairman

Hong Kong, 27 April 2017

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

*As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HUANG Xiaofeng, Mr. WEN Yinheng, Mrs. HO LAM Lai Ping, Theresa and Mr. TSANG Hon Nam; six Non-Executive Directors, namely, Mr. CAI Yong, Mr. WU Jianguo, Mr. ZHANG Hui, Ms. ZHAO Chunxiao, Mr. LAN Runing and Mr. LI Wai Keung; and five Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Dr. the Honourable LI Kwok Po, David, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses and Mr. WU Ting Yuk, Anthony.*