粵海投資有限公司
GUANGDONG INVESTMENT LIMITED

Stock Code: 0270

2014
ANNUAL REPORT

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CORPORATE INFORMATION

As at 30 March 2015

Board of Directors

Executive Directors

Mr. HUANG Xiaofeng *(Chairman)*
Mr. WEN Yinheng *(Managing Director)*
Mr. TSANG Hon Nam *(Chief Financial Officer)*

Non-Executive Directors

Mr. HUANG Zhenhai
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. CHENG Mo Chi, Moses, *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. 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. 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. 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
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
Wing Hang Bank

Registered Office

28th and 29th Floors
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Telephone	:	(852) 2860 4368
Facsimile	:	(852) 2528 4386
Website	:	http://www.gdi.com.hk

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

Annual General Meeting	5 June 2015 10:30 a.m.
Final Dividend	20 HK cents per ordinary share, payable on 30 June 2015
Closure of Register of Members	
Annual General Meeting	4 and 5 June 2015
Final Dividend	11 June 2015

THE GROUP'S PRINCIPAL BUSINESSES

30 March 2015

Water Resources

- **96%** GH Water Supply (Holdings) Limited
  - **99%** Guangdong Yue Gang Water Supply Company Limited
- **100%** Guangdong Water Group (H.K.) Limited
  - **70%** Super Sino Investment Limited
    - **100%** Hainan Danzhou Tap Water Company Limited*
      - **49%** Danzhou Lian Shun Tong Water Pipe Company Limited*
        - **100%** Danzhou Qing Quang Water Testing Company Limited*
    - **51%**
  - **100%** Wuhua Yuehai Huanbao Co., Ltd.*
    - **54.29%** Kaiping Guangdong Water Co., Ltd.*
  - **100%** Dongguan Changping Jinsheng Water Co., Ltd.*
  - **100%** Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.*
  - **49%** Guangzhou Nansha GDH Water Co., Ltd.*
  - **70%** Meizhou Guangdong Water Co., Ltd.*
    - **100%** Meizhou Water Supply Installation Co., Ltd.*

Infrastructure and Energy Projects

- **71.25%** Zhongshan Thermal Power Co., Ltd.* *(Zhongshan Power Plant)*
- **25%** Guangdong Yudean Jinghai Power Generation Co., Ltd.* *(Yudean Jinghai Power Plant)*
- **51%** Guangdong Power (International) Limited
  - **90%** Shaoguan Power Plant (D) Ltd.*
- **49%** Guangdong Power Investment Limited
  - **25%** Guangdong Yuejia Electric Power Co., Ltd. *(Meixian Power Plant)*

Property Investment and Development

76.02%
Tianjin Teem Limited* *(Tianjin Teem Shopping Mall project)*

76.13%
Guangdong Teem (Holdings) Limited* *(Teem Plaza)*

60%
Guangzhou Tianhecheng Investment Co., Ltd.*

68%
Guangzhou City Wanye Investment Management Company Limited* *(Panyu Wanbo CBD project)*

100%
Global Head Developments Limited *(Guangdong Investment Tower properties)*

100%
Guangdong Properties Holdings Limited *(Guangdong Group Building properties)*

Department Store Operations

85.20%
Guangdong Teemall Department Stores Ltd.*

Hotel Operations and Management

76.13%
Sheraton Guangzhou Hotel

100%
Guangdong (International) Hotel Management Holdings Limited

100%
Fill Success Investments Limited *(Wharney Guangdong Hotel (Hong Kong))*

100%
Guangdong Hotel Limited *(Guangdong Hotel (Hong Kong))*

100%
Guangdong Hotel (Zhu Hai)*

99%
Shenzhen Guangdong Hotel Enterprise Ltd.* *(Guangdong Hotel (Shen Zhen))*

Notes:
(i) Projects of the Group are shown in italics and do not constitute part of the individual company's or joint venture's name.
*(ii) * English translation of the official Chinese name of the individual company.*

FINANCIAL HIGHLIGHTS

Financial Highlights for the year ended 31 December

	2014 HK$'000	2013 HK$'000	Changes %
Revenue	**8,426,285**	7,990,015	5.5
Profit for the year attributable to owners of the Company	**4,397,130**	4,426,117	-0.7
Earnings per share — Basic	**70.46 HK cents**	70.96 HK cents	-0.7
Dividends per share			
Interim	**8.00 HK cents**	7.00 HK cents	
Proposed final	**20.00 HK cents**	16.00 HK cents	
	28.00 HK cents	23.00 HK cents	21.7
EBITDA	**6,939,603**	6,858,535	1.2
Owners' equity	**30,266,744**	27,313,322	10.8
Total assets	**47,615,365**	41,312,440	15.3
Net financial borrowings[7]	**–**	–	N/A

Key Ratios (as at 31 December)

	2014	2013
Gearing[1]	**N/A**	N/A
Interest cover[2]	**87.45X**	114.27X
Liquidity[3]	**2.61X**	2.78X
Return on average owners' equity[4]	**15.27%**	17.24%
Post-tax return on average assets[5]	**11.16%**	12.57%
Dividend payout ratio[6]	**39.74%**	32.41%

Share Information (as at 31 December)

	2014	2013
Number of ordinary shares in issue	**6,240m**	6,239m
Market capitalisation	**HK$63,027m**	HK$47,295m
Closing market price per share	**HK$10.10**	HK$7.58
Basic earnings per share	**70.46 HK cents**	70.96 HK cents
Diluted earnings per share	**70.30 HK cents**	70.75 HK cents
Net asset value[8] per share	**HK$4.85**	HK$4.38

Notes:

1. $\frac{\text{Net Financial indebtedness}}{\text{Net asset value}^{8}}$
2. $\frac{\text{EBITDA}}{\text{Finance costs}}$
3. $\frac{\text{Current assets}}{\text{Current liabilities}}$
4. $\frac{\text{Profit for the year attributable to owners}}{(\text{opening equity}^{8} + \text{closing equity}^{8})/2}$
5. $\frac{\text{Profit for the year}}{(\text{opening total assets} + \text{closing total assets})/2}$
6. $\frac{\text{Dividends per share}}{\text{Basic earnings per share}}$
7. Financial borrowings – cash and cash equivalents
8. Excluded non-controlling interests

Analysis of gross financial borrowings (as at 31 December)

	2014 HK$'000	2013 HK$'000
Loans maturity profile		
Within 1 year	**2,007,631**	1,092,747
In the 2nd year	**278,200**	1,378,835
In the 3rd to 5th years, inclusive	**2,109,379**	674,600
Over 5 years	**415,069**	472,800
	4,810,279	3,618,982
Currency	**%**	%
Hong Kong dollars	**96.0**	82.9
Renminbi	**4.0**	–
United States dollars	**–**	17.1
Interest rate	**%**	%
Floating	**76.4**	70.6
Fixed	**0.9**	–
Non-interest bearing	**22.7**	29.4

Source of financing (as at 31 December 2014)

	Available and committed %	**Utilised %**
Interest-bearing bank and other borrowings	**78.1**	**77.3**
Non-interest-bearing borrowings	**21.9**	**22.7**
	100.0	**100.0**

Analysis of the Group's Businesses

An analysis of the Group's revenue and segment results by principal activity and geographical area of operations for the years ended 31 December 2014 and 2013 is as follows:

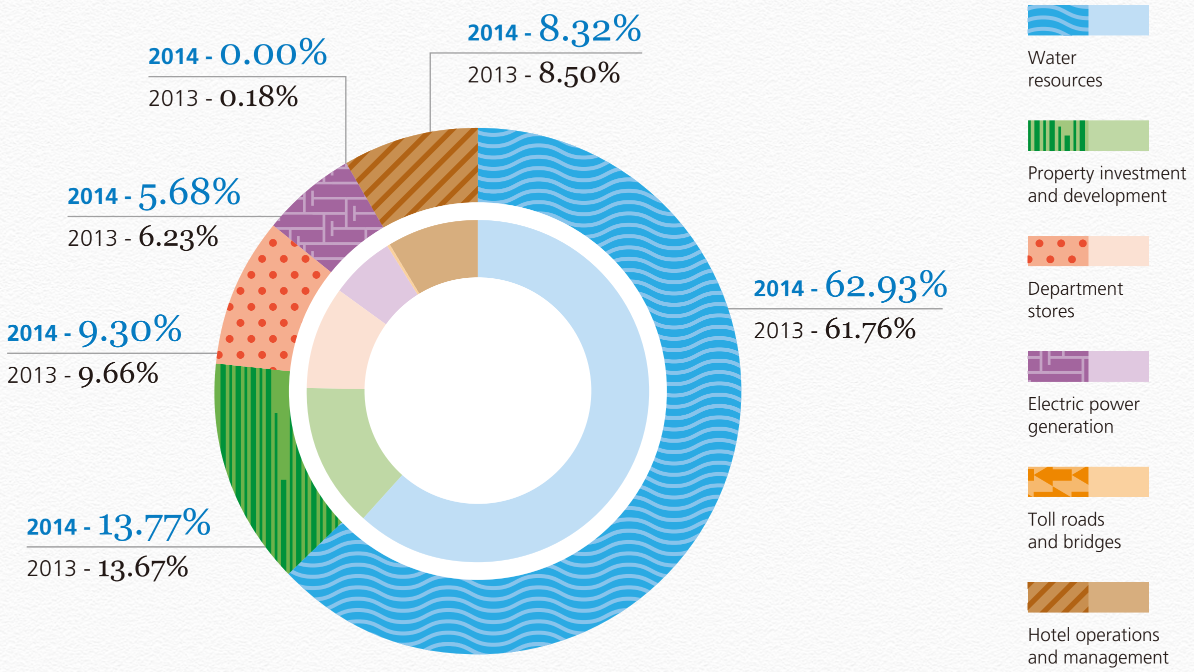
Year ended 31 December 2014

	Revenue HK$'000	%	Segment results HK$'000	%
By Activity:				
Water resources	**5,302,117**	**62.93**	**3,017,974**	**55.43**
Property investment and development	**1,160,459**	**13.77**	**1,733,270**	**31.84**
Department stores	**783,707**	**9.30**	**247,502**	**4.55**
Electric power generation	**478,816**	**5.68**	**326,358**	**5.99**
Toll roads and bridges	**–**	**–**	**–**	**–**
Hotel operations and management	**701,186**	**8.32**	**119,176**	**2.19**
Others	**–**	**–**	**(85,824)**	**–**
	8,426,285	**100.00**	**5,358,456**	**100.00**
By Geographical Area:				
Mainland China	**8,129,153**	**96.47**		
Hong Kong	**297,132**	**3.53**		
	8,426,285	**100.00**		

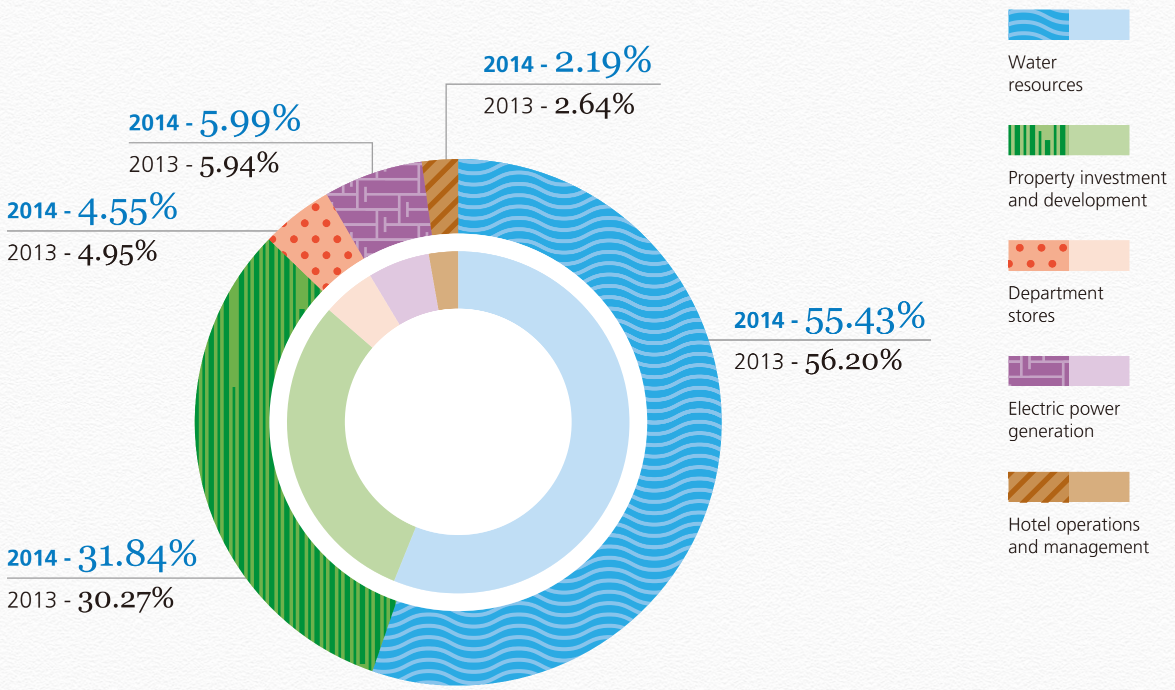
Year ended 31 December 2013

	Revenue HK$'000	%	Segment results HK$'000	%
By Activity:				
Water resources	4,934,479	61.76	2,860,524	56.20
Property investment and development	1,092,673	13.67	1,540,326	30.27
Department stores	771,857	9.66	252,088	4.95
Electric power generation	497,891	6.23	302,147	5.94
Toll roads and bridges	14,362	0.18	(4,200)	–
Hotel operations and management	678,753	8.50	134,185	2.64
Others	–	–	(63,483)	–
	7,990,015	100.00	5,021,587	100.00
By Geographical Area:				
Mainland China	7,700,162	96.37		
Hong Kong	289,853	3.63		
	7,990,015	100.00		

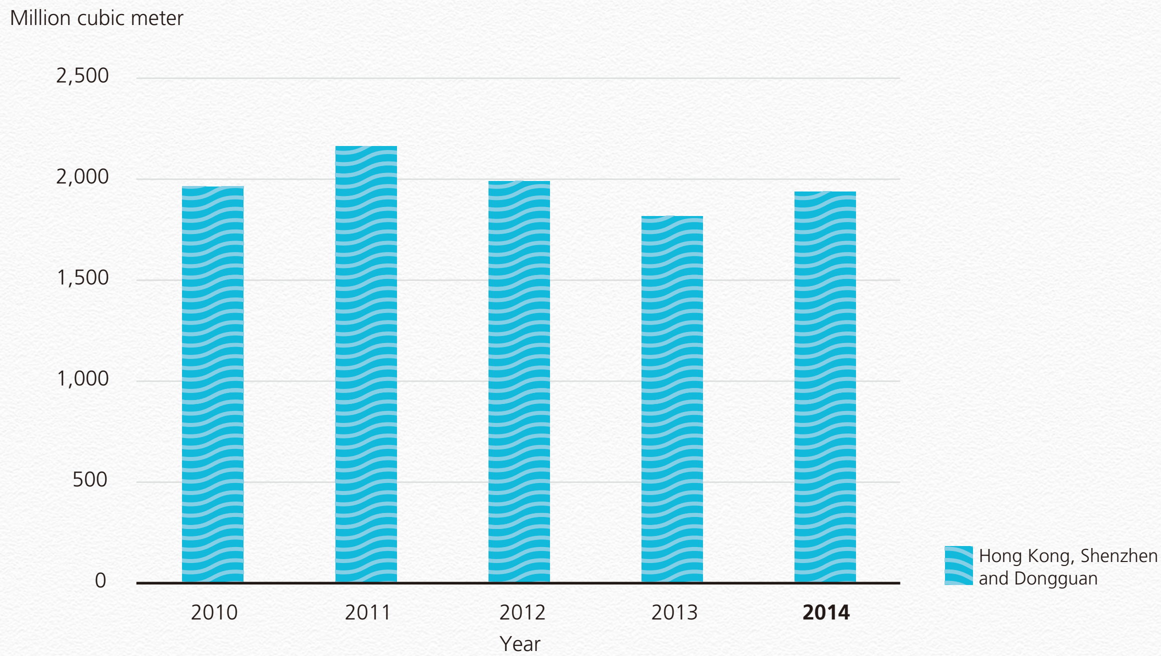
Revenue by Operating Segments



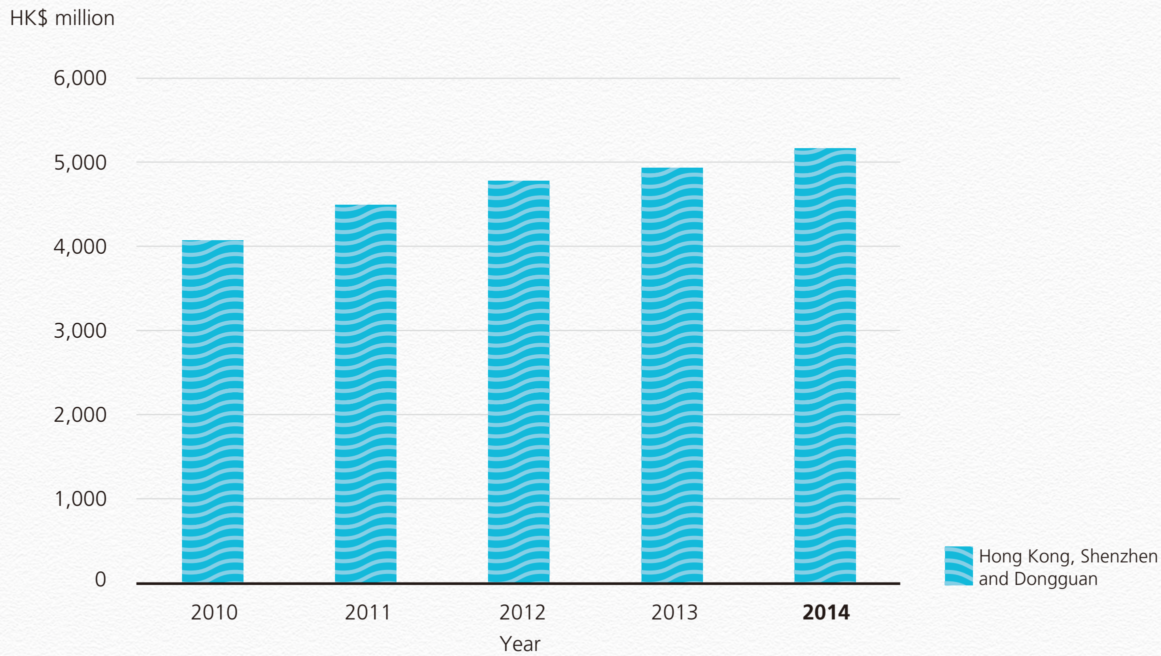
Segments Results by Operating Segments



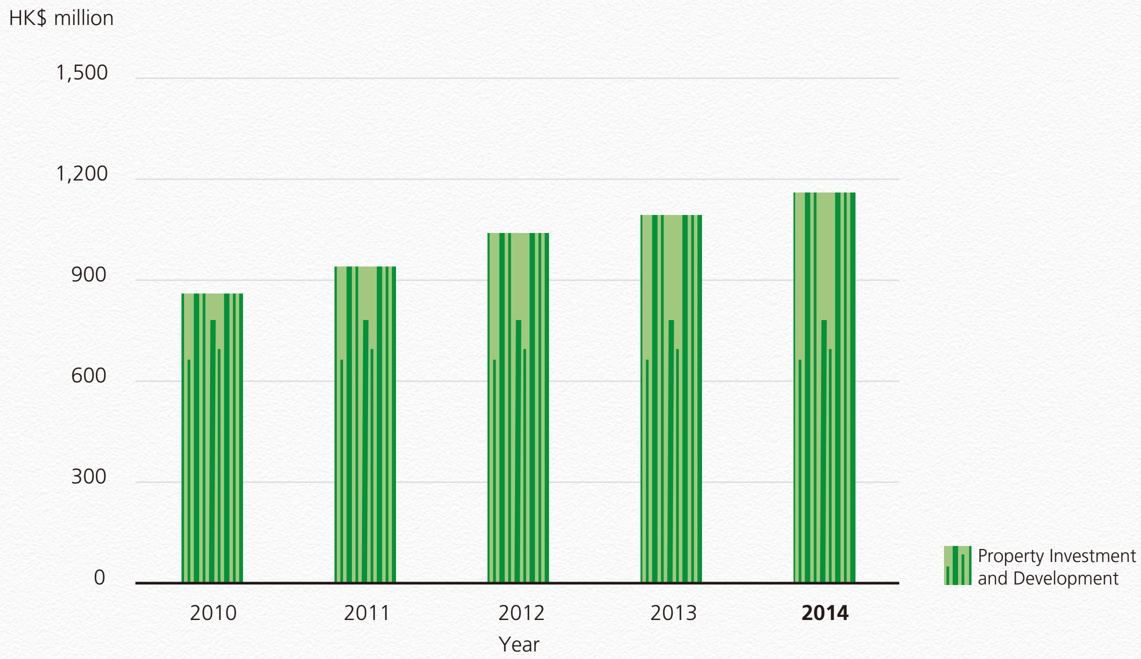
Water Distribution – Annual Volume



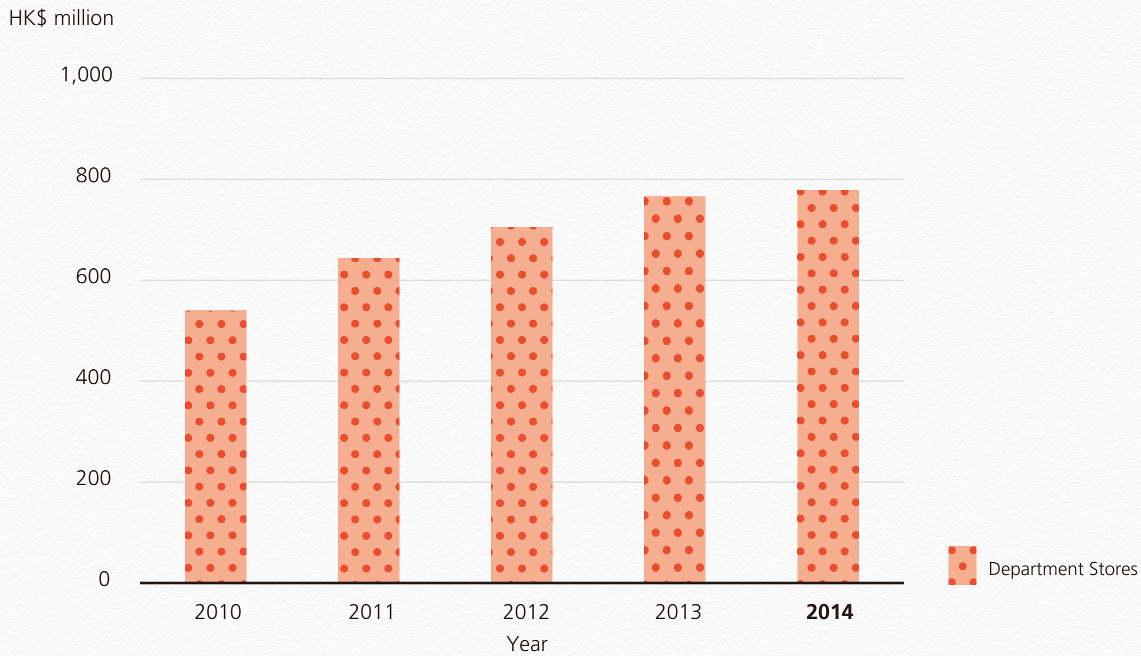
Water Distribution – Annual Revenue



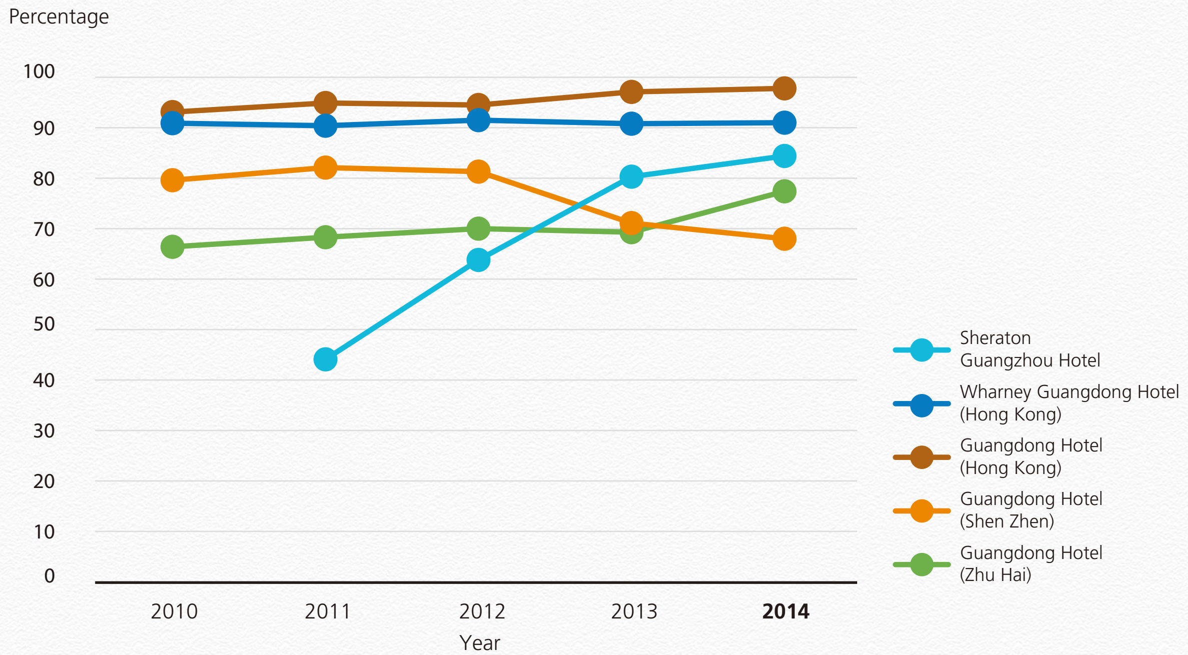
Property Investment and Development – Annual Revenue



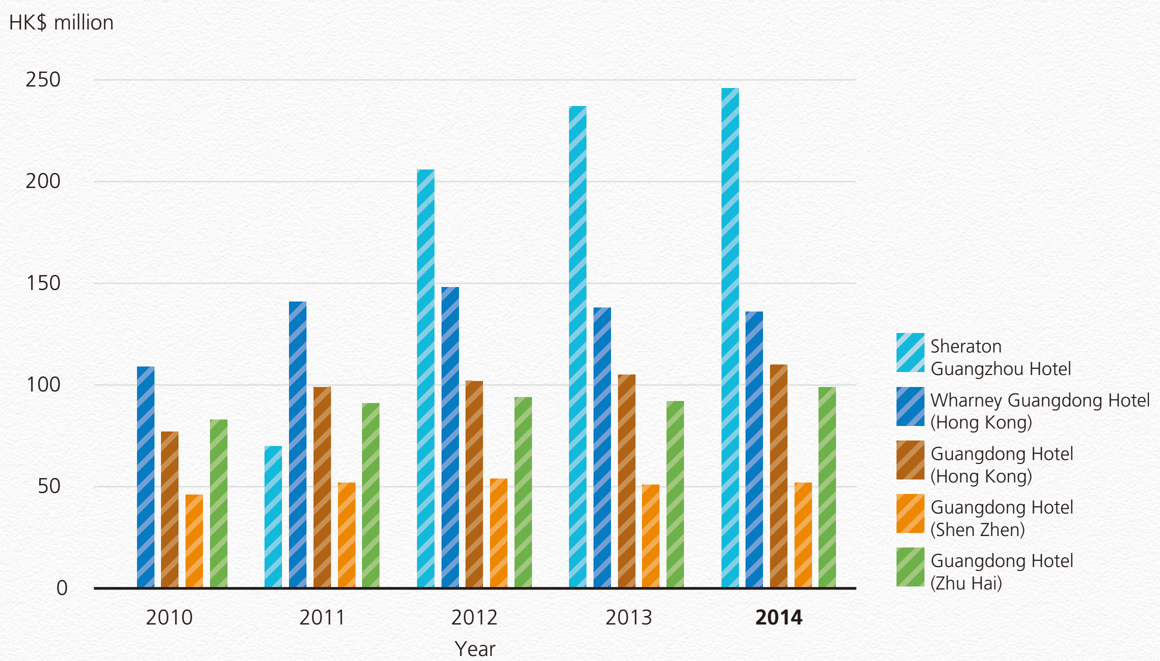
Department Stores – Annual Revenue



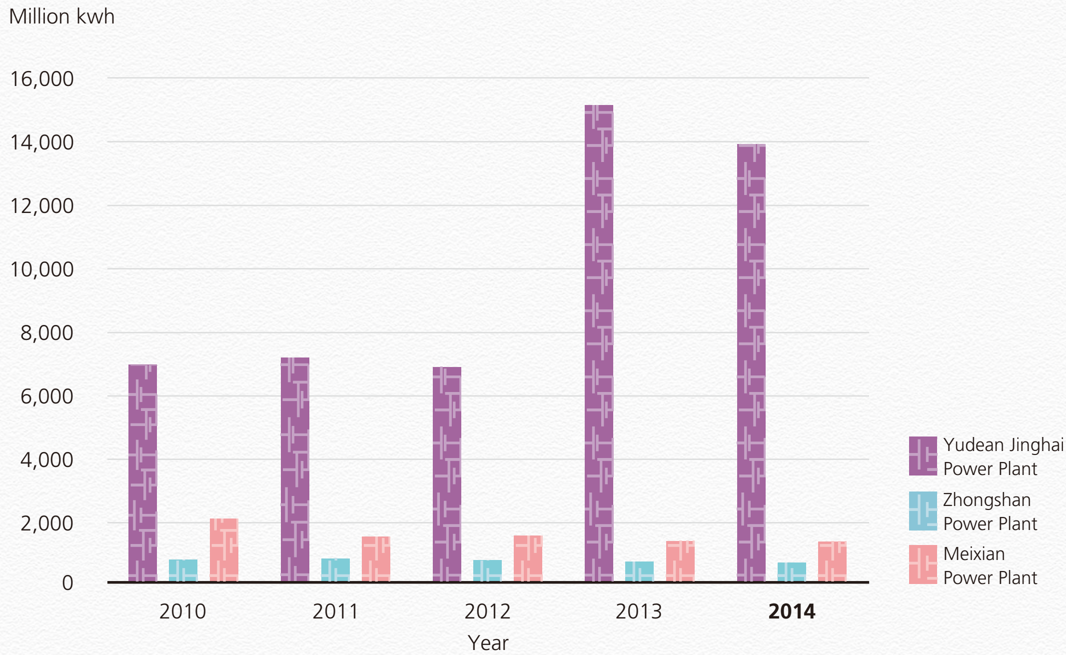
Hotel Operations and Management – Occupancy Rate



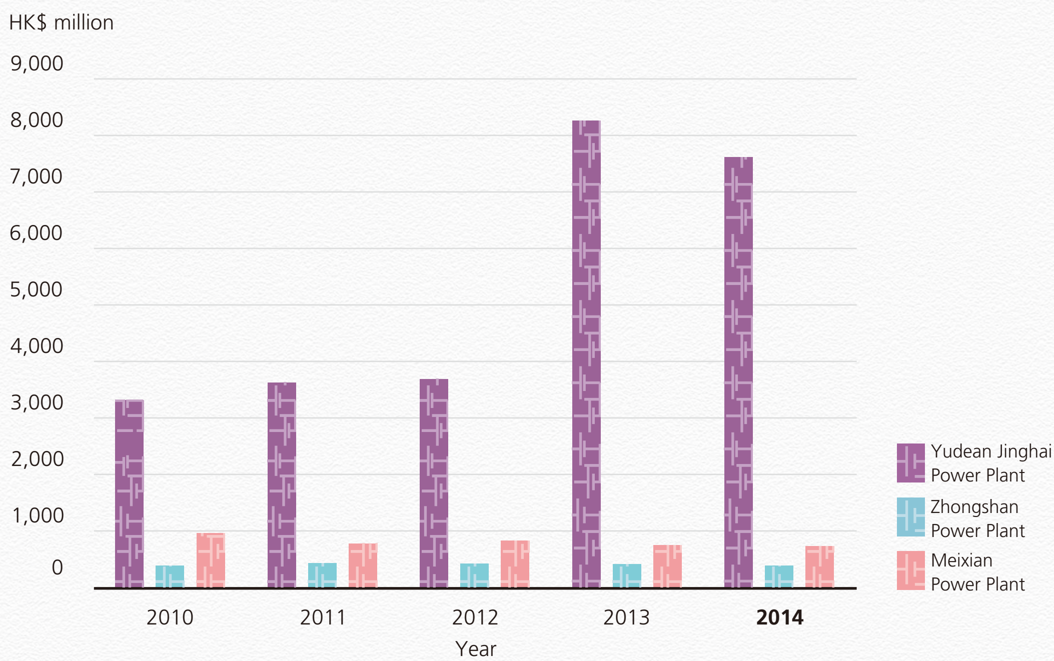
Hotel Operations and Management – Annual Revenue



Electric Power Generation – Annual Sales of Electricity



Electric Power Generation – Annual Revenue



CHAIRMAN'S STATEMENT

Results

I am pleased to report to the shareholders our results of 2014. The Group's audited consolidated profit attributable to shareholders for 2014 amounted to HK$4,397 million (2013: HK$4,426 million), slightly decreased by 0.7% over 2013. Basic earnings per share decreased by 0.7% over 2013, to 70.46 HK cents (2013: 70.96 HK cents).

Dividend

The Group uses its best endeavours to maximise the shareholders' interests with a view to creating a long-term value for the stakeholders and considers that dividend forms an integral part of shareholders' return. The Company has maintained a stable dividend distribution policy over the years. The Board recommends the payment of a final dividend of 20.0 HK cents per share for 2014. Aggregating such dividend with the interim dividend of 8.0 HK cents per share paid in 2014, the total dividend for the entire year will be 28.0 HK cents (2013: 23.0 HK cents) per share. The 2014 final dividend, if approved by the shareholders of the Company at the forthcoming annual general meeting, will be paid on 30 June 2015.

Review

In 2014, global economic recovery remained stagnant and the pace of economic growth was slower than what the market generally expected alongside with increasing risk of deflation. The year 2014 also marked the kicking off of China's comprehensive and profound reforms where its economy has adapted to the "new normal" and a series of reformative measures have been implemented. Amid higher economic volatility and uncertainties in China, the Group coped with the challenges and sustained its sound growth strategies and planning established over the years. While ensuring a steady growth in its core business, the Group further expanded its business size actively and enhanced its operating efficiency. Substantive progress was made in various areas, which boosted the confidence of customers, investors and regulators on us. In addition to its emphasis on environmental protection, water safety and public health, the Group continued to uphold its operating principle of sustainability and actively participated in public welfare activities and community services in the last year.

The Group's profit attributable to shareholders slightly decreased by 0.7% to HK$4,397 million (2013: HK$4,426 million), and profit before tax increased by 0.9% or HK$56 million to HK$6,101 million (2013: HK$6,045 million). The growth was mainly attributable to a better performance in water resources and property investment and development businesses, without any gain realized from the disposal of any non-core investments of the Group whereas such a net gain of HK$442 million was recognized in 2013.

Prospects

Looking ahead to 2015, uncertainties remain in the course of global economic recovery. As the economic growth momentum in China is expected to remain a slow downturn, the additional short-term or structural factors may pose considerable risks to enterprises' operation. Facing a complicated and changing external economic environment where opportunities and risks both exist for business development, the Group will continue to closely monitor the changes in the external economic condition and seize the market opportunities in the industry while steadily pushing ahead the implementation of our growth strategies so as to create long-term value for our stakeholders.

The Group will continue to closely monitor the investment opportunities in the area of water resources management and accelerate the building of a comprehensive water resources management industrial chain. Meanwhile, we will further optimise our resources allocation, closely monitor potential opportunities for merger and acquisition, expand profit growth points and increase investment portfolio that generate stable income.

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

HUANG Xiaofeng
Chairman
Hong Kong, 30 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The consolidated revenue of the Group for 2014 was HK$8,426 million (2013: HK$7,990 million), an increase of 5.5% as compared with that in 2013. The growth was mainly attributable to better performance in water resources and property investment and development businesses.

The consolidated profit attributable to shareholders of the Company slightly decreased by 0.7% to HK$4,397 million (2013: HK$4,426 million). The profit before tax increased by 0.9% or HK$56 million to HK$6,101 million (2013: HK$6,045 million). The growth was mainly attributable to better performance in water resources and property investment and development businesses, without any gain realized from the disposal of any non-core investments of the Group whereas a net gain of HK$442 million was recognized in 2013.

The gain arising from fair value adjustments of investment properties of HK$892 million (2013: HK$736 million) was recorded during the year. The finance cost of the Group increased by 31.7% to HK$79 million (2013: HK$60 million).

Basic earnings per share was 70.46 HK cents (2013: 70.96 HK cents), slightly decreased by 0.7% as compared with that in 2013.

Business Overview

A summary of the performance of the Group's major businesses during 2014 are set out as follows:

Water Resources

Dongshen Water Supply

The profit contribution from the Dongshen Water Supply Project continued to form a significant part of the Group's profit. As at 31 December 2014, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.0% (2013: 96.0%). GH Water Holdings holds a 99% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion cubic meters. Total water supply to Hong Kong, Shenzhen and Dongguan during the year amounted to 1.939 billion cubic meters (2013: 1.817 billion cubic meters), an increase of 6.7%, which generated a revenue of HK$5,164,371,000 (2013: HK$4,934,479,000), an increase of 4.7% over 2013.

Pursuant to the Hong Kong Water Supply Agreement for years 2012 to 2014 entered into between the Government of the Hong Kong Special Administrative Region ("HKG") and the Guangdong Provincial Government ("GPG") in 2011, the annual revenue for water sales to Hong Kong for the three years of 2012, 2013 and 2014 were HK$3,538.70 million, HK$3,743.30 million and HK$3,959.34 million, respectively.

The revenue from water sales to Hong Kong for the year increased by 5.8% to HK$3,959,340,000 (2013: HK$3,743,300,000). The revenue from water sales to Shenzhen and Dongguan areas for the year increased by 1.2% to HK$1,205,031,000 (2013: HK$1,191,179,000). The profit before tax of the Dongshen Water Supply Project for the year was HK$3,157,092,000 (2013: HK$2,915,216,000), 8.3% higher than that in 2013.

Nansha Water Supply

The Company's effective interest in 廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd.) ("Nansha Water Co") is 49%. The annual capacity of water supply of Nansha Water Co is 72.0 million cubic meters. The total volume of water supplied to the users during the year amounted to 66.71 million cubic meters (2013: 59.74 million cubic meters), showing an increase of 11.7%. Revenue for the year increased by 37.4% to HK$203,519,000 (2013: HK$148,138,000). The loss before tax of Nansha Water Co for the year was HK$42,635,000 (2013: HK$61,787,000), 31.0% less than that in 2013. During the year, the Group's share of loss in Nansha Water Co amounted to HK$20,455,000 (2013: HK$29,843,000), improved by 31.5%.

Water Group HK

During the year, Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, established a subsidiary named 五華粵海環保有限公司 ("Wuhua Water Co"), which is principally engaged in sewage treatment operations in the PRC with a registered capital of RMB30 million.

During the year, Water Group HK acquired certain water distribution and sewage treatment operations companies, which included 100% equity interests in both 東莞市常平金勝水務有限公司 ("Jinsheng Water Co") and 東莞市道滘鴻發污水處理有限公司 ("Daojiao Water Co"), 54.29% equity interests in 開平粵海水務有限公司 ("Kaiping Water Co"), as well as 70% equity interests in both 梅州粵海水務有限公司 (the "Meizhou Water Group") and Super Sino Investment Limited (the "Danzhou Water Group") at an aggregate consideration of approximately HK$679 million.

The waste water processing capacities of each of the sewage treatment plants operated by Wuhua Water Co, Jinsheng Water Co, Daojiao Water Co, the Meizhou Water Group and Kaiping Water Co are 20,000 tons, 70,000 tons, 40,000 tons, 100,000 tons and 50,000 tons per day, respectively. The annual capacities of water supply for the Meizhou Water Group and the Danzhou Water Group are 87.6 million cubic meters and 36.5 million cubic meters, respectively.

Revenue and profit before tax of Wuhua Water Co, Jinsheng Water Co, Daojiao Water Co, the Meizhou Water Group, Kaiping Water Co and the Danzhou Water Group for the period from their respective dates of operation/acquisition to 31 December 2014 amounted to HK$137,746,000 and HK$8,504,000 in aggregate, respectively.

Property Investment

Mainland China

Teem Plaza

As at 31 December 2014, the Group held an effective equity interest of 76.13% in 廣東天河城（集團）股份有限公司 (Guangdong Teem (Holdings) Limited) ("GD Teem"), the property owner of Teem Plaza. Teem Plaza comprises a shopping mall, an office building and a hotel. The shopping mall and the office building are held for investment purposes by the Group.

During the year, revenue of Teem Plaza, comprising rental income from both the shopping mall (included rentals from the department stores operated by the Group) and the office building, reached HK$1,180,164,000 (2013: HK$1,115,335,000), an increase of 5.8%. The profit before tax for the year, excluding the revaluation gain and net interest income, increased by 6.4% to HK$796,439,000 (2013: HK$748,499,000).

The shopping mall, which is 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 was operated with an average occupancy rate of nearly 99% during the year (2013: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones. Strong demands for shop spaces in the mall and the open tendering system for selecting new tenants resulted in an increase of rental income during the year.

The office building, known as the 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 98.9% (2013: 99.0%) for the year ended 31 December 2014, the total rental income for the year was HK$217,783,000 (2013: HK$210,017,000), an increase of 3.7%. The profit before tax for the year, excluding the revaluation gain, grew by 4.8% to HK$188,183,000 (2013: HK$179,625,000).

Tianjin Teem Shopping Mall
The Group owns a parcel of land situated in Tianjin to be developed into a large-scale modern shopping mall with a total gross floor area above ground and underground of approximately 137,100 square meters and 56,000 square meters, respectively. A total sum of approximately HK$1,750 million had been invested as at 31 December 2014.

Panyu Wanbo CBD Project
The Company'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 well located in 番禺萬博中央商務區 (Panyu Wanbo Central Business District), which is designated to be a new commercial area in Guangzhou. This parcel of land will be 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$1,338 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 31 December 2014.

Hong Kong
Guangdong Investment Tower
The average occupancy rate of Guangdong Investment Tower for the year was 100% (2013: 99.1%), which was 0.9% higher than that in 2013. As a result of the increase in average rental and the occupancy rate, total rental income for the year was up by 9.1% to HK$48,266,000 (2013: HK$44,225,000).

Department Store Operations

As at 31 December 2014, the Group held an effective interest of approximately 85.2% in both 廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.) ("GDTDS") and 廣州市天河城萬博百貨有限公司 ("天河城萬博"). GDTDS operates the Teemall Store in Teem Plaza. It also operates Teemall Store – Beijing Road Branch ("Ming Sheng Store"), 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") and 東莞第一國際百貨店 ("Dongguan Store"). 天河城萬博 operates 天河城百貨歐萊斯折扣店 ("Wan Bo Store"). The seven stores with leased area of approximately 147,000 square meters (2013: 133,700 square meters) in aggregate generated a total revenue of HK$783,707,000 (2013: HK$771,857,000), an increase of 1.5%. The profit before tax for the year increased by 1.8% to HK$311,565,000 (2013: HK$305,938,000).

Teemall Store offers a wide range of products and is one of the major top-selling department stores in Guangzhou. Due to keen competition of retail market in Guangzhou, the revenue of Teemall Store decreased by 2.2% to HK$508,608,000 (2013: HK$520,046,000) during the year.

The revenue of the other six stores during the year recorded various levels of growth due to successful promotional activities. During the year, (i) the revenue of Ming Sheng Store increased by 3.8% to HK$63,748,000 (2013: HK$61,385,000); (ii) the revenue of Ao Ti Store, an outlet mall, increased by 18.8% to HK$36,398,000 (2013: HK$30,649,000); (iii) the revenue of Baiyun New Town Store increased by 26.2% to HK$23,644,000 (2013: HK$18,733,000); (iv) the revenue of Dong Pu Store increased by 12.1% to HK$52,513,000 (2013: HK$46,843,000); (v) Dongguan Store was opened in August 2014 and its revenue for the year was HK$1,807,000; (vi) Wan Bo Store, an outlet mall which sells brand-name products at a substantial discount, increased its revenue by 3.0% to HK$96,989,000 (2013: HK$94,201,000).

The Group's effective interest in 廣東永旺天河城商業有限公司 (Guangdong Aeon Teem Co., Ltd.) ("GD Aeon Teem") is 26.65%. The Group's share of profits in GD Aeon Teem amounted to HK$12,087,000 (2013: share of loss HK$26,588,000) during the year.

Hotel Operations and Management

As at 31 December 2014, our hotel management team managed a total of 38 hotels (2013: 39 hotels), of which two were located in Hong Kong, one in Macau and 35 in Mainland China. As at 31 December 2014, seven hotels, of which two were located in Hong Kong, two in Shenzhen, one in each of Guangzhou, Zhuhai and Zhengzhou, were owned or lease-owned by the Group. Of these seven hotels, six were managed by our hotel management team but the one located in Guangzhou, namely Sheraton Guangzhou Hotel, was managed by Sheraton Overseas Management Corporation.

Among the seven hotels owned or lease-owned, five are star-rated hotels and two are budget hotels. During the year, the average room rate of Sheraton Guangzhou Hotel was HK$1,248 (2013: HK$1,218) whereas the average room rates of the remaining four star-rated hotels and the two budget hotels were HK$767 (2013: HK$763) and HK$247 (2013: HK$244), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 84.4% (2013: 80.3%) and that of the remaining star-rated hotels was 82.8% (2013: 80.4%) during the year.

Regarding the hotel operation and management business as a whole, the revenue for the year increased by 3.3% to HK$701,186,000 (2013: HK$678,753,000). The profit before tax for the year decreased by 8.1% to HK$131,860,000 (2013: HK$143,530,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK"), a subsidiary of the Company, holds 75% (2013: 63%) interest in 中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.) ("ZTP"). ZTP has two power generation units with a total installed capacity of 110 MW and steam generation capacity of 80 tons per hour. Sales of electricity during the year amounted to 624 million kwh (2013: 655 million kwh), decreased by 4.7%. As a result of the decrease in electricity sales and electricity tariff, revenue for the year was down by 6.0% to HK$399,642,000 (2013: HK$424,961,000). However, due to the reduction in coal price, profit margin of ZTP for the year increased as compared to that in 2013. The profit before tax for the year was HK$148,748,000 (2013: HK$125,919,000), an increase of 18.1%.

Pursuant to the agreements entered into by ZPHK and 中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd.) ("Xing Zhong") on 22 July 2009, ZPHK and Xing Zhong agreed to make additional capital contribution to ZTP for the construction of two 300 MW heat and electricity supply plants (the "Zhongshan Project"), and their respective interests in ZTP was adjusted to 75% and 25%. During the year, capital contributions made by ZPHK for the Zhongshan Project amounted to HK$485,289,000.

The construction of Zhongshan Project was approved by the relevant PRC authorities in 2014, and the term of the joint venture was extended for a further 30 years to 29 October 2043.

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

The Group's effective interest in Yudean Jinghai Power is 25%. As at 31 December 2014, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the year amounted to 13,795 million kwh (2013: 15,025 million kwh), a decrease of 8.2%. Revenue for the year amounted to HK$7,635,263,000 (2013: HK$8,280,555,000), a decrease of 7.8%. Due to the reduction in coal prices, the profit before tax of Yudean Jinghai Power for the year increased by 1.6% to HK$1,709,340,000 (2013: HK$1,682,825,000). The Group's share of profit in Yudean Jinghai Power amounted to HK$319,914,000 (2013: HK$315,723,000) during the year.

廣東粵嘉電力有限公司 (Guangdong Yuejia Electric Power Co., Ltd) ("Meixian Power Plant")

The Group's effective interest in Meixian Power Plant is 12.25%. Guangdong Power Investment Limited ("GD Power Investment"), a 49% associate of the Company, holds a 25% interest in Meixian Power Plant. During the year, no dividend income was received by GD Power Investment from this investment (2013: Nil).

Available-for-sale Financial Assets

As at 31 December 2014, the available-for-sale financial assets of the Group increased by HK$3,171 million to HK$8,208 million (2013: HK$5,037 million), which have been placed by the Group with a number of licensed banks in the PRC for a term of no more than one year. The principal sums are denominated in Renminbi and guaranteed by the relevant banks upon the maturity date.

Liquidity, Gearing and Financial Resources

As at 31 December 2014, the cash and bank balances of the Group increased by HK$470 million to HK$7,002 million (2013: HK$6,532 million), of which 94.6% was denominated in Renminbi, 4.1% in Hong Kong dollars and 1.3% in US dollars.

As at 31 December 2014, the Group's financial borrowings amounted to HK$4,810 million (2013: HK$3,619 million), of which 96.0% was denominated in Hong Kong dollars and 4.0% in Renminbi, including non-interest-bearing receipt in advance of HK$946 million. Of the Group's total financial borrowings, HK$2,008 million was repayable within one year while the remaining balances of HK$2,387 million and HK$415 million are repayable within two to five years and beyond five years from the end of reporting period, respectively. During the year, the Group's financial borrowing increased by HK$1,191 million due to new bank and other loans arising from borrowings and/or through acquisitions.

The Group did not maintain any credit facility as at 31 December 2014 (2013: Nil).

As at 31 December 2014 and 2013, the Group was in net cash position. Hence, no gearing ratio (i.e. net financial indebtedness/net asset value (excluded non-controlling interests)) was presented. The Group was in a healthy debt servicing position as the EBITDA/finance cost as at 31 December 2014 was 87.5 times (2013: 114.3 times).

The existing cash resources of the Group, together with steady cash flows generated from the Group's operations, are sufficient to meet the Group's payment obligations and business requirements.

Pledge of Assets

As at 31 December 2014, certain property, plant and equipment, concession rights for water distribution operations and sewage treatment, comprising operating concession rights and receivables under service concession agreement with net carrying amount of HK$4,190,000 (2013: Nil), HK$43,472,000 (2013: Nil) and HK$53,687,000 (2013: Nil), respectively, were pledged to secure certain bank loans granted to the Group.

Capital Expenditure

The Group's capital expenditure during the year amounted to HK$1,923 million which was principally related to development cost for property development projects, construction cost for Zhongshan Project and the assets from the acquisitions of subsidiaries.

Exposure to Fluctuations in Exchange and Interest Rates and Related Hedges

As at 31 December 2014, total Renminbi borrowings amounted to HK$192 million (2013: Nil). As at 31 December 2013, total US dollars borrowings amounted to HK$620 million. The foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 31 December 2014, the Group's total floating rate borrowings amounted to HK$3,672 million (2013: HK$2,555 million). The interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

Employee and Remuneration Policy

As at 31 December 2014, the Group had a total of 5,321 employees, of whom 1,026 employees were at managerial level. Among them, 5,061 employees were employed by subsidiaries in Mainland China and 260 were employed by the head office and subsidiaries in Hong Kong. Total remuneration for the year was approximately HK$766,853,000 (2013: HK$701,985,000).

In 2014, the global economy remained in a period of profound adjustments after the global financial crisis and the economy of China also slowed down and shifted to the "new normal". Under such circumstances, the Group stimulated the internal momentum of innovative development using the concept of "new thinking" and comprehensively adjusted the objectives of strategic growth to build itself into a Hong Kong listed company with the best investment value. By focusing on capital operation and fund management, the Group continued to optimise the level of corporate governance to sustain value creation for stakeholders including shareholders. In 2014, the Group actively established a corporate culture of integrity, professionalism, positivity, honesty and cooperation. The Group also further enhanced the establishment of a team of professionals and experts, stepped up its efforts in introducing professionals necessitated by the Company's business development and training and nurturing employees with great potentials. On this basis, the Group has adopted a strategic view on establishing a performance management system with a continuous emphasis on incentive and disciplinary mechanism. This effort has fostered an environment for employee development, as a result of which a group of managerial and professional talents has been trained to meet the rapid business development of the Company. Further, the Group implemented an achievement-oriented appraisal system, regularly reviewing the performance of its senior management to ensure of their integrity and efficiency. Remuneration and incentive packages were commensurate with the results of the Group, such as operating net cash flows and profits after tax. For further motivation, performance-based incentive policy was introduced for the benefit of the management team, key officers and outstanding members of staff in accordance with their positions and performance appraisals. The Group also adopted a share option scheme to attract, reward and retain executives and employees of the calibre necessary to produce high levels of performance. 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 business growth and working needs on a target-oriented basis. Looking into the future, the Group will focus on regulating internal management, enhance capability of the management team, optimize organizational structure and internal control, push up reconciliation of the company resources orderly, conduct that effective operation, and build a corporate culture and working environment emphasising on integrity and honesty. The Group believes these arrangements will build a solid foundation for the long term development of the Group.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

Directors

Mr. HUANG Xiaofeng, aged 56, was appointed a Non-Executive Director of the Company on 26 June 2008. He was appointed the Chairman and re-designated as an Executive Director of the Company with effect from 11 November 2010. Mr. Huang graduated from South China Normal University and holds a Bachelor's degree in History. He also holds a Master's degree in Public Administration from Sun Yat-Sen University, PRC. From 1987 to 1999, Mr. Huang worked for the General Office of the Communist Party of China ("CPC") Guangdong Committee in a number of positions. Between 1999 and 2003, Mr. Huang was the Deputy Director General of the General Office of the CPC Guangzhou Committee and thereafter the Deputy Secretary General of the CPC Guangzhou Committee. Between 2003 and 2008, Mr. Huang was the Deputy Director General of the General Office of the Guangdong Provincial Government and then the Deputy Secretary General of the Guangdong Provincial Government. Mr. Huang was appointed a Director and a Deputy General Manager of 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) ("Guangdong Holdings") in April 2008 and was subsequently appointed an Executive Director and a Deputy General Manager of GDH Limited ("GDH"). He was appointed the Chairman of Guangdong Holdings and GDH in September 2010 and October 2010, respectively. Mr. Huang was the General Manager of both Guangdong Holdings and GDH during the period from February 2009 to May 2012. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. In October 2008, Mr. Huang was appointed a Non-Executive Director of Guangdong Land Holdings Limited ("Guangdong Land") and was subsequently appointed the Chairman of Guangdong Land in November 2010. Mr. Huang was a Non-Executive Director of Guangnan (Holdings) Limited ("Guangnan Holdings") during the period from October 2008 to July 2012. Both Guangdong Land and Guangnan Holdings are subsidiaries of GDH.

Mr. WEN Yinheng, aged 37, was appointed an Executive Director and the Managing Director of the Company on 15 November 2012. Mr. Wen holds a Bachelor's degree in Economics from Jinan University, PRC, and a degree in Master of Commerce in International Professional Accounting from the University of New South Wales, Australia. From 2003 to 2006, Mr. Wen worked in Guangdong Bureau and Listed Company Supervision Department of China Securities Regulatory Commission and had regulatory experience of listed companies in China, supervising their merger, acquisition and restructuring activities. Between 2006 and 2011, he worked for Dalian Commodity Exchange and held a number of positions including Director of the Surveillance Department. Mr. Wen joined the Company in November 2011 and acted as a Deputy General Manager of the Company between November 2011 and November 2012. He is also a Director of Teem Holdings Limited, 廣東天河城（集團）股份有限公司 (Guangdong Teem (Holdings) Limited), Tianjin Teem Shopping Center Co., Ltd. and Guangdong (International) Hotel Management Holdings Limited and the Chairman of 廣東粵海投資財務管理有限公司 (Guangdong Yuehai Investment Financial Management Limited) and 北京粵海金信投資有限公司 (Beijing Yuehai Jinxin Investment Limited), all of which are subsidiaries of the Company.

Mr. TSANG Hon Nam, aged 45, was appointed an Executive Director and the Chief Financial Officer of the Company on 17 April 2008. Mr. Tsang graduated from The Chinese University of Hong Kong and holds a Bachelor's degree in Science. He is an Associate of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants. Mr. Tsang acted as an Executive Director and the Chief Financial Officer of Guangnan Holdings during the period from February 2004 to April 2008. Before joining Guangnan Holdings, he was the Deputy General Manager of the Finance Department of GDH and had also worked for Guangdong Enterprises (Holdings) Limited.

Mr. HUANG Zhenhai, aged 52, was appointed a Non-Executive Director of the Company on 20 July 2012. Mr. Huang holds a Bachelor of Science degree from Sun Yat-Sen University, PRC, and a Ph.D from University of Technology, Sydney, Australia. Mr. Huang was the General Manager of Guangdong International Certification Technology Co., Ltd. from 1995 to 2003 and was the Director and General Manager of China Certification & Inspection Group from 2003 to 2007. From 2007 to 2010, he acted as the Vice President of the China Certification & Inspection Group which had merged with China Quality Certification Center. He was the Vice Director of the Quality Certification Sub-committee of the Science and Technology Committee of the State Administration for Entry-Exit Inspection and Quarantine of the PRC from 2001 to 2010 and a committee member of the China National Accreditation Service for Conformity Assessment from 2006 to 2010. Mr. Huang was appointed a Deputy General Manager of Guangdong Holdings in October 2010, and the General Manager and a Director of Guangdong Holdings in April 2012 and May 2012, respectively. Mr. Huang was appointed an Executive Director of GDH in December 2010 and the General Manager of GDH in May 2012. Mr. Huang was appointed a Non-Executive Director of Guangdong Land in March 2011.

Mr. WU Jianguo, aged 57, was appointed a Non-Executive Director of the Company on 11 November 2010. Mr. Wu holds a Bachelor's Degree in Economics and Management from Guangdong Provincial Party School. From 1988 to 2004, he worked for the Organisation Department of the Guangdong Provincial Party Committee in a number of positions. From June 2004 to March 2010, he served as Director of Personnel Department and Deputy Director of the Guangdong State-Owned Assets Supervision and Administration Commission. Mr. Wu was appointed a Director and Secretary of the Discipline and Inspection Group of Guangdong Holdings, and an Executive Director of GDH in March 2010.

Mr. ZHANG Hui, aged 56, was appointed an Executive Director of the Company on 28 October 2002 and was subsequently appointed the Managing Director of the Company in December 2002. He was re-designated as a Non-Executive Director of the Company on 15 November 2012. Mr. Zhang holds a Master's degree in Business Administration from International East-West University, USA. He worked for the Guangdong Province Dongshen Water Supply Management Bureau from July 1996 to September 2000 in a number of positions, including Section Chief and Vice President. Mr. Zhang joined the Company in July 2002. He was appointed a Director of GDH in December 2008 and was subsequently appointed a Deputy General Manager of Guangdong Holdings and an Executive Director of GDH in May 2012.

Ms. ZHAO Chunxiao, aged 45, was appointed a Non-Executive Director of the Company on 30 August 2011. Ms. Zhao graduated from Liaoning Normal University (Faculty of Chinese Studies) and the School of China Journalism and Communication (major in Domestic News) and obtained two Bachelor's degrees. From 1994 to 2002, she worked for the Guangdong Branch of Xinhua News Agency as Director of the Finance Office and also Director of the Featured News Division. Between 2003 and 2008, she held a number of positions in Asia Television Limited including Director of Information Division of News and Public Relations Department and Assistant Vice President. Ms. Zhao joined GDH and Guangdong Holdings in December 2008 and January 2009, respectively. Ms. Zhao acts as a Deputy General Manager and the Chief Administration Officer of Guangdong Holdings and an Executive Director, the Chief Administration Officer and the Company Secretary of GDH. She was appointed an Executive Director of Guangdong Land in December 2014.

Mr. LAN Runing, aged 46, was appointed a Non-Executive Director of the Company on 12 January 2015. Mr. Lan graduated from Sun Yat-Sen University and obtained a Bachelor's degree in Philosophy. He also obtained a Master's degree in Business Management from South China University of Technology. From 1996 to 2008, he held a number of positions at the General Office of CPC Guangdong Provincial Committee. Between 2008 and 2014, he worked as the Director of the 4th Division of Personnel Affairs of the Organisation Department of CPC Guangdong Provincial Committee. Mr. Lan was appointed a Deputy General Manager of Guangdong Holdings in April 2014, and also an Executive Director of GDH in May 2014.

Mr. LI Wai Keung, aged 58, was appointed a Non-Executive Director of the Company on 30 May 2000. He acted as an Executive Director and the Chief Financial Officer of the Company from 19 July 2006 to 16 April 2008 and was re-designated as a Non-Executive Director of the Company on 17 April 2008. Mr. Li graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia. He is a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li had worked for Henderson Land Development Company Limited. Mr. Li is an Executive Director and the Chief Financial Officer of GDH and also the Chief Financial Officer of Guangdong Holdings. He was appointed a Non-Executive Director of Guangdong Land in October 2011 and was re-designated as an Executive Director in March 2012. He is also a Director of 永順泰麥芽(中國)有限公司 (Supertime Malting Company Limited) ("Supertime"). Both Guangdong Land and Supertime are subsidiaries of GDH. He is also an Independent Non-Executive Director of Shenzhen Investment Limited, Hans Energy Company Limited and China South City Holdings Limited and a Director of Shenzhen City Airport (Group) Company Limited. He is an Advisor of the Management Accounting of the Ministry of Finance, PRC, the Vice Chairman on the Council of the Hong Kong Chinese Orchestra Limited, a Director of the China Overseas Friendship Association, the Vice Chairman and Secretary of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association and the Vice Chairman of the Hong Kong Business Accountants Association.

Dr. CHAN Cho Chak, John, *GBS, JP*, aged 71, was appointed an Independent Non-Executive Director of the Company on 25 June 1998.

Dr. Chan is also a Non-Executive Director and Chairman of RoadShow Holdings Limited; Independent Non-Executive Director and Deputy Chairman of Transport International Holdings Limited; Independent Non-Executive Director of Hang Seng Bank Limited and Swire Properties Limited; and Non-Executive Director of The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited. He is Chairman of the Court of the Hong Kong University of Science and Technology and Chairman of Hong Kong News-Expo Limited. He is a Director of The Community Chest of Hong Kong and also its Third Vice President, Chairman of the Public Relations Committee and Member of the Executive Committee.

Dr. Chan was educated in Hong Kong and graduated from the University of Hong Kong in 1964 with an Honours Degree in English Literature. He later obtained a Diploma in Management Studies from the same university following the completion of evening studies. He was awarded the degree of Doctor of Business Administration (honoris causa) by the International Management Centres in October 1997 and the degree of Doctor of Social Sciences (honoris causa) by the Hong Kong University of Science and Technology in November 2009, the University of Hong Kong in March 2011 and Lingnan University in November 2012.

Dr. Chan served in the Hong Kong Government for two periods: from 1964 to 1978 and from 1980 to 1993. Initially appointed as an Executive Officer Class II, he rose through the ranks of the civil service to become one of the Cabinet-level Policy Secretaries of the Government. Among the key posts he held over the years were those of Private Secretary to the Governor, Deputy Secretary (General Duties), Director of Information Services, Deputy Chief Secretary, Secretary for Trade and Industry and Secretary for Education and Manpower. He also served as a Member of the Executive Council from October 1992 to May 1993.

Dr. Chan was also the Executive Director and General Manager of Sun Hung Kai Finance Company Limited from 1978 to 1980, the Managing Director of The Kowloon Motor Bus Company (1933) Limited from 1993 to 2006, the Managing Director of Transport International Holdings Limited from 1997 to April 2008 and the Chairman of The Hong Kong Jockey Club from 2006 to August 2010.

Dr. Chan was appointed as a Justice of the Peace (JP) in 1994 and was awarded the Gold Bauhinia Star (GBS) in 1999.

Dr. the Honourable LI Kwok Po, David, *GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCIArb, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur*, aged 76, was appointed an Independent Non-Executive Director of the Company on 25 June 1998.

Dr. Li is Chairman and Chief Executive of The Bank of East Asia, Limited. He is a Member of the Council of the Treasury Markets Association. Dr. Li is the Pro-Chancellor of the University of Hong Kong, an Advisory Committee Member of the Chinese University of Hong Kong S.H. Ho College, an Honorary Fellow of the School of Accountancy, Central University of Finance and Economics and a Companion of the Chartered Management Institute. He was a Member of the Legislative Council of Hong Kong from 1985 to 2012.

Dr. Li is the Chairman of The Chinese Banks' Association Limited. He is the Honorary Chairman of The Chamber of Hong Kong Listed Companies. Dr. Li is Vice President of the Council of the Hong Kong Institute of Bankers, Chairman of the Saint Joseph's College Foundation Limited and a member of the International Advisory Council of the Cambridge Commonwealth Trust and Cambridge Overseas Trust. He is also an Emeritus Trustee of the Cambridge Foundation and a Trustee Emeritus of the Institute for Advanced Study in Princeton. Dr. Li is Chairman of the Advisory Board of The Salvation Army Hong Kong and Macau Command, Chairman of the Executive Committee of St. James' Settlement and he also serves on the Hong Kong Red Cross Advisory Board. He is a Council Member of the Employers' Federation of Hong Kong, a Director of the David Li Kwok-po Charitable Foundation Limited, a Founder Member and an Executive Committee Member of the Heung Yee Kuk Foundation Limited, Chairman of The Légion d'Honneur Club Hong Kong Chapter Association Limited and Chairman of the Executive Committee of The Marco Polo Society Limited.

Dr. Li is a Director of The Hong Kong and China Gas Company Limited, The Hongkong and Shanghai Hotels, Limited, PCCW Limited, San Miguel Brewery Hong Kong Limited, SCMP Group Limited and Vitasoy International Holdings Limited. He is also a Director of Hong Kong Interbank Clearing Limited. He was a Director of AFFIN Holdings Berhad (listed in Malaysia), CaixaBank, S.A. (listed in Spain), COSCO Pacific Limited and China Overseas Land & Investment Limited.

Dr. Li is a member of the Board of Trustees of the Asia Society International Council, a member of the Asia Business Council, a member of the Munich Re Greater China Advisory Board, and Chairman Emeritus of the Asian Youth Orchestra Board. He serves on the advisory boards of Federal Reserve Bank of New York's International Advisory Committee and Hospital for Special Surgery. Dr. Li is the Chairman of INSEAD East Asia Council, the Non-Executive Chairman for Edelman Asia-Pacific and a Senior Adviser of Metrobank.

Mr. FUNG Daniel Richard, *SBS, QC, SC, JP*, aged 61, was appointed an Independent Non-Executive Director of the Company on 3 January 2000.

Mr. Fung is Senior Counsel of the Hong Kong Bar. Called to the English Bar in Middle Temple in 1975 and to the Hong Kong Bar in 1977, Mr. Fung has been in continuous practice for nearly four decades, achieving in 1990 appointment as Queen's Counsel. In 1994, Mr. Fung became the first person of Chinese extraction to serve as Solicitor General of Hong Kong, a position he occupied for four years, becoming in 1997 the first Solicitor General of the Hong Kong Special Administrative Region of the People's Republic of China. In 1998, Mr. Fung left public office to take up successive appointments as Visiting Scholar at Harvard Law School (1998-1999) and Senior Visiting Fellow at Yale Law School (1999).

Mr. Fung is currently serving on his third consecutive term as a National Delegate to the Chinese People's Political Consultative Conference. He is Chairman of the United Nations Peace & Development Foundation, President of the International Law Association (ILA) Hong Kong Chapter, Chairman of the Board of International Bridges to Justice (IBJ), Advisory Board Member of Global Thinkers Forum (GTF), Member of Advisory Council, American Renewable Energy Institute (AREI), Senior Fellow of the Salzburg Global Seminar (SGS), Vice-President of the Academy of Experts, Member of the Board of Governors of the East West Center (EWC), Advisory Committee Member of the American Bar Association/United Nations Development Program Legal Resource Unit, Council Member of China Law Society (CLS), Founding Governor of the China-US Exchange Foundation, Member of the Hengqin New Area Development Consultative Committee, Adjunct Professor of City University Hong Kong, Chairman of Social Sciences Advisory Board of Lingnan University, Honorary Lecturer in the Department of Professional Legal Education of the University of Hong Kong, Arbitrator of both of the China International Economic and Trade Arbitration Commission (CIETAC) and Shanghai International Economic and Trade Arbitration Commission.

Mr. Fung served as Chairman of the Broadcasting Authority (2002–2008), Member of the World Bank International Advisory Council on Law and Justice (1999-2005), a member of the Hong Kong Government's Strategic Development Commission (2006-2012), a non-executive director of Securities & Futures Commission (1998-2004), a board member of the Airport Authority (1999-2005), on respectively the Basic Law Consultative Committee (1985–1990) and the Central Policy Unit of the Hong Kong Government (1993–1994), Distinguished Fulbright Scholar for Hong Kong in the Year 2000, International Consultant to the UNDP on Corporate Governance in the PRC, Special Advisor to the UNDP on the Rule of Law Development Program in Cambodia and in Laos (2000-2002), Council Member of International Institute for Strategic Studies (IISS) (2004-2012), and member of the World Economic Forum Global Agenda Council (2009-2013).

In 2003, Mr. Fung was awarded the Silver Bauhinia Star by for services to constitutional development in Hong Kong and made a Justice of the Peace in 2004. In 2011, Mr Fung was honored by UNDP in recognition of his contribution to the work of UNDP China and the United Nations Millennium Development Goals.

Dr. CHENG Mo Chi, Moses, *GBS, OBE, JP*, aged 65, was appointed an Independent Non-Executive Director of the Company on 25 November 1999 and was re-designated as a Non-Executive Director of the Company on 13 October 2004. He was further re-designated as an Independent Non-Executive Director of the Company on 15 November 2012.

Dr. Cheng is a practising solicitor and the senior partner of Messrs. P.C. Woo & Co. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the founder chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He is also Chairman of the Committee on Free Kindergarten Education. Dr. Cheng currently holds directorships in China Mobile Limited, China Resources Enterprise, Limited, Towngas China Company Limited, K. Wah International Holdings Limited, Liu Chong Hing Investment Limited, Kader Holdings Company Limited and Tian An China Investments Company Limited, all being public listed companies in Hong Kong. He is an Independent Non-Executive Director of OTC Clearing Hong Kong Limited, a subsidiary of the Hong Kong Exchanges and Clearing Limited. He is also an Independent Non-Executive Director of ARA Asset Management Limited, a company whose shares are listed on Singapore Exchange Limited. Dr. Cheng was an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited and a Non-Executive Director of Hong Kong Television Network Limited.

Mr. WU Ting Yuk, Anthony, *Standing Committee Member, Chinese People's Political Consultative Conference National Committee, GBS, JP*, aged 60, was appointed an Independent Non-Executive Director of the Company on 25 August 2012. He is a member of the Institute of Chartered Accountants in England and Wales and an Honorary Fellow of the Hong Kong College of Community Medicine. He is a Board Member of the Hong Kong General Chamber of Commerce, a member of the Public Policy Advisory Committee of the National Health and Family Planning Commission, PRC, Principal Advisor and member of the Expert Advisory Committee on Reforms and Development of Chinese Medicine to the State Administration of Traditional Chinese Medicine of the PRC, the Chairman of the China Oxford Scholarship Fund and an Honorary Professor of Faculty of Medicine of The Chinese University of Hong Kong. Mr. Wu also acts as the Chief Advisor of Greater China, Bank of Tokyo-Mitsubishi UFJ, an Independent Non-Executive Director of Agricultural Bank of China Limited, China Taiping Insurance Holdings Company Limited, Power Assets Holdings Limited and Zhuhai Dahengqin Company Limited. He is also an Executive Director and Co-Chairman of Sincere Watch (Hong Kong) Limited, Chairman of 海南千博樂城開發公司 (Hainan Chambow Lecheng Development Limited) and Honorary Chairman of 上海千博投資管理有限公司 (Shanghai Chambow Investment Management Company Limited). He was formerly the Chairman of the Hong Kong General Chamber of Commerce, the Bauhinia Foundation Research Centre and the Hong Kong Hospital Authority.

Mr. Wu was appointed as Justice of the Peace in 2004 and was awarded the honour of the Gold Bauhinia Star in 2008.

Senior Management

The senior management of the Group comprises the Executive Directors above, namely, Mr. Huang Xiaofeng, Mr. Wen Yinheng and Mr. Tsang Hon Nam.

DIRECTORS' REPORT

The directors (the "Directors") of Guangdong Investment Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014.

Principal Activities

The Group was principally engaged in investment holding, water resources, property holding and investment, hotel ownership and operation, hotel management, department store operations and investments in infrastructure and energy projects. Details of the principal activities of the principal subsidiaries and associates are set out in notes 18 and 19 to the financial statements, respectively.

Results and Dividends

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 48 to 147.

An interim dividend of 8.0 HK cents (2013: 7.0 HK cents) per ordinary share was paid on 30 October 2014. The board of Directors (the "Board") has resolved to recommend the payment of a final dividend of 20.0 HK cents (2013: 16.0 HK cents) per ordinary share for the year ended 31 December 2014. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Friday, 5 June 2015 (the "2015 AGM"), is expected to be paid on Tuesday, 30 June 2015 to shareholders whose names appear on the register of members of the Company on Thursday, 11 June 2015.

The register of members of the Company will be closed on Thursday, 4 June 2015 and Friday, 5 June 2015 for the purpose of determining shareholders' entitlement to attend and vote at the 2015 AGM. During these two days, no transfer of shares will be registered. In order to qualify for attending and voting at the 2015 AGM, 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 Wednesday, 3 June 2015.

The register of members of the Company will be closed on Thursday, 11 June 2015, for the purpose of determining shareholders' entitlement to the proposed final dividend. On that day, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Tengis Limited at the above address not later than 4:30 p.m. on Wednesday, 10 June 2015.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years extracted from the audited financial statements is set out below:

Results

	Year ended 31 December				
	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
REVENUE	**8,426,285**	7,990,015	7,736,095	7,161,377	6,351,741
PROFIT FROM OPERATING ACTIVITIES AFTER FINANCE COSTS	**5,789,402**	5,731,491	4,769,586	4,230,963	3,537,008
Share of profits of a joint venture	**–**	51,238	81,527	82,588	89,585
Share of profits less losses of associates	**311,546**	262,168	70,573	107,976	133,744
PROFIT BEFORE TAX	**6,100,948**	6,044,897	4,921,686	4,421,527	3,760,337
INCOME TAX EXPENSE	**(1,138,168)**	(1,098,511)	(953,672)	(936,562)	(931,480)
PROFIT BEFORE NON-CONTROLLING INTERESTS	**4,962,780**	4,946,386	3,968,014	3,484,965	2,828,857
Non-controlling interests	**(565,650)**	(520,269)	(554,190)	(478,237)	(397,813)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**4,397,130**	4,426,117	3,413,824	3,006,728	2,431,044

Assets, liabilities and non-controlling interests

	As at 31 December				
	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000
PROPERTY, PLANT AND EQUIPMENT	**3,649,550**	3,085,632	3,100,116	3,294,283	3,165,098
INVESTMENT PROPERTIES	**12,113,823**	10,531,668	9,459,530	7,106,639	5,934,101
PREPAID LAND LEASE PAYMENTS	**173,107**	94,558	96,772	101,501	101,986
GOODWILL	**307,533**	266,146	266,146	266,146	266,146
INVESTMENT IN A JOINT VENTURE	**–**	–	720,386	806,620	859,406
INVESTMENTS IN ASSOCIATES	**1,659,479**	1,702,873	1,482,287	1,346,244	1,087,102
OPERATING CONCESSION RIGHTS	**12,858,007**	13,320,172	14,124,484	14,933,423	15,862,440
RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS	**472,213**	–	–	–	–
OTHER ASSETS	**16,340,549**	12,281,693	8,083,524	6,953,128	4,622,098
DEFERRED TAX ASSETS	**41,104**	29,698	28,747	23,580	22,099
TOTAL ASSETS	**47,615,365**	41,312,440	37,361,992	34,831,564	31,920,476
OTHER LOANS AND LIABILITIES	**(9,564,607)**	(7,135,234)	(7,305,330)	(8,728,591)	(8,715,134)
DEFERRED TAX LIABILITIES	**(2,386,607)**	(1,995,688)	(1,672,413)	(1,602,308)	(1,257,072)
TOTAL LIABILITIES	**(11,951,214)**	(9,130,922)	(8,977,743)	(10,330,899)	(9,972,206)
NON-CONTROLLING INTERESTS	**(5,397,407)**	(4,868,196)	(4,346,251)	(2,849,468)	(2,791,881)
TOTAL EQUITY	**35,664,151**	32,181,518	28,384,249	24,500,665	21,948,270

Property, Plant and Equipment, Investment Properties and Operating Concession Rights

Details of movements in property, plant and equipment, investment properties and operating concession rights of the Company and the Group during the year are set out in notes 14, 15 and 20 to the financial statements, respectively.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 30 to the financial statements.

Reserves

Details of movements in reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2014, subject to the Undertaking more particularly referred to in note 32 to the financial statements, the Company's reserves available for distribution amounted to HK$204,377,000.

Charitable Contributions

The charitable contributions made by the Group during the year amounted to HK$13,311,000 (2013: HK$23,962,000).

Arrangement to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors' Interests and Short Positions in Securities" of this report, and "Share Option Scheme" in note 31 to the financial statements, at no time during the year was the Company or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors

The Directors of the Company during the year and up to the date of this report are:

Executive Directors
Huang Xiaofeng *(Chairman)*
Wen Yinheng *(Managing Director)*
Tsang Hon Nam *(Chief Financial Officer)*

Non-Executive Directors
Huang Zhenhai
Wu Jianguo
Zhang Hui
Zhao Chunxiao
Lan Runing (appointed on 12 January 2015)
Li Wai Keung
Xu Wenfang (resigned on 30 January 2015)

Independent Non-Executive Directors
Chan Cho Chak, John
Li Kwok Po, David
Fung Daniel Richard
Cheng Mo Chi, Moses
Wu Ting Yuk, Anthony

In accordance with Article 73 of the Company's articles of association (the "Articles of Association"), any newly appointed Director shall hold office only until the first general meeting of the Company after his appointment and shall then be eligible for re-election. Mr. Lan Runing, who was appointed as a Non-Executive Director on 12 January 2015, shall hold office until the 2015 AGM and, being eligible, has offered himself for re-election.

In accordance with Articles 77 to 79 of the Articles of Association, Mr. Huang Xiaofeng, Mr. Li Wai Keung, Dr. Li Kwok Po, David and Dr. Cheng Mo Chi, Moses will retire by rotation at the 2015 AGM and, being eligible, have offered themselves for re-election.

Mr. Huang Xiaofeng, Mr. Lan Runing, Mr. Li Wai Keung, Dr. Li Kwok Po, David and Dr. Cheng Mo Chi, Moses, if re-elected, will hold office from the date of re-election to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2018, and (ii) 30 June 2018, subject to earlier determination in accordance with the Articles of Association and/or any applicable laws and regulations.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2015 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or the Company's subsidiary or holding company or a subsidiary of the Company's holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

Directors' Interests in Competing Businesses

The interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are as follows:

1. Core business activities of the Group

(1) Water resources
(2) Property holding and investment
(3) Hotel ownership and operations
(4) Hotel management
(5) Department store operations
(6) Investment in infrastructure and energy projects

2. Interests in competing business

Name of Director	Name of Company	Nature of Interest	Competing Business
Huang Xiaofeng	廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) ("Guangdong Holdings")	Chairman	(1), (2) & (3)
	GDH Limited ("GDH")	Chairman	(1), (2) & (3)
	Guangdong Land Holdings Limited ("Guangdong Land")	Chairman & Non-Executive Director	(2)
Huang Zhenhai	Guangdong Holdings	Director & General Manager	(1), (2) & (3)
	GDH	Executive Director & General Manager	(1), (2) & (3)
	Guangdong Land	Non-Executive Director	(2)
Wu Jianguo	Guangdong Holdings	Director	(1), (2) & (3)
	GDH	Executive Director	(1), (2) & (3)
Zhang Hui	GDH	Executive Director	(1), (2) & (3)
Zhao Chunxiao	GDH	Executive Director	(1), (2) & (3)
	Guangdong Land	Executive Director	(2)
Lan Runing	GDH	Executive Director	(1), (2) & (3)
Li Wai Keung	GDH	Executive Director	(1), (2) & (3)
	Guangdong Land	Executive Director	(2)

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' Interests and Short Positions in Securities

As at 31 December 2014, 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 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	780,000	Long position	0.012%
Zhang Hui	Personal	1,009,000	Long position	0.016%
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	3,150,000	Long position	0.050%

Note: The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of the Company in issue as at 31 December 2014.

Directors' Interests and Short Positions in Securities (continued)

Interests and short positions in the Company (continued)

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

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

			Number of share options								
Name of Director	Date of grant of share options* (dd.mm.yyyy)	At date of grant	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted HK$	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)
Huang Xiaofeng	24.10.2008	5,700,000	5,700,000	–	(900,000)	(4,800,000)	–	–	1.88	1.73	7.36
	22.01.2013	2,693,000	2,693,000	–	–	–	2,693,000	–	6.20	6.30	–
Wen Yinheng	22.01.2013	1,395,000	1,395,000	–	–	–	1,395,000	–	6.20	6.30	–
Tsang Hon Nam	24.10.2008	2,950,000	1,330,000	–	–	(1,330,000)	–	–	1.88	1.73	–
	22.01.2013	1,256,000	1,256,000	–	–	–	1,256,000	–	6.20	6.30	–
Huang Zhenhai	22.01.2013	2,315,000	2,315,000	–	–	–	2,315,000	–	6.20	6.30	–
Wu Jianguo	22.01.2013	2,268,000	2,268,000	–	–	–	2,268,000	–	6.20	6.30	–
Zhang Hui	24.10.2008	4,400,000	2,491,000	–	–	(2,491,000)	–	–	1.88	1.73	–
	22.01.2013	2,268,000	2,268,000	–	–	–	2,268,000	–	6.20	6.30	–
Zhao Chunxiao	22.01.2013	2,268,000	2,268,000	–	–	–	2,268,000	–	6.20	6.30	–
Li Wai Keung	24.10.2008	3,350,000	1,015,000	–	–	(1,015,000)	–	–	1.88	1.73	–
	22.01.2013	2,243,000	2,243,000	–	–	–	2,243,000	–	6.20	6.30	–
Xu Wenfang	24.10.2008	3,300,000	1,780,000	–	–	(1,780,000)	–	–	1.88	1.73	–
	22.01.2013	2,268,000	2,268,000	–	–	–	2,268,000	–	6.20	6.30	–

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

(a) The option period of all the share options is five years and six months from the date of grant.

(b) Any share option is only exercisable during the option period after it has become vested.

(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.

Directors' Interests and Short Positions in Securities (continued)

Interests and short positions in the Company (continued)

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

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

Notes to the above share options granted pursuant to the 2008 Scheme: (continued)

(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 year

* *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.

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** *(Note 1)*
Huang Xiaofeng	Family *(Note 2)*	3,880,000	Long position	0.227%
Zhao Chunxiao	Personal	1,062,000	Long position	0.062%
Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%

Notes:

1. *The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited being in issue as at 31 December 2014.*

2. *The interest in the shares is held jointly by Mr. Huang Xiaofeng and his spouse.*

Directors' Interests and Short Positions in Securities (continued)

Interests and short positions in Guangnan (Holdings) Limited

(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)*
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 907,293,285 ordinary shares of Guangnan (Holdings) Limited ("Guangnan Holdings") in issue as at 31 December 2014.

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

		Number of share options									
Name of Director	Date of grant of share options* (dd.mm.yyyy)	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted HK$	Exercise period of share options (both days inclusive)** (dd.mm.yyyy)	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)
Tsang Hon Nam	09.03.2006	300,000	–	–	–	300,000	1.00	09.06.2006 to 08.03.2016	1.66	1.61	–

Notes to the share option scheme of Guangnan Holdings adopted on 11 June 2004:

* *The vesting period of the share options is from the date of grant until the commencement of the exercise period or the grantee's completion of half year's full time service with Guangnan Holdings or its subsidiaries, whichever is the later.*

** *If the last day of the exercise period is not a business day in Hong Kong, the exercise period shall end at the close of business on the last business day preceding that day.*

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

**** *The price of Guangnan Holdings ordinary shares 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 Guangnan Holdings ordinary shares 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.

Save as disclosed above, as at 31 December 2014, 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 31 December 2014, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the 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 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) *(Note 2)*	Interest in controlled corporation	3,420,563,527	Long position	54.81%
GDH Limited *(Note 3)*	Beneficial owner/ Interest in controlled corporation	3,420,563,527	Long position	54.81%
Guangdong Trust Ltd.	Beneficial owner/ Interest in controlled corporation	576,404,918	Long position	9.24%

Notes:

1. *The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of the Company being in issue as at 31 December 2014.*

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 31 December 2014, no other person (other than a Director or the 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.

Significant Contracts with Controlling Shareholder

Save as disclosed in notes 39 and 40 to the financial statements, the Group and the controlling shareholders of the Company had not entered into any contracts of significance during the year.

Connected Transactions

Details of the connected transactions, including continuing connected transactions, are disclosed in note 40 to the financial statements.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business are provided under note 39 to the financial statements. The transactions described in note 39(a) (notes (i) to (iii)) to the financial statements constitute continuing connected transactions under the Listing Rules, details of which are disclosed in note 40 to the financial statements. In respect of these transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Apart from the abovementioned continuing connected transactions, none of the related party transactions as disclosed in note 39 to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

Share Options of the Company

As at 31 December 2014, 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 option entitled the holder to subscribe for one ordinary share of the Company. Further details are set out in note 31 to the financial statements.

			Number of share options								
Category of Participants	Date of grant of share options (dd.mm.yyyy)	At date of grant	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted HK$	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)
Employees	24.10.2008	18,500,000	4,465,000	–	–	(4,465,000)	–	–	1.88	1.73	–
	22.01.2013	20,458,000	20,259,500	–	–	(1,786,500)	18,473,000	–	6.20	6.30	–

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 30 and 31.

Details regarding the reconciliation of share options outstanding during the year are set out in the "Notes to the reconciliation of share options outstanding during the year" in the section headed "Director's Interests and Short Positions in Securities" of this report on page 31.

Purchase, Sale and Redemption of Listed Securities

During the year, the Company issued the following new ordinary shares to an option holder 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$
900,000	1.88	1,692,000

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 Hong Kong Stock Exchange during the year.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for 61% of the total revenue for the year and sales to the Group's largest customer included therein amounted to 47%. Purchases from the Group's five largest suppliers accounted for 23% of the total purchases for the year and purchases from the Group's largest supplier included therein amounted to 14%.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Disclosure under Rule 13.21 of the Listing Rules

Facility Agreement dated 19 December 2011

Pursuant to a facility agreement (the "GDI 2011 Facility Agreement") entered into between the Company and a bank on 19 December 2011 in relation to a term loan facility (the "GDI 2011 Facility") of up to a principal amount of US$100 million made available by the bank to the Company, it shall be an event of default if:

(i) GDH Limited ("GDH") does not or 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") does not or ceases to beneficially own, directly or indirectly, 100% of the shareholding in GDH.

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 commitments (or any part thereof) under the GDI 2011 Facility whereupon they shall immediately be cancelled; and/or

(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 2011 Facility Agreement and any other finance documents be immediately due and payable, whereupon they shall immediately become 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.

There was no outstanding principal of the GDI 2011 Facility as at 31 December 2014. The GDI 2011 Facility was fully repaid by the Company during the year.

Disclosure under Rule 13.21 of the Listing Rules (continued)

Facility Agreement dated 21 November 2012

Pursuant to a facility agreement (the "GH Water Facility Agreement") entered into by GH Water Supply (Holdings) Limited ("GH Water"), a subsidiary of the Company, on 21 November 2012 in relation to a term loan facility (the "GH Water Facility") of up to a principal amount of HK$1,300 million made available by certain banks (the "Lenders"), it shall be an event of default if:

(i) GDH or the Company does not or ceases to beneficially own, directly or indirectly, at least 51% interest in GH Water; or

(ii) the Guangdong Provincial Government does not or ceases to beneficially own, directly or indirectly, 51% interest in GDH.

On and at any time after the occurrence of any of the aforementioned events which is continuing, the agent of the Lenders may, and shall if so directed by the Lenders whose lending commitments aggregate $66^2/_3$% or more of all the loans then outstanding, by notice to GH Water:

(i) cancel the total commitments under the GH Water Facility whereupon they shall immediately be cancelled; and/or

(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 Facility Agreement and related finance documents be immediately due and payable, whereupon they immediately shall become 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 Lenders.

The outstanding principal of the GH Water Facility as at 31 December 2014 amounted to HK$1,105 million. The GH Water Facility shall be repaid by the Company by instalments with the last instalment due on the date 36 months from the date of the GH Water Facility Agreement.

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 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 31 December 2014 amounted to HK$1,610 million. The GDI 2014 Facility shall be repaid by the Company by instalments with the last instalment due on the date 36 months from the date of the GDI 2014 Facility Agreement.

Changes in Directors' Information

The changes in Directors' information are set out below:

(i) Mr. Wen Yinheng was appointed as a Director of Tianjin Teem Shopping Center Co., Ltd., a subsidiary of the Company.

(ii) Mr. Tsang Hon Nam was appointed as a Director of Super Sino Investment Limited on 16 December 2014, a subsidiary of the Company.

(iii) Mr. Zhang Hui ceased to be a Director of Tianjin Teem Shopping Center Co., Ltd.

(iv) Ms. Zhao Chunxiao was appointed as an Executive Director of Guangdong Land Holdings Limited ("Guangdong Land") on 18 December 2014. Guangdong Land is a subsidiary of GDH Limited. She ceased to be a Director of 北京粵海金信投資有限公司 (Beijing Yuehai Jinxin Investment Limited), a subsidiary of the Company.

(v) Mr. Li Wai Keung is currently an Advisor of the Management Accounting of the Ministry of Finance, PRC and the Vice Chairman of the Hong Kong Business Accountants Association.

(vi) Dr. Li Kwok Po, David resigned as a Director of CaixaBank S.A. (listed in Spain) on 23 October 2014.

(vii) Dr. Cheng Mo Chi, Moses resigned as a Non-Executive Director of Hong Kong Television Network Limited on 31 August 2014.

(viii) Mr. Wu Ting Yuk Anthony ceased to be a Board Member of the Bauhinia Foundation Research Centre and an Independent Non-Executive Director of Fidelity Funds. He is currently the Chairman of the China Oxford Scholarship Fund, an Honorary Professor of Faculty of Medicine of The Chinese University of Hong Kong, and an Executive Director and Co-Chairman of Sincere Watch (Hong Kong) Limited.

Save for the above changes in Directors' information, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Auditors

The consolidated financial statements now presented have been audited by Ernst & Young, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2015 AGM for the re-appointment of Ernst & Young as auditors of the Company.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 30 March 2015

CORPORATE GOVERNANCE REPORT

Business Model and Development Strategies

The principal businesses of the Group include water resources, infrastructure and energy projects, property investment and development, department store operations, hotel operations and management. The Group is committed to consolidating the operational development of its existing businesses and expanding its core businesses in order to generate continuous and steady investment returns for shareholders. By optimising the asset portfolio, strengthening the capital operation, enhancing management standard and corporate governance, the Group endeavours to further increase its competitive strengths and enhance its market influence, providing strong support for the long-term, steady and sustainable development of the enterprise.

According to its strategic development plan, the Group will continue to develop its water resources business in a proactive and prudent manner. The Group continues to explore market investment opportunities in areas such as untreated water, urban water supply, sewage treatment, and construction of water supply projects. The Group will fasten the pace of project acquisitions in an effort to further expand its scale, while continuing to optimize its asset structure and facilitate further business integration.

Faced with the trend of globalization, the Group will continue to capitalize on Hong Kong's status as an international financial centre, improve its capital utilization efficiency and strengthen its capital management capabilities. Meanwhile, the Group will optimize its human resources operations and further improve the professionalism of its management. The Group will step up its efforts in strengthening corporate culture and increase corporate core competitiveness.

Corporate Governance Code

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

In the opinion of the directors of the Company (the "Directors"), the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2014 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 during the year.

Board of Directors

The board of Directors (the "Board") is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is entrusted by the Board with the authority and responsibility for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for the Board's approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements, rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

Board of Directors (continued)

Board Composition

There were a couple of changes to the Company's Board. Mr. Lan Runing was appointed a Non-Executive Director with effect from 12 January 2015. Ms. Xu Wenfang tendered her resignation as a Non-Executive Director with effect from 30 January 2015 due to retirement.

As at the date of this report, the Board comprises three Executive Directors, being Mr. Huang Xiaofeng, Mr. Wen Yinheng and Mr. Tsang Hon Nam, six Non-Executive Directors, being Mr. Huang Zhenhai, Mr. Wu Jianguo, Mr. Zhang Hui, Ms. Zhao Chunxiao, Mr. Lan Runing and Mr. Li Wai Keung, and five Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Dr. Li Kwok Po, David, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Wu Ting Yuk, Anthony.

During the year, the Non-Executive Directors (including the Independent Non-Executive Directors) provided the Company with a diverse range of expertise and a balance of skills, and brought independent judgement on issues pertinent to strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings.

Chairman and Managing Director

The Chairman of the Board is Mr. Huang Xiaofeng and the Managing Director is Mr. Wen Yinheng. The roles of the Chairman and the Managing Director of the Company are clearly defined and segregated to ensure independence, proper checks and balances. The Chairman has executive responsibilities, provides leadership for the Board and ensures a proper and effective functioning of the Board in discharge of its responsibilities. The Managing Director is accountable to the Board for the overall implementation of the Company's strategies and the coordination of overall business operations.

Non-Executive Directors

All Directors, including Non-Executive Directors, appointed to fill a casual vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after his or her appointment and shall then be eligible for re-election.

Moreover, all Non-Executive Directors (including Independent Non-Executive Directors) of the Company are appointed for a term of three years expiring on the earlier of either (i) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director, or (ii) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the articles of association of the Company and/or any applicable laws and regulations.

Independence of Independent Non-Executive Directors

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from the five Independent Non-Executive Directors, namely Dr. Chan Cho Chak, John, Dr. Li Kwok Po, David, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Wu Ting Yuk, Anthony in accordance with Rule 3.13 of the Listing Rules.

Dr. Chan Cho Chak, John, Dr. Li Kwok Po, David, Mr. Fung Daniel Richard and Dr. Cheng Mo Chi, Moses have served the Board of the Company for more than nine years. They have clearly demonstrated their willingness to exercise independent judgement and to provide objective challenges to the management. There is no evidence that length of tenure is having an adverse impact on their independence. The Board therefore considers that Dr. Chan, Dr. Li, Mr. Fung and Dr. Cheng remain independent, notwithstanding the length of their tenure.

The Board as well as the Nomination Committee have reviewed the independence of all Independent Non-Executive Directors and have concluded that all of them are independent within the definition of the Listing Rules. Further, up to the date of this report, the Board is not aware of the occurrence of any events, which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired.

Board of Directors (continued)

Board Meeting

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual, interim and quarterly results. During the year, five Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this Report.

Regular Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors. At least fourteen days' notice of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at reasonable time on reasonable notice by any Director.

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has considered to be material, the matter will be dealt with by the Board at a duly convened Board Meeting. The articles of association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her close associates has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

Relationship amongst Directors

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced board composition also ensures that strong independence exists across the Board. The biographies of the Directors as at the date of this Report as set out in pages 20 to 23 to the annual report, demonstrate a diversity of skills, expertise, experience and qualifications.

Directors' Induction and Continuous Professional Development

Upon appointment to the Board, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company organized a seminar in March 2014 to introduce to the Directors the "New Hong Kong Companies Ordinance", and another seminar in October 2014 to brief on the topic of "Comprehensive Budget Management". Reading materials have also been provided to the Directors to develop and refresh their professional skills.

Directors' Induction and Continuous Professional Development (continued)

According to the records kept by the Company, the Directors attended the following trainings during the year ended 31 December 2014.

Name of Director	Seminar in March 2014	Seminar in October 2014	Seminars and Conferences	Reading Materials
Executive Directors				
Huang Xiaofeng	✓	✓	✓	✓
Wen Yinheng	✓	✓	✓	✓
Tsang Hon Nam	✓	✓	✓	✓
Non-Executive Directors				
Huang Zhenhai	✓		✓	✓
Wu Jianguo	✓		✓	✓
Zhang Hui			✓	✓
Zhao Chunxiao	✓	✓	✓	✓
Lan Runing (appointed on 12 January 2015)	N/A	N/A	N/A	N/A
Li Wai Keung			✓	✓
Xu Wenfang (resigned on 30 January 2015)	✓	✓	✓	✓
Independent Non-Executive Directors				
Chan Cho Chak, John	✓	✓	✓	✓
Li Kwok Po, David		✓	✓	✓
Fung Daniel Richard		✓	✓	✓
Cheng Mo Chi, Moses	✓	✓	✓	✓
Wu Ting Yuk, Anthony	✓		✓	✓

Board Diversity Policy

The Board has adopted a board diversity policy (the "Policy") on 28 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company also takes into consideration its own business model and specific needs from time to time. All Board appointments are based on meritocracy, and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has set the measurable objectives based on five focused areas: gender, age, length of service, professional experience and skills and knowledge for the implementation of board diversity of the Company. The Nomination Committee reviews the Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this Report, the Board comprises 14 directors. Five of them are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board has maintained a balanced composition in terms of gender, age, professional experience, skills and knowledge, and has performed effectively.

Having reviewed the implementation of the Policy and the structure, size and composition of the Board, the Nomination Committee of the Board considered that the requirements of the Policy had been met.

Board Committees

The Board has established various committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee. Terms of Reference of those committees detailing their respective authorities and responsibilities are available on the Company's website.

Remuneration Committee

The Remuneration Committee comprises all five Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Dr. Li Kwok Po, David, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Wu Ting Yuk, Anthony. Dr. Chan Cho Chak, John is the Chairman of the Remuneration Committee. The remuneration of the Directors shall be determined by the members of the Company at general meetings. Approval has been granted by the shareholders at the annual general meeting in 2014 to authorise the Board to fix the remuneration of the Directors.

Emoluments of the Executive Directors and senior management shall be determined by the Remuneration Committee with reference to their duties, responsibilities and performance, and the results of the Group. No Director shall be involved in deciding his/her own remuneration.

The meeting of the Remuneration Committee shall be held at least once a year and when necessary. During the financial year ended 31 December 2014, the Remuneration Committee had held three meetings and had passed two sets of written resolutions to approve the annual review of the remuneration packages and performance bonuses for the Executive Directors of the Company that came up for determination. The attendance of each member of the Remuneration Committee is set out in the section headed "Board and Committees Meetings" of this Report.

Details of the amount of Directors' emoluments for the year 2014 are set out in note 8 to the financial statements.

Nomination Committee

The Nomination Committee comprises Mr. Huang Xiaofeng, Chairman of the Board, and all five Independent Non-Executive Directors, being Dr. Chan Cho Chak, John, Dr. Li Kwok Po, David, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Wu Ting Yuk, Anthony. Mr. Huang Xiaofeng is the Chairman of the Nomination Committee.

The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of Directors and the succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters.

The meeting of the Nomination Committee shall be held at least once a year and when necessary. During the financial year ended 31 December 2014, the Nomination Committee held one meeting to evaluate the structure, size and composition of the Board, to review the Company's Board Diversity Policy and its implementation, to assess the independence of the Independent Non-Executive Directors as well as to make recommendations to the Board on the re-election of Directors. Procedures for shareholders to propose a person for election as a Director of the Company were also reviewed by the Nomination Committee and proposed to the Board for approval in order to incorporate the changes in line with the provisions of the new Companies Ordinance effective on 3 March 2014.

The attendance of each member of the Nomination Committee is set out in the section headed "Board and Committees Meetings" of this Report.

Board Committees (continued)

Audit Committee

The Audit Committee comprises all five Independent Non-Executive Directors, being Dr. Li Kwok Po, David, Dr. Chan Cho Chak, John, Mr. Fung Daniel Richard, Dr. Cheng Mo Chi, Moses and Mr. Wu Ting Yuk, Anthony. Dr. Li Kwok Po, David is the Chairman of the Audit Committee.

The meetings of the Audit Committee shall be held at least twice a year and when necessary. During the financial year ended 31 December 2014, the Audit Committee had held four meetings to review, inter alia, the 2013 annual results, the 2014 quarterly and interim results of the Company before their submission to the Board as well as to monitor the integrity of such financial statements/ financial information. The Audit Committee oversees matters concerning the external auditors including making recommendations to the Board regarding the appointment of the external auditors, reviewing the scope of their audit and work and approving their fees. In addition to the four meetings as aforesaid, the Audit Committee also had two private meetings with the external auditors without the presence of the management to discuss any area of concern. The Audit Committee further ensures that the management has put in place an effective system of internal control and maintains an overview of the Group's risk assessment, control and management processes. It reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. The attendance of each member of the Audit Committee is set out in the section headed "Board and Committees Meetings" of this report.

Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meetings during the year ended 31 December 2014 are set out below:

Name of Director	Board	Remuneration Committee	Nomination Committee	Audit Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
Huang Xiaofeng	5/5	–	1/1	–	1/1	1/1
Wen Yinheng	5/5	–	–	–	1/1	1/1
Tsang Hon Nam	5/5	–	–	–	1/1	1/1
Non-Executive Directors						
Huang Zhenhai	3/5	–	–	–	0/1	0/1
Wu Jianguo	4/5	–	–	–	0/1	0/1
Zhang Hui	4/5	–	–	–	0/1	0/1
Zhao Chunxiao	5/5	–	–	–	0/1	0/1
Lan Runing (appointed on 12 January 2015)	N/A	N/A	N/A	N/A	N/A	N/A
Li Wai Keung	5/5	–	–	–	1/1	1/1
Xu Wenfang (resigned on 30 January 2015)	5/5	–	–	–	0/1	0/1
Independent Non-Executive Directors						
Chan Cho Chak, John	5/5	3/3	1/1	4/4	1/1	1/1
Li Kwok Po, David	5/5	3/3	1/1	4/4	0/1	0/1
Fung Daniel Richard	3/5	2/3	0/1	3/4	0/1	0/1
Cheng Mo Chi, Moses	4/5	2/3	1/1	4/4	1/1	1/1
Wu Ting Yuk, Anthony	5/5	3/3	1/1	4/4	1/1	1/1

Accountability and Audit

Financial Reporting

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2014, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2014, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules. To further enhance the Company's level of corporate governance and transparency, the Company has announced its unaudited quarterly financial information during the financial year ended 31 December 2014, and will continue to publish unaudited financial information quarterly in the future.

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2014.

Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's auditors, Ernst & Young is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit of financial statements	7,512
Review of interim results	1,350
Agreed-upon procedures on quarter results	1,100
Total	9,962

Internal Control

The Board is responsible for the Group's system of internal controls and its effectiveness. Such a system is designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of internal controls when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risk faced and designing, operating and monitoring suitable internal controls to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

A defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with regulations; and (d) identify, manage and mitigate key risks to the Group.

Accountability and Audit (continued)

Internal Control (continued)

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, internal control and risk management systems of the Group and any significant internal control issues identified by the internal audit department, external auditors and management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the internal audit department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budgets.

The internal audit department monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's internal control framework, and provides objective assurance to the Board that a sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic checking. The internal audit department issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of approving of the annual report and accounts is reasonably effective and adequate.

Company Secretary

Mrs. Ho Lam Lai Ping, Theresa has been the Company Secretary of the Company since December 1992. She is a full time employee of the Company and has day-to-day knowledge of the Company. Mrs. Ho reports to the Chairman and the Managing Director of the Company and is responsible for advising the Board on corporate governance matters. For the year under review, Mrs. Ho has confirmed that she has taken over 15 hours of relevant professional training.

Shareholders' Rights

Shareholders Convening an Extraordinary General Meeting

Pursuant to the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014 (the "new Companies Ordinance"), shareholders of the Company holding not less than 5% of the total voting rights of all the members having a right to vote at general meeting may request the Directors to call a general meeting of the Company. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form; and must be authenticated by the person or persons making it. Directors of the Company must call a meeting within 21 days after the date on which they become subject to the requirement. The meeting being called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the Directors fail to call the meeting, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting. The meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a meeting.

Shareholders' Rights (continued)

Shareholders' Enquiries and Proposals

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, or call its customer service hotline at (852) 2980 1333.

To foster regular and contribute two-way communications amongst the Company, the shareholders and the potential investors, the Chief Financial Officer or the Company Secretary of the Company are designated to respond to enquiries and proposals from the shareholders as well as the public. Enquiries and proposals can be made by mail or by phone. The contact details of the Company are set out in the "Contact Us" section of the Company's website at www.gdi.com.hk. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the public and the shareholders. The Company has formulated the "Shareholders Communication Policy" which enables shareholders to exercise their rights in an informed manner.

Details of the procedures for shareholders to propose a person for election as a Director of the Company are available on the Company's website.

Investor Relations

During the year under review, the memorandum and articles of the Company was amended and a new set of articles of association (the "Articles of Association") was adopted at an extraordinary general meeting held on 20 June 2014. The main purpose of the amendment was to bring the constitution of the Company in line with the provisions of the new Companies Ordinance. Details of the amendments were set out in a circular of the Company dated 28 May 2014 and an up-to-date consolidated version of the Company's Articles of Association is available on the Company's website.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 30 March 2015

INDEPENDENT AUDITORS' REPORT

Ernst & Young
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To the shareholders of Guangdong Investment Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Guangdong Investment Limited (the ''Company'') and its subsidiaries (together, the "Group") set out on pages 48 to 147, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	*5*	**8,426,285**	7,990,015
Cost of sales		**(2,777,793)**	(2,666,253)
Gross profit		**5,648,492**	5,323,762
Other income	*5*	**591,208**	400,386
Net gains on disposal of subsidiaries, associates and a joint venture	*34*	**–**	441,518
Changes in fair value of investment properties		**891,826**	735,758
Selling and distribution expenses		**(187,651)**	(166,197)
Administrative expenses		**(1,181,901)**	(1,093,480)
Other operating income, net		**106,781**	149,764
Finance costs	*7*	**(79,353)**	(60,020)
Share of profit of a joint venture		**–**	51,238
Share of profits less losses of associates		**311,546**	262,168
PROFIT BEFORE TAX	*6*	**6,100,948**	6,044,897
Income tax expense	*10*	**(1,138,168)**	(1,098,511)
PROFIT FOR THE YEAR		**4,962,780**	4,946,386
Attributable to:			
Owners of the Company	*11*	**4,397,130**	4,426,117
Non-controlling interests		**565,650**	520,269
		4,962,780	4,946,386
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*13*		
Basic		**HK 70.46 cents**	HK 70.96 cents
Diluted		**HK 70.30 cents**	HK 70.75 cents

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR		**4,962,780**	4,946,386
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange fluctuation reserve released upon disposal of subsidiaries, associates and a joint venture	*34*	**–**	(276,184)
Exchange differences on translation of foreign operations		**(34,997)**	405,541
Net gains on available-for-sale financial assets		**21,212**	2,867
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(13,785)**	132,224
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Fair value gains on property, plant and equipment, net of tax		**39,900**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**26,115**	132,224
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,988,895**	5,078,610
Attributable to:			
Owners of the Company		**4,424,319**	4,490,134
Non-controlling interests		**564,576**	588,476
		4,988,895	5,078,610

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**3,649,550**	3,085,632
Investment properties	*15*	**12,113,823**	10,531,668
Prepaid land lease payments	*16*	**173,107**	94,558
Goodwill	*17*	**307,533**	266,146
Investments in associates	*19*	**1,659,479**	1,702,873
Operating concession rights	*20(a)*	**12,858,007**	13,320,172
Receivables under service concession arrangements	*20(b)*	**463,392**	–
Prepayments and deposits	*23*	**340,989**	107,625
Deferred tax assets	*29*	**41,104**	29,698
Total non-current assets		**31,606,984**	29,138,372
CURRENT ASSETS			
Available-for-sale financial assets	*21*	**8,207,894**	5,037,387
Tax recoverable		**11,419**	4,032
Inventories	*22*	**94,468**	79,462
Receivables under service concession arrangements	*20(b)*	**8,821**	–
Receivables, prepayments and deposits	*23*	**642,390**	521,451
Due from a non-controlling shareholder of a subsidiary	*26*	**41,478**	–
Cash and cash equivalents	*24*	**7,001,911**	6,531,736
Total current assets		**16,008,381**	12,174,068
CURRENT LIABILITIES			
Payables and accruals	*25*	**(3,163,814)**	(2,630,526)
Tax payable		**(528,440)**	(494,427)
Due to non-controlling shareholders of subsidiaries	*26*	**(551,877)**	(276,373)
Bank and other borrowings	*27*	**(1,889,431)**	(974,547)
Total current liabilities		**(6,133,562)**	(4,375,873)
NET CURRENT ASSETS		**9,874,819**	7,798,195
TOTAL ASSETS LESS CURRENT LIABILITIES – page 51		**41,481,803**	36,936,567

	Notes	**2014** **HK$'000**	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES – page 50		**41,481,803**	36,936,567
NON-CURRENT LIABILITIES			
Bank and other borrowings	*27*	**(1,975,248)**	(1,580,635)
Other liabilities	*28*	**(1,455,797)**	(1,178,726)
Deferred tax liabilities	*29*	**(2,386,607)**	(1,995,688)
Total non-current liabilities		**(5,817,652)**	(4,755,049)
Net assets		**35,664,151**	32,181,518
EQUITY			
Equity attributable to owners of the Company			
Share capital	*30*	**5,595,013**	3,119,691
Other statutory capital reserve	*30*	**–**	2,473,222
Share capital and other statutory capital reserve		**5,595,013**	5,592,913
Other reserves	*32(a)*	**23,420,731**	20,722,109
Proposed final dividends	*12*	**1,251,000**	998,300
		30,266,744	27,313,322
Non-controlling interests		**5,397,407**	4,868,196
Total equity		**35,664,151**	32,181,518

Huang Xiaofeng
Director

Tsang Hon Nam
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

		Attributable to owners of the Company														
	Notes	Share capital HK$'000	Ordinary share premium account HK$'000	Share option reserve HK$'000 *(note 32 (a)(ii))*	Asset revaluation reserve HK$'000	Capital reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Expansion fund reserve HK$'000 *(note 32 (a)(iii))*	Exchange fluctuation reserve HK$'000	Other reserve HK$'000	Special reserve HK$'000 *(note 32 (a)(i))*	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013		3,117,103	2,462,622	11,501	14,580	1,430,009	–	1,287,460	1,429,752	93,060	101,555	13,279,909	810,447	24,037,998	4,346,251	28,384,249
Profit for the year		–	–	–	–	–	–	–	–	–	–	4,426,117	–	4,426,117	520,269	4,946,386
Other comprehensive income for the year:																
Exchange fluctuation reserve released upon disposal of subsidiaries, associates and a joint venture		–	–	–	–	–	–	–	(276,184)	–	–	–	–	(276,184)	–	(276,184)
Exchange differences on translation of foreign operations																
– Subsidiaries		–	–	–	–	–	–	–	293,621	–	–	–	–	293,621	66,984	360,605
– Associates		–	–	–	–	–	–	–	43,713	–	–	–	–	43,713	1,223	44,936
Net gains on available-for-sale financial assets		–	–	–	–	–	2,867	–	–	–	–	–	–	2,867	–	2,867
Total comprehensive income for the year		–	–	–	–	–	2,867	–	61,150	–	–	4,426,117	–	4,490,134	588,476	5,078,610
Disposal of subsidiaries, associates and a joint venture		–	–	–	–	65,945	–	(14,835)	–	–	–	(51,110)	–	–	28,325	28,325
Changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	288	–	–	–	288	(2,125)	(1,837)
Share options exercised, net of share issue expenses	*30*	2,588	10,600	(2,597)	–	–	–	–	–	–	–	–	–	10,591	–	10,591
Equity-settled share option arrangements	*31*	–	–	21,944	–	–	–	–	–	–	–	–	–	21,944	–	21,944
Share options forfeited	*31*	–	–	(513)	–	–	–	–	–	–	–	513	–	–	–	–
Transfer from retained profits		–	–	–	–	–	–	260,967	–	–	–	(260,967)	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	–	(92,731)	(92,731)
Final 2012 dividend paid		–	–	–	–	–	–	–	–	–	–	(515)	(810,447)	(810,962)	–	(810,962)
Interim 2013 dividend paid	*12*	–	–	–	–	–	–	–	–	–	–	(436,671)	–	(436,671)	–	(436,671)
Proposed final 2013 dividend	*12*	–	–	–	–	–	–	–	–	–	–	(998,300)	998,300	–	–	–
Transfer from retained profits in accordance with the Undertaking	*32(a)(i)*	–	–	–	–	–	–	–	–	–	34,514	(34,514)	–	–	–	–
Transfer to retained profits upon issue of new ordinary shares	*32(a)(i)*	–	–	–	–	–	–	–	–	–	(10,591)	10,591	–	–	–	–
At 31 December 2013		3,119,691	2,473,222#	30,335*	14,580*	1,495,954*	2,867*	1,533,592*	1,490,902*	93,348*	125,478*	15,935,053*	998,300	27,313,322	4,868,196	32,181,518

	Notes	Attributable to owners of the Company														
		Share capital HK$'000	Ordinary share premium account HK$'000	Share option reserve HK$'000 (note 32 (a)(ii))	Asset revaluation reserve HK$'000	Capital reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Expansion fund reserve HK$'000 (note 32 (a)(iii))	Exchange fluctuation reserve HK$'000	Other reserve HK$'000	Special reserve HK$'000 (note 32 (a)(i))	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		3,119,691	2,473,222#	30,335*	14,580*	1,495,954*	2,867*	1,533,592*	1,490,902*	93,348*	125,478*	15,935,053*	998,300	27,313,322	4,868,196	32,181,518
Profit for the year		–	–	–	–	–	–	–	–	–	–	4,397,130	–	4,397,130	565,650	4,962,780
Other comprehensive income for the year:																
Exchange differences on translation of foreign operations																
– Subsidiaries		–	–	–	–	–	–	–	(19,314)	–	–	–	–	(19,314)	(10,483)	(29,797)
– Associates		–	–	–	–	–	–	–	(5,087)	–	–	–	–	(5,087)	(113)	(5,200)
Net gains on available-for-sale financial assets		–	–	–	–	–	21,212	–	–	–	–	–	–	21,212	–	21,212
Fair value gains on property, plant and equipment, net of tax		–	–	–	30,378	–	–	–	–	–	–	–	–	30,378	9,522	39,900
Total comprehensive income for the year		–	–	–	30,378	–	21,212	–	(24,401)	–	–	4,397,130	–	4,424,319	564,576	4,988,895
Change in ownership interests in subsidiaries		–	–	–	–	–	–	–	–	2,679	–	–	–	2,679	(48,111)	(45,432)
Acquisitions of subsidiaries	33	–	–	–	–	–	–	–	–	–	–	–	–	–	204,944	204,944
Capital reduction of a subsidiary		–	–	–	–	–	–	–	–	–	–	–	–	–	(85,547)	(85,547)
Share options exercised, net of share issue expenses	30	633	1,467	(408)	–	–	–	–	–	–	–	–	–	1,692	–	1,692
Equity-settled share option arrangements	31	–	–	22,400	–	–	–	–	–	–	–	–	–	22,400	–	22,400
Share options forfeited/lapsed	31	–	–	(7,207)	–	–	–	–	–	–	–	7,207	–	–	–	–
Transfer from retained profits		–	–	–	–	–	–	280,446	–	–	–	(280,446)	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	–	(106,651)	(106,651)
Final 2013 dividend paid	12	–	–	–	–	–	–	–	–	–	–	(145)	(998,300)	(998,445)	–	(998,445)
Interim 2014 dividend paid	12	–	–	–	–	–	–	–	–	–	–	(499,223)	–	(499,223)	–	(499,223)
Proposed final 2014 dividend	12	–	–	–	–	–	–	–	–	–	–	(1,251,000)	1,251,000	–	–	–
Transfer from retained profits in accordance with the Undertaking	32(a)(i)	–	–	–	–	–	–	–	–	–	8,418	(8,418)	–	–	–	–
Transfer to retained profits upon issue of new ordinary shares	32(a)(i)	–	–	–	–	–	–	–	–	–	(1,692)	1,692	–	–	–	–
Transition to no-par value regime	30(iii)	2,474,689	(2,474,689)	–	–	–	–	–	–	–	–	–	–	–	–	–
At 31 December 2014		5,595,013	–#	45,120*	44,958*	1,495,954*	24,079*	1,814,038*	1,466,501*	96,027*	132,204*	18,301,850*	1,251,000	30,266,744	5,397,407	35,664,151

* *These reserve accounts comprise the consolidated other reserves of HK$23,420,731,000 (2013: HK$20,722,109,000) in the consolidated statement of financial position.*

\# *Included in other statutory capital reserve in the consolidated statement of financial position*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,100,948**	6,044,897
Adjustments for:			
Finance costs	*7*	**79,353**	60,020
Share of profit of a joint venture		**–**	(51,238)
Share of profits less losses of associates		**(311,546)**	(262,168)
Interest income	*5*	**(82,048)**	(70,318)
Interest income from available-for-sale financial assets	*5*	**(306,844)**	(205,056)
Investment income from available-for-sale financial assets	*5*	**(121,407)**	(53,032)
Depreciation	*6*	**261,143**	255,861
Recognition of prepaid land lease payments	*6*	**5,238**	4,763
Amortisation of operating concession rights	*6*	**804,467**	806,400
Changes in fair value of investment properties		**(891,826)**	(735,758)
Reversal of impairment of items of property, plant and equipment	*6*	**(85,416)**	–
Reversal of payables and accruals	*6*	**(95,741)**	–
Equity-settled share option expense	*31*	**22,400**	21,944
Loss on disposal of items of property, plant and equipment, net	*6*	**2,767**	149
Net gains on disposal of subsidiaries, associates and a joint venture		**–**	(441,518)
Gain on disposal of items of operating concession rights, net	*6*	**–**	(70,101)
Reversal of impairment on an investment in an associate	*6*	**–**	(107,898)
Operating profit before working capital changes		**5,381,488**	5,196,947
Decrease/(increase) in inventories		**11,816**	(20,749)
Increase in receivables, prepayments and deposits	*35(a)*	**(195,886)**	(143,880)
Increase in payables and accruals and other liabilities	*35(a)*	**114,383**	13,245
Balances with non-controlling shareholders of subsidiaries		**23,865**	285
Cash generated from operations		**5,335,666**	5,045,848
Interest received		**388,892**	275,374
Dividends from a joint venture		**–**	18,631
Dividends from associates		**292,164**	105,249
Hong Kong profits tax paid		**(19,780)**	(22,760)
Mainland China tax paid		**(810,308)**	(706,202)
Withholding tax paid		**(2,014)**	–
Net cash flows from operating activities – page 55		**5,184,620**	4,716,140

	Notes	2014 HK$'000	2013 HK$'000
Net cash flows from operating activities – page 54		**5,184,620**	4,716,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in available-for-sale financial assets		**(3,026,890)**	(4,482,273)
Purchases of items of property, plant and equipment	*35(a)*	**(278,864)**	(138,932)
Additions to operating concession rights	*20(a)*	**(4,445)**	(2,295)
Additions to prepaid land lease payments	*16*	**(22,502)**	–
Additions to investment properties	*35(a)*	**(530,666)**	(116,580)
Acquisitions of subsidiaries	*33*	**(282,727)**	–
Acquisitions of non-controlling interests	*35(a)*	**(1,298)**	(1,837)
Increase in an investment in an associate		**(30,892)**	–
Advance of a loan to an associate		**471**	(88,468)
Capital reduction of a subsidiary		**(85,547)**	–
Deposits for an investment and purchase of items of property, plant and equipment		**(233,364)**	(107,625)
Refund of deposits for an investment and loan receivables		**–**	2,648,603
Proceeds from disposal of subsidiaries, associates and a joint venture	*34*	**–**	1,096,634
Proceeds from disposal of items of property, plant and equipment		**84,932**	630
Proceeds from disposal of items of operating concession rights		**72**	70,386
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(38,612)**	(266,580)
Net cash flows used in investing activities		**(4,450,332)**	(1,388,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new ordinary shares	*30*	**1,692**	10,591
New bank loans		**2,091,714**	–
Repayments of bank and other loans		**(1,122,421)**	(238,000)
Interest paid		**(79,353)**	(54,846)
Loans from the ultimate holding company		**271,553**	–
Increase in an amount due to a fellow subsidiary		**16,108**	–
Increase in an amount due to a non-controlling shareholder of a subsidiary		**24,401**	–
Dividends paid to non-controlling shareholders	*35(a)*	**–**	(92,731)
Dividends paid to shareholders		**(1,497,668)**	(1,247,633)
Net cash flows used in financing activities		**(293,974)**	(1,622,619)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**440,314**	1,705,184
Cash and cash equivalents at beginning of year		**6,264,637**	4,471,752
Effect of foreign exchange rate changes, net		**(8,751)**	87,701
CASH AND CASH EQUIVALENTS AT END OF YEAR		**6,696,200**	6,264,637
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	*35(b)*		
Cash and bank balances		**5,005,534**	3,789,101
Non-pledged time deposits with original maturity of less than three months when acquired		**1,690,666**	2,475,536
Cash and cash equivalents as stated in the consolidated statement of cash flows		**6,696,200**	6,264,637

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**1,064**	1,621
Investments in subsidiaries	*18*	**9,613,333**	7,507,670
Investments in associates	*19*	**–**	–
Total non-current assets		**9,614,397**	7,509,291
CURRENT ASSETS			
Available-for-sale financial assets	*21*	**640,927**	1,172,028
Receivables, prepayments and deposits	*23*	**3,125**	4,568
Cash and cash equivalents	*24*	**608,999**	1,163,203
Total current assets		**1,253,051**	2,339,799
CURRENT LIABILITIES			
Payables and accruals	*25*	**(26,685)**	(23,311)
Bank borrowings	*27*	**(299,372)**	(619,547)
Total current liabilities		**(326,057)**	(642,858)
NET CURRENT ASSETS		**926,994**	1,696,941
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,541,391**	9,206,232
NON-CURRENT LIABILITIES			
Bank borrowings	*27*	**(1,594,779)**	–
Net assets		**8,946,612**	9,206,232
EQUITY			
Share capital	*30*	**5,595,013**	3,119,691
Other statutory capital reserve	*30*	**–**	2,473,222
Share capital and other statutory capital reserve		**5,595,013**	5,592,913
Other reserves	*32(b)*	**2,100,599**	2,615,019
Proposed final dividends	*12*	**1,251,000**	998,300
Total equity		**8,946,612**	9,206,232

Huang Xiaofeng
Director

Tsang Hon Nam
Director

1. Corporate Information

Guangdong Investment Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 28/F. and 29/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.

During the year, the Group was principally engaged in investment holding, property holding and investment, department store operations, water resources, hotel ownership, operations and management, and investment in energy projects.

GDH Limited is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Group is 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) ("Guangdong Holdings"), a company established in the mainland of the People's Republic of China (the "PRC" or "Mainland China").

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and available-for-sale financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] *Effective from 1 July 2014*

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

2.2 Changes in Accounting Policies and Disclosures (continued)

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 New and Revised HKFRSs and New Disclosure Requirements Under the Hong Kong Companies Ordinance Not Yet Adopted

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

Amendments to HKAS 1	*Disclosure Initiative*[2]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 *Effective for annual periods beginning on or after 1 July 2014*
2 *Effective for annual periods beginning on or after 1 January 2016*
3 *Effective for annual periods beginning on or after 1 January 2017*
4 *Effective for annual periods beginning on or after 1 January 2018*
5 *Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into effect as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

2.3 New and Revised HKFRSs and New Disclosure Requirements Under the Hong Kong Companies Ordinance Not Yet Adopted (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available closer to the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.3 New and Revised HKFRSs and New Disclosure Requirements Under the Hong Kong Companies Ordinance Not Yet Adopted (continued)

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or a joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or a joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

2.4 Summary of Significant Accounting Policies (continued)

Investments in associates and a joint venture (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and a joint venture are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and a joint venture are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other terms is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and available-for-sale financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than investment properties, inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less cost of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	2.30%–5%
Land and buildings	2%–5%
Plant and machinery	4%–25%
Tunnels, dams, water mains and reservoirs	3.33%
Furniture, fixtures and equipment	4%–32%
Leasehold improvements	Over the shorter of three to five years or the lease terms
Motor vehicles	6%–30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

2.4 Summary of Significant Accounting Policies (continued)

Investment properties (continued)

Properties under development for future use as investment property have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under development are capitalised as part of the carrying amounts of the investment properties under development. Investment properties under development are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under development and their carrying amounts is recognised in the statement of profit or loss in the period in which they arise.

If the fair value of an investment property under development is at present not reliably determinable but is expected to be reliably determinable when construction is complete, such investment property under development is stated at cost until either its fair value becomes reliably determinable or development is completed, whichever is earlier.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases, net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment or intangible assets.

Service concession arrangements

A service concession arrangement refers to a contractual service arrangement granted by a government authority in Mainland China (the "Grantor") to allow the Group to operate an infrastructure to provide service to the public. Such arrangement involves the Group to develop, finance, operate, and maintain the public-service infrastructure for a specified period of time for a service fee. At the end of the service period, the Group is obliged to hand over the infrastructure to the Grantor in a specified condition for little or no incremental consideration.

Such service concession arrangement is governed by a contract between the Group and the relevant Grantor which sets out, inter alia, performance standards, mechanism for service fee adjustment, specific obligations of the Group for the maintenance of the infrastructure and arrangement for arbitrating disputes.

A service concession arrangement is recognised as a financial asset – *Receivable under a service concession arrangement* when (a) the Group has an unconditional right to receive cash or another financial asset from or at the direction of the Grantor for the construction service rendered and/or the consideration paid and payable by the Group for the right to charge users of the public service; and (b) the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the Grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. Receivable under a service concession arrangement is accounted for as loans and receivables under the accounting policy for "Investments and other financial assets".

A service concession arrangement is recognised as an intangible asset – *Operating concession rights* when the Group receives a right to charge users of the public service, which is not an unconditional right to receive cash because the amounts are contingent to the extent that the public uses the service. An operating concession right is accounted for in accordance with the accounting policy for "Intangible assets (other than goodwill)".

If the Group is paid partly by a financial asset and partly by an intangible asset, in which case, each component of the consideration is accounted for separately and the consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

2.4 Summary of Significant Accounting Policies (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Amortisation of operating concession rights is provided on the straight-line basis to write off their costs over the concession periods of the respective service concession arrangements other than the toll road. Amortisation of the toll road is provided to write off their costs on a unit-of-usage basis where the amortisation is provided based on the share of traffic volume in a particular period over the projected total traffic volume throughout the periods for which the Group is granted to operate those service concession arrangements.

It is the Group's policy to review regularly the projected total traffic volume throughout the concession periods of the respective service concession arrangements of toll road. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change in the projected total traffic volume.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in revenue or other income, as appropriate, in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are financial assets with fixed and determinable payments that are designated as available for sale.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale financial asset revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale financial asset revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial assets are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in the statement of profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increase in the fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as other income in the statement of profit or loss. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include payables and accruals, other liabilities, amounts due to non-controlling shareholders of subsidiaries and bank and other borrowings.

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labour, and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Deferred revenue

Deferred revenue consists of prepaid rental fee received from a tenant and coupon liabilities recognised for credit awards granted to customers in accordance with the credit award programme.

Revenue from prepaid rental fee is recognised as rental income on a time proportion basis over the lease term.

Coupon liabilities are recognised based on the fair value of credit awards granted to customers in accordance with the credit award programme and the Group's past experience on the level of redemption of credit awards and are recorded in payables and accruals. The revenue of the Group is deducted when the credit awards are recognised.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) commissions from concessionaire sales, upon the sale of goods by the department stores;

(c) rental income, on a time proportion basis over the lease terms;

(d) from the sale of water:

  (i) with respect to the sale of water to the Hong Kong Special Administrative Region (''HKSAR''), based on a fixed amount for a target volume of water supplied; and

  (ii) with respect to the sale of water in the PRC, based on the volume of water supplied;

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

(e) from sewage treatment and related services, in the period in which such services are rendered;

(f) from construction services, based on the accounting policy for "Construction contracts";

(g) from the sale of electricity, based on the consumption recorded by meter readings;

(h) from hotel services, in the period in which such services are rendered;

(i) toll revenue, net of business tax, when received;

(j) interest and investment income from available-for-sale financial assets, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial assets; and

(k) dividend income, when the shareholders' right to receive payments has been established.

Construction contracts

Construction contracts refer to services rendered in construction of the infrastructure under service concession arrangements. Where a financial asset is recognised under a service concession arrangement, the amount received and receivable for the construction service is measured initially at fair value. It is subsequently measured at amortised cost, i.e. the amount initially recognised plus the cumulative interest on the amount minus repayments. Where an intangible asset is recognised under a service concession arrangement, the construction value of the related asset is classified as a right to receive a licence to charge users of the infrastructure. The Group measures the fair value of the consideration received and receivable at a rate consistent with the prevailing market rate that is applicable to similar construction service rendered in a similar location at the date of entering into the related agreement, and is recognised by reference to the stage of completion of the construction.

Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 Summary of Significant Accounting Policies (continued)

Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its eligible employees. Contributions are made based on a percentage of the employees' basic salaries/relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer mandatory contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are proportionately refunded to the Group upon the employee's termination of services in accordance with the vesting scales of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes (the "CP Schemes") operated by the respective local municipal governments. These subsidiaries are required to contribute certain percentages of their payroll costs to the CP Schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the CP Schemes.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries, a joint venture and associates operating in Mainland China are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, cash flows of subsidiaries operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(iv) Classification between intangible asset or financial asset and property, plant and equipment under service concession arrangements

The Group makes judgement in determining whether a service concession arrangement is classified as an intangible asset or financial asset in accordance with HK(IFRIC)-Int 12, or as property, plant and equipment in accordance with HKAS 16. For service concession arrangement where (a) the Grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and (b) the Grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement, no property, plant and equipment is recognised.

The Group further determines whether a financial asset exists to the extent that (a) it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the Grantor; and (b) the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group will otherwise recognise an intangible asset if the above conditions are not fulfilled.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Estimation of fair values of investment properties and recoverable amounts of construction in progress

The best evidence of fair value is current prices in an active market for similar lease terms and other contracts. In the absence of such information, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices; and

(c) discounted cash flow projections, based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

The carrying amounts of investment properties and construction in progress as at 31 December 2014 were HK$12,113,823,000 (2013: HK$10,531,668,000) and HK$555,242,000 (2013: HK$147,632,000), respectively.

(ii) Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed, at each financial year end date based on changes in circumstances. The carrying amount of property, plant and equipment, excluding construction in progress, as at 31 December 2014 was HK$3,094,308,000 (2013: HK$2,938,000,000).

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2014 amounted to HK$361,863,000 (2013: HK$320,476,000) in aggregate. Further details of impairment test of goodwill is set out in note 17 to the financial statements.

(iv) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. The non-financial assets are tested for impairment annually and at other times when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

(v) Impairment of receivables

The policy for provision for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of receivables as at 31 December 2014 was HK$1,091,955,000 (2013: HK$601,875,000).

(vi) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets relating to recognised tax losses as at 31 December 2014 was HK$197,000 (2013: HK$3,349,000).

(vii) Deferred tax liabilities of withholding taxes

Deferred tax liabilities are recognised in respect of the unremitted earnings of the PRC subsidiaries, associates and a joint venture generated subsequent to 1 January 2008, except to the extent that the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, which is based upon the estimated timing of dividend distribution. The carrying amount of deferred tax liabilities in respect of withholding tax as at 31 December 2014 was HK$615,923,000 (2013: HK$486,418,000).

(viii) Fair value of available-for-sale financial assets

The available-for-sale financial assets have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty. The carrying amount of available-for-sale financial investments as at 31 December 2014 was HK$8,207,894,000 (2013: HK$5,037,387,000).

(ix) Percentage of completion of construction contracts

The Group recognises revenue from construction contracts in relation to the service concession arrangements according to the percentage of completion of the respective contracts. The Group's management estimates the percentage of completion of the construction based on the actual cost incurred over the total budgeted cost, where corresponding contract revenue is also estimated by management. Because of the nature of the activity undertaken, the date at which the activity is entered into and the date when the activity is completed may fall into different accounting periods, the Group reviews and revises the estimates of both the contract revenue and the contract costs in the budget prepared for each construction contract as the contract progresses.

(x) Fair value of operating concession rights and receivables under service concession arrangements

The Group recognises consideration received or receivable as a financial asset or an intangible asset at the fair value of the service concession arrangements.

The estimation of the consideration of a service concession arrangement as a financial asset or an intangible asset, where applicable, requires the Group to make an estimate of a number of factors, which include, inter alia, fair value of the construction services provided, if applicable, expected level of services to be provided by the Group over the service concession period, guaranteed receipts and unguaranteed receipts, and an appropriate discount rate in order to calculate the present value of these cash flows. These estimates are determined by the Group's management based on its experience and assessment on current and future market conditions. The carrying amounts of operating concession rights and receivable under service concession arrangements as at 31 December 2014 were HK$12,858,007,000 (2013: HK$13,320,172,000) and HK$472,213,000 (2013: Nil), respectively.

4. 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 roads and bridges segment invests in various road and bridge projects; and

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

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

Segment assets exclude investments in associates, 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.

4. Operating Segment Information (continued)

(a) Operating segments

Group

	Property investment and development		Department stores		Water resources	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment revenue:						
Sales to external customers	**1,160,459**	1,092,673	**783,707**	771,857	**5,302,117**	4,934,479
Intersegment sales	**110,622**	105,917	**–**	–	**–**	–
Other revenue from external sources *(note)*	**7,635**	8,569	**51,098**	44,333	**6,363**	1,241
Other revenue from intersegment transactions *(note)*	**–**	–	**–**	–	**–**	–
Exchange differences, net	**(4,984)**	2,612	**47**	–	**8,015**	45,857
Total	**1,273,732**	1,209,771	**834,852**	816,190	**5,316,495**	4,981,577
Segment results	**1,733,270**	1,540,326	**247,502**	252,088	**3,017,974**	2,860,524
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of:						
A joint venture	**–**	–	**–**	–	**–**	–
Associates	**–**	–	**12,087**	(26,588)	**(20,455)**	(29,843)
Net gains on disposal of subsidiaries, associates and a joint venture						
Profit before tax						
Income tax expense						
Profit for the year						

Note: Excluding exchange differences, net

4. Operating Segment Information (continued)

(a) Operating segments (continued)

Group

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment revenue:						
Sales to external customers	**478,816**	497,891	**701,186**	678,753	**–**	14,362
Intersegment sales	**–**	–	**–**	–	**–**	–
Other revenue from external sources *(note)*	**11,232**	11,288	**1,568**	1,311	**–**	3,755
Other revenue from intersegment transactions *(note)*	**–**	–	**–**	–	**–**	–
Exchange differences, net	**(956)**	5,131	**(1,413)**	10,453	**–**	127
Total	**489,092**	514,310	**701,341**	690,517	**–**	18,244
Segment results	**326,358**	302,147	**119,176**	134,185	**–**	(4,200)
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of:						
A joint venture	**–**	–	**–**	–	**–**	51,238
Associates	**319,914**	315,723	**–**	–	**–**	2,876
Net gains on disposal of subsidiaries, associates and a joint venture						
Profit before tax						
Income tax expense						
Profit for the year						

Note: Excluding exchange differences, net

4. Operating Segment Information (continued)

(a) Operating segments (continued)

Group

	Others		Eliminations		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment revenue:						
Sales to external customers	**–**	–	**–**	–	**8,426,285**	7,990,015
Intersegment sales	**–**	–	**(110,622)**	(105,917)	**–**	–
Other revenue from external sources *(note)*	**3,013**	1,483	**–**	–	**80,909**	71,980
Other revenue from intersegment transactions *(note)*	**9,039**	5,829	**(9,039)**	(5,829)	**–**	–
Exchange differences, net	**4,786**	31,589	**–**	–	**5,495**	95,769
Total	**16,838**	38,901	**(119,661)**	(111,746)	**8,512,689**	8,157,764
Segment results	**(85,824)**	(63,483)	**–**	–	**5,358,456**	5,021,587
Interest income					**82,048**	70,318
Interest income from available-for-sale financial assets					**306,844**	205,056
Investment income from available-for-sale financial assets					**121,407**	53,032
Finance costs					**(79,353)**	(60,020)
Share of profits less losses of:						
A joint venture	**–**	–	**–**	–	**–**	51,238
Associates	**–**	–	**–**	–	**311,546**	262,168
Net gains on disposal of subsidiaries, associates and a joint venture					**–**	441,518
Profit before tax					**6,100,948**	6,044,897
Income tax expense					**(1,138,168)**	(1,098,511)
Profit for the year					**4,962,780**	4,946,386

Note: Excluding exchange differences, net

4. Operating Segment Information (continued)

(a) Operating segments (continued)

Group

	Property investment and development		Department stores		Water resources	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment assets	**12,616,060**	11,103,897	**128,556**	126,692	**14,819,020**	14,148,083
Investments in associates	**–**	–	**164,802**	153,187	**90,362**	168,617
Unallocated assets						
Total assets						
Segment liabilities	**981,289**	663,323	**1,289,881**	1,303,830	**1,768,122**	1,422,707
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	**40,428**	45,306	**17,849**	18,196	**873,145**	868,431
Impairment losses recognised in the statement of profit or loss	**–**	–	**–**	–	**–**	–
Impairment losses reversed in the statement of profit or loss	**–**	–	**–**	(214)	**–**	(488)
Reversal of payables and accruals	**–**	–	**–**	–	**–**	–
Changes in fair value of investment properties	**(891,826)**	(735,758)	**–**	–	**–**	–
Other non-cash expenses/ (income), net	**–**	–	**24**	–	**(99)**	(44)
Capital expenditure*	**646,554**	137,935	**17,158**	8,435	**849,053**	13,294

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

4. Operating Segment Information (continued)

(a) Operating segments (continued)

Group

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment assets	**899,143**	308,008	**2,217,533**	2,304,669	**–**	–
Investments in associates	**1,404,315**	1,381,069	**–**	–	**–**	–
Unallocated assets						
Total assets						
Segment liabilities	**593,084**	531,074	**134,973**	114,678	**–**	–
Unallocated liabilities						
Total liabilities						
Other segment information:						
Depreciation and amortisation	**7,053**	8,504	**131,450**	125,653	**–**	–
Impairment losses recognised in the statement of profit or loss	**–**	–	**386**	–	**–**	–
Impairment losses reversed in the statement of profit or loss	**(85,416)**	(107,898)	**(26)**	(6)	**–**	–
Reversal of payables and accruals	**(95,741)**	–	**–**	–	**–**	–
Changes in fair value of investment properties	**–**	–	**–**	–	**–**	–
Other non-cash expenses/ (income), net	**151**	500	**2**	(8)	**–**	–
Capital expenditure*	**377,840**	43,631	**31,650**	43,932	**–**	4

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

4. Operating Segment Information (continued)

(a) Operating segments (continued)

Group

	Others		Eliminations		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment assets	**8,451**	8,774	**–**	–	**30,688,763**	28,000,123
Investments in associates	**–**	–	**–**	–	**1,659,479**	1,702,873
Unallocated assets					**15,267,123**	11,609,444
Total assets					**47,615,365**	41,312,440
Segment liabilities	**53,071**	49,270	**–**	–	**4,820,420**	4,084,882
Unallocated liabilities					**7,130,794**	5,046,040
Total liabilities					**11,951,214**	9,130,922
Other segment information:						
Depreciation and amortisation	**923**	934	**–**	–	**1,070,848**	1,067,024
Impairment losses recognised in the statement of profit or loss	**–**	–	**–**	–	**386**	–
Impairment losses reversed in the statement of profit or loss	**–**	–	**–**	–	**(85,442)**	(108,606)
Reversal of payables and accruals	**–**	–	**–**	–	**(95,741)**	–
Changes in fair value of investment properties	**–**	–	**–**	–	**(891,826)**	(735,758)
Other non-cash expenses/ (income), net	**–**	–	**–**	–	**78**	448
Capital expenditure*	**458**	419	**–**	–	**1,922,713**	247,650

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

4. Operating Segment Information (continued)

(b) Geographical information

The following table presents the Group's geographical information regarding revenue and certain assets for the years ended 31 December 2014 and 2013.

Group

	2014 HK$'000	2013 HK$'000
Revenue from external customers		
Hong Kong	297,132	289,853
Mainland China	8,129,153	7,700,162
	8,426,285	7,990,015

The revenue information above is based on the locations in which the Group operates.

	2014 HK$'000	2013 HK$'000
Non-current assets		
Hong Kong	2,110,020	1,910,375
Mainland China	29,455,860	27,198,299
	31,565,880	29,108,674

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

(c) Information about a major customer

Revenue of approximately HK$3,959,340,000 (2013: HK$3,743,300,000) was derived from sales by the water resources segment to a single customer.

5. Revenue and Other Income

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

An analysis of net revenue and other income is as follows:

	2014 HK$'000	2013 HK$'000
Revenue		
Income from water distribution, sewage treatment and related services*	5,302,117	4,934,479
Sale of electricity	478,816	497,891
Sale of goods	69,646	66,111
Commissions from concessionaire sales	714,061	705,746
Hotel and rental income	1,861,645	1,771,426
Toll revenue	–	14,362
	8,426,285	7,990,015
Other income		
Interest income	82,048	70,318
Interest income from available-for-sale financial assets	306,844	205,056
Investment income from available-for-sale financial assets	121,407	53,032
Others	80,909	71,980
	591,208	400,386

* *Included imputed interest income under service concession arrangements of HK$16,575,000 (2013: Nil) from the sewage treatment operations.*

6. Profit Before Tax

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

	Notes	2014 HK$'000	2013 HK$'000
Cost of inventories sold*		**397,756**	379,663
Cost of services rendered*		**1,575,570**	1,480,190
Depreciation	*14*	**261,143**	255,861
Recognition of prepaid land lease payments	*16*	**5,238**	4,763
Amortisation of operating concession rights*	*20(a)*	**804,467**	806,400
Minimum lease payments under operating leases in respect of land and buildings		**98,927**	90,458
Contingent rents under operating leases		**44,654**	40,651
Auditors' remuneration		**9,422**	8,530
Employee benefit expenses (excluding directors' remuneration – *note 8*):			
Wages and salaries		**723,851**	664,672
Equity-settled share option expense		**22,400**	21,944
Pension scheme contributions		**83,950**	78,051
Less: Forfeited contributions		**(10)**	(4)
Net pension scheme contributions#		**83,940**	78,047
		830,191	764,663
Gross rental income from investment properties		**(993,645)**	(941,287)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**120,587**	113,122
Net rental income from investment properties		**(873,058)**	(828,165)
Exchange differences, net		**(5,495)**	(95,769)
Reversal of impairment of items of property, plant and equipment^	*14*	**(85,416)**	–
Reversal of payables and accruals**		**(95,741)**	–
Reversal of impairment on an investment in an associate^	*19*	**–**	(107,898)
Loss on disposal of items of property, plant and equipment, net^		**2,767**	149
Gain on disposal of items of operating concession rights, net^		**–**	(70,101)

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

** *Amounts of HK$36,884,000 and HK$58,857,000 are included in "Other operating income, net" and "Administrative expenses", respectively, on the face of the consolidated statement of profit or loss.*

\# *As at 31 December 2014 and 2013, the Group had no material forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years.*

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

7. Finance Costs

An analysis of finance costs is as follows:

	Group	
	2014 **HK$'000**	2013 HK$'000
Interest on bank and other borrowings wholly repayable within five years	**62,811**	60,020
Interest on loans from the ultimate holding company *(note 39(a)(vi))*	**16,542**	–
Finance costs for the year	**79,353**	60,020

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014 **HK$'000**	2013 HK$'000
Fees:		
Executive directors	**–**	–
Independent non-executive directors	**3,619**	3,178
Non-executive directors	**–**	–
	3,619	3,178
Other emoluments:		
Salaries, allowances and benefits in kind	**2,408**	2,293
Performance related bonuses	**2,288**	2,982
Equity-settled share option expense	**6,544**	11,236
Pension scheme contributions	**466**	380
Less: Forfeited contributions	**–**	–
Net pension scheme contributions	**466**	380
Total directors' remuneration	**15,325**	20,069

8. Directors' Remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 HK$'000	2013 HK$'000
CHAN Cho Chak, John	749	658
LI Kwok Po, David	770	672
FUNG Daniel Richard	700	616
CHENG Mo Chi, Moses	700	616
WU Ting Yuk, Anthony	700	616
	3,619	3,178

For the year ended 31 December 2013, a reversal of equity-settled share option expense of approximately HK$132,000 was recognised to an independent non-executive director, Dr. CHENG Mo Chi, Moses.

(b) Executive directors and other non-executive directors

	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Net pension scheme contributions HK$'000	Total remuneration HK$'000
2014						
Executive directors:						
HUANG Xiaofeng	–	–	–	(514)	–	(514)
WEN Yinheng	–	725	1,698	862	406	3,691
TSANG Hon Nam	–	1,683	590	173	60	2,506
	–	2,408	2,288	521	466	5,683
Non-executive directors:						
HUANG Zhenhai	–	–	–	1,431	–	1,431
WU Jianguo	–	–	–	1,401	–	1,401
ZHANG Hui	–	–	–	271	–	271
ZHAO Chunxiao	–	–	–	1,401	–	1,401
LI Wai Keung	–	–	–	925	–	925
XU Wenfang (resigned on 31 January 2015)	–	–	–	594	–	594
	–	2,408	2,288	6,544	466	11,706

8. Directors' Remuneration (continued)

(b) Executive directors and other non-executive directors (continued)

	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense, net (note) HK$'000	Net pension scheme contributions HK$'000	Total remuneration HK$'000
2013						
Executive directors:						
HUANG Xiaofeng	–	–	–	1,685	–	1,685
WEN Yinheng	–	673	1,651	816	320	3,460
TSANG Hon Nam	–	1,620	670	769	60	3,119
	–	2,293	2,321	3,270	380	8,264
Non-executive directors:						
HUANG Zhenhai	–	–	–	1,354	–	1,354
WU Jianguo	–	–	–	1,326	–	1,326
ZHANG Hui[#]	–	–	661	1,377	–	2,038
ZHAO Chunxiao	–	–	–	1,326	–	1,326
LI Wai Keung	–	–	–	1,351	–	1,351
XU Wenfang	–	–	–	1,364	–	1,364
	–	2,293	2,982	11,368	380	17,023

[#] *Mr. ZHANG Hui was re-designated as a non-executive director on 15 November 2012. Of his total remuneration in 2013, approximately HK$661,000 represented performance related bonus for his service before appointment as a non-executive director.*

Note: *The amounts for the years ended 31 December 2014 and 2013 included reversals of equity-settled share option expenses as a result of forfeiture of share options granted.*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2013: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the other three (2013: three) highest paid employees who are not directors of the Company are as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	**4,430**	4,160
Performance related bonuses	**2,889**	3,909
Equity-settled share option expense	**900**	2,060
Pension scheme contributions	**384**	209
	8,603	10,338

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
HK$2,500,001 – HK$3,000,000	**2**	–
HK$3,000,001 – HK$3,500,000	**1**	1
HK$3,500,001 – HK$4,000,000	**–**	2
	3	3

10. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2014 HK$'000	2013 HK$'000
Group:		
Current – Hong Kong		
Charge for the year	**22,345**	21,202
Overprovision in prior years	**(50)**	(138)
Current – Mainland China		
Charge for the year	**816,787**	814,468
Underprovision in prior years	**2,787**	5,090
Deferred tax *(note 29)*	**296,299**	257,889
Total tax charge for the year	**1,138,168**	1,098,511

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2014					
	Hong Kong		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax	**427,454**		**5,673,494**		**6,100,948**	
Tax at the statutory tax rates	**70,530**	**16.5**	**1,418,374**	**25.0**	**1,488,904**	**24.4**
Lower tax rates for specific provinces or enacted by local authority	**–**	**–**	**(50)**	**–**	**(50)**	**–**
Adjustments in respect of current tax of previous periods	**(50)**	**–**	**2,787**	**–**	**2,737**	**–**
Profits attributable to associates	**–**	**–**	**(77,887)**	**(1.4)**	**(77,887)**	**(1.3)**
Income not subject to tax	**(65,929)**	**(15.4)**	**(301,865)**	**(5.3)**	**(367,794)**	**(6.0)**
Expenses not deductible for tax	**22,224**	**5.2**	**19,415**	**0.3**	**41,639**	**0.7**
Effect of withholding tax at 5% on the distributable profits on the Group's PRC subsidiaries	**–**	**–**	**130,095**	**2.3**	**130,095**	**2.1**
Tax losses utilised from previous periods	**–**	**–**	**(8,126)**	**(0.1)**	**(8,126)**	**(0.1)**
Tax losses not recognised	**951**	**0.2**	**10,585**	**0.2**	**11,536**	**0.2**
Others	**(512)**	**(0.1)**	**(82,374)**	**(1.4)**	**(82,886)**	**(1.4)**
Tax charge at the Group's effective rates	**27,214**	**6.4**	**1,110,954**	**19.6**	**1,138,168**	**18.6**

10. Income Tax Expense (continued)

	2013					
	Hong Kong HK$'000	%	Mainland China HK$'000	%	Total HK$'000	%
Profit before tax	382,564		5,662,333		6,044,897	
Tax at the statutory tax rates	63,123	16.5	1,415,583	25.0	1,478,706	24.5
Lower tax rates for specific provinces or enacted by local authority	–	–	(61,505)	(1.1)	(61,505)	(1.0)
Adjustments in respect of current tax of previous periods	(138)	–	5,090	0.1	4,952	0.1
Profits attributable to a joint venture and associates	–	–	(78,351)	(1.4)	(78,351)	(1.3)
Income not subject to tax	(52,500)	(13.7)	(355,546)	(6.3)	(408,046)	(6.8)
Expenses not deductible for tax	12,836	3.4	20,580	0.4	33,416	0.6
Effect of withholding tax at 5% on the distributable profits on the Group's PRC subsidiaries	–	–	144,037	2.5	144,037	2.4
Tax losses utilised from previous periods	–	–	(18,385)	(0.3)	(18,385)	(0.3)
Tax losses not recognised	170	–	1,200	–	1,370	–
Others	4,075	1.0	(1,758)	–	2,317	–
Tax charge at the Group's effective rates	27,566	7.2	1,070,945	18.9	1,098,511	18.2

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 December 2014 includes a profit of HK$1,116,749,000 (2013: HK$1,922,434,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. Dividends

	Note	**2014 HK$'000**	2013 HK$'000
Interim – 8.0 HK cents (2013: 7.0 HK cents) per ordinary share	*32(b)*	**499,223**	436,671
Proposed final – 20.0 HK cents (2013: 16.0 HK cents) per ordinary share	*32(b)*	**1,251,000**	998,300
		1,750,223	1,434,971

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

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

13. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

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

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

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

	2014 HK$'000	2013 HK$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	**4,397,130**	4,426,117

	Number of shares	
	2014	2013
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,240,223,667**	6,237,296,890
Effect of dilution – weighted average number of ordinary shares that assumed to have been issued:		
Share options	**14,957,958**	18,471,522
For the purpose of the diluted earnings per share calculation	**6,255,181,625**	6,255,768,412

14. Property, Plant and Equipment

Group – 2014

	Hotel properties HK$'000	Land and buildings HK$'000	Tunnels, dams, water mains and reservoirs HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2014:									
Cost	2,868,656	1,290,514	–	1,765,098	417,759	248,890	30,486	147,632	6,769,035
Accumulated depreciation and impairment	(838,148)	(874,832)	–	(1,439,931)	(314,021)	(193,340)	(23,131)	–	(3,683,403)
Net carrying amount	2,030,508	415,682	–	325,167	103,738	55,550	7,355	147,632	3,085,632
At 1 January 2014, net of accumulated depreciation and impairment	2,030,508	415,682	–	325,167	103,738	55,550	7,355	147,632	3,085,632
Additions	753	–	–	5,968	23,179	29,950	2,584	368,951	431,385
Acquisitions of subsidiaries *(note 33)*	–	173,262	178,009	27,165	1,955	–	2,490	45,088	427,969
Disposals and write-offs	(312)	(56,048)	–	(30,014)	(657)	(28)	(640)	–	(87,699)
Reversal of impairment *(note 6)*	–	55,260	–	29,638	–	–	518	–	85,416
Depreciation provided during the year *(note 6)*	(78,429)	(35,729)	–	(73,671)	(44,595)	(25,140)	(3,579)	–	(261,143)
Transfer	–	391	–	3,676	2,477	223	398	(7,165)	–
Surplus on revaluation	–	53,200	–	–	–	–	–	–	53,200
Transfer to investment properties *(note 15)*	–	(80,039)	–	–	–	–	–	–	(80,039)
Exchange realignment	(8,906)	2,087	–	1,423	(570)	78	(19)	736	(5,171)
At 31 December 2014, net of accumulated depreciation and impairment	1,943,614	528,066	178,009	289,352	85,527	60,633	9,107	555,242	3,649,550
At 31 December 2014:									
Cost	2,856,998	1,025,064	197,450	1,300,773	420,229	269,028	27,707	555,242	6,652,491
Accumulated depreciation and impairment	(913,384)	(496,998)	(19,441)	(1,011,421)	(334,702)	(208,395)	(18,600)	–	(3,002,941)
Net carrying amount	1,943,614	528,066	178,009	289,352	85,527	60,633	9,107	555,242	3,649,550

14. Property, Plant and Equipment (continued)

Group – 2013

	Hotel properties HK$'000	Land and buildings HK$'000	Tunnels, dams, water mains and reservoirs HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2013:									
Cost	2,828,076	1,184,842	–	1,727,441	409,903	205,713	30,316	95,635	6,481,926
Accumulated depreciation and impairment	(751,108)	(805,015)	–	(1,357,176)	(278,551)	(169,486)	(20,474)	–	(3,381,810)
Net carrying amount	2,076,968	379,827	–	370,265	131,352	36,227	9,842	95,635	3,100,116
At 1 January 2013, net of accumulated depreciation and impairment	2,076,968	379,827	–	370,265	131,352	36,227	9,842	95,635	3,100,116
Additions	791	–	–	4,856	10,374	38,985	492	69,345	124,843
Disposals and write-offs	(131)	(270)	–	(76)	(221)	(2)	(17)	(62)	(779)
Depreciation provided during the year *(note 6)*	(77,387)	(41,844)	–	(69,919)	(42,184)	(21,333)	(3,194)	–	(255,861)
Transfer	–	–	–	19,823	456	663	–	(20,942)	–
Transfer from investment properties *(note 15)*	–	66,911	–	–	–	–	–	–	66,911
Exchange realignment	30,267	11,058	–	218	3,961	1,010	232	3,656	50,402
At 31 December 2013, net of accumulated depreciation and impairment	2,030,508	415,682	–	325,167	103,738	55,550	7,355	147,632	3,085,632
At 31 December 2013:									
Cost	2,868,656	1,290,514	–	1,765,098	417,759	248,890	30,486	147,632	6,769,035
Accumulated depreciation and impairment	(838,148)	(874,832)	–	(1,439,931)	(314,021)	(193,340)	(23,131)	–	(3,683,403)
Net carrying amount	2,030,508	415,682	–	325,167	103,738	55,550	7,355	147,632	3,085,632

During the year ended 31 December 2014, a reversal of impairment of items of property, plant and equipment of HK$85,416,000 (2013: Nil) was made with reference to the estimated recoverable amount of these assets. At 31 December 2014, certain property, plant and equipment of with a net carrying amount of HK$4,190,000 (2013: Nil) were pledged to secure certain bank loans granted to the Group (note 27).

14. Property, Plant and Equipment (continued)

Group

As at 31 December 2014, certain buildings with a carrying value of HK$43,321,000 have not been issued with property ownership certificates. The Group is in the process of obtaining the certificates.

The net carrying amounts of the Group's hotel properties and land and buildings at the end of the reporting period are analysed as follows:

	Hotel properties	
	2014 HK$'000	2013 HK$'000
Long term leases in Hong Kong	**561,576**	570,047
Medium term leases in Hong Kong	**249,589**	262,314
Medium term leases in Mainland China	**1,132,449**	1,198,147
	1,943,614	2,030,508

	Land and buildings	
	2014 HK$'000	2013 HK$'000
Long term leases in Hong Kong	**19,311**	19,344
Medium term leases in Hong Kong	**9,110**	9,381
Medium term leases in Mainland China	**499,645**	386,957
	528,066	415,682

Company – 2014

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2014, net of accumulated depreciation	**567**	**91**	**963**	**1,621**
Additions	**130**	**224**	**–**	**354**
Disposal	**–**	**(20)**	**–**	**(20)**
Depreciation provided during the year	**(335)**	**(77)**	**(479)**	**(891)**
At 31 December 2014, net of accumulated depreciation	**362**	**218**	**484**	**1,064**
At 31 December 2014:				
Cost	**2,836**	**1,032**	**2,620**	**6,488**
Accumulated depreciation	**(2,474)**	**(814)**	**(2,136)**	**(5,424)**
Net carrying amount	**362**	**218**	**484**	**1,064**

14. Property, Plant and Equipment (continued)

Company – 2013

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2013, net of accumulated depreciation	481	140	1,529	2,150
Additions	378	17	–	395
Depreciation provided during the year	(292)	(66)	(566)	(924)
At 31 December 2013, net of accumulated depreciation	567	91	963	1,621
At 31 December 2013:				
Cost	4,437	8,674	2,620	15,731
Accumulated depreciation	(3,870)	(8,583)	(1,657)	(14,110)
Net carrying amount	567	91	963	1,621

15. Investment Properties

Group

	Completed HK$'000	**Under development HK$'000**	**Total HK$'000**
Carrying amount at 1 January 2013	6,175,619	3,283,911	9,459,530
Additions	–	120,512	120,512
Net gains from fair value adjustments	723,129	12,629	735,758
Transfer to property, plant and equipment, net *(note 14)*	(66,911)	–	(66,911)
Exchange realignment	177,861	104,918	282,779
Carrying amount at 31 December 2013 and 1 January 2014	**7,009,698**	**3,521,970**	**10,531,668**
Additions	**–**	**637,137**	**637,137**
Net gains from fair value adjustments	**785,252**	**106,574**	**891,826**
Transfer from property, plant and equipment, net *(note 14)*	**80,039**	**–**	**80,039**
Exchange realignment	**(17,767)**	**(9,080)**	**(26,847)**
Carrying amount at 31 December 2014	**7,857,222**	**4,256,601**	**12,113,823**

15. Investment Properties (continued)

	2014 HK$'000	2013 HK$'000
Analysis of cost or valuation:		
At cost	–	1,456,404
At valuation	12,113,823	9,075,264
	12,113,823	10,531,668

The Group's investment properties are held under the following lease terms:

	2014 HK$'000	2013 HK$'000
Long term leases in Hong Kong	1,239,220	1,022,680
Medium term leases in Mainland China	10,874,603	9,508,988
	12,113,823	10,531,668

On an annual basis, the Group engages external, independent and professionally qualified valuers to determine the fair value of the Group's investment properties. As at 31 December 2014, the fair values have been determined by Vigers Appraisal & Consulting Limited, at an aggregate amount of HK$12,113,823,000 on an open market, existing use basis.

The Group's property manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed.

Certain investment properties are leased to third parties, Guangdong Holdings, GDH Limited and certain fellow subsidiaries under operating leases, further summary details of which are included in notes 37, 39(a) and 40(b) to the financial statements.

As at 31 December 2013, included in the above investment properties was a land parcel located in Tianjin under development into a shopping mall (the "Tianjin Project") with land and development costs of HK$1,456,404,000. This investment property was carried at cost less any accumulated impairment losses as the directors were of the opinion that its fair value could not be reliably determined due to the fact that the development project was still at its initial stage during the year ended 31 December 2013.

As at 31 December 2014, the Tianjin Project was revalued on an open market, existing use basis, by the independent and professionally qualified valuers as the development project had reached a stage that its fair value could be reliably determined. This gave rise to a revaluation gain of HK$88,002,000 and a related deferred tax charge of HK$22,000,000, which were both recognised in the consolidated statement of profit or loss for the year.

Further particulars of the Group's investment properties are included on page 149.

15. Investment Properties (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	7,857,222	7,857,222
Investment properties under development	–	–	4,256,601	4,256,601
	–	–	12,113,823	12,113,823

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	7,009,698	7,009,698
Investment property under development	–	–	2,065,566	2,065,566
	–	–	9,075,264	9,075,264

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000	Investment properties under development HK$'000
Carrying amount at 1 January 2013	6,175,619	1,952,314
Additions	–	38,695
Net gains from fair value adjustments	723,129	12,629
Transfer to property, plant and equipment, net	(66,911)	–
Exchange realignment	177,861	61,928
Carrying amount at 31 December 2013 and at 1 January 2014	7,009,698	2,065,566
Change from cost model to fair value model	–	1,456,404
Additions	–	637,137
Net gains from fair value adjustments	785,252	106,574
Transfer from property, plant and equipment, net	80,039	–
Exchange realignment	(17,767)	(9,080)
Carrying amount at 31 December 2014	7,857,222	4,256,601

15. Investment Properties (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range 2014	Range 2013
Commercial properties located in Hong Kong:				
Office	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.ft. and per month)	**HK$19 to HK$33**	HK$19 to HK$32
		Market rent (per sq.ft. and per month)	**HK$29 to HK$31**	HK$26 to HK$28
		Term yield	**4%**	4.5%
		Market yield	**4.5%**	5%
Retail	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.ft. and per month)	**HK$97**	HK$97
		Market rent (per sq.ft. and per month)	**HK$100**	HK$100
		Term yield	**6%**	6%
		Market yield	**6.75%**	6.75%
Commercial properties located in Mainland China:				
Office	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.m. and per month)	**HK$76 to HK$123**	HK$64 to HK$123
		Market rent (per sq.m. and per month)	**HK$76 to HK$123**	HK$64 to HK$121
		Term yield	**7%**	7%
		Market yield	**8%**	8%
Retail	Income approach, more specifically, a term and reversion approach	Passing rent (per sq.m. and per month)	**HK$71 to HK$466**	HK$66 to HK$434
		Market rent (per sq.m. and per month)	**HK$76 to HK$478**	HK$70 to HK$445
		Term yield	**5.5%**	5.5%
		Market yield	**6%**	6%
Office	Market approach	Market price (per sq.m.)	**HK$26,000 to HK$33,000**	HK$26,000 to HK$30,000
Retail	Market approach	Market price (per sq.m.)	**HK$60,000 to HK$114,000**	HK$46,000 to HK$108,000

15. Investment Properties (continued)

Fair value hierarchy (continued)

	Valuation techniques	Significant unobservable inputs	Range 2014	Range 2013
Investment properties under development:				
Office	Income approach, more specifically, a residual approach	Gross development value (per sq.m.)	**HK$21,000**	HK$21,000
		Estimated construction cost (per sq.m.)	**HK$6,400**	HK$6,400
		Developer's profit	**25%**	25%
Retail	Income approach, more specifically, a residual approach	Gross development value (per sq.m.)	**HK23,000 to HK$83,000**	HK$31,000 to HK$33,000
		Estimated construction cost (per sq.m.)	**HK8,300 to HK$11,300**	HK$8,300 to HK$8,900
		Developer's profit	**25%**	25%

The term and reversion approach

Under the term and reversion approach, fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income.

The market rentals of the investment properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rents are assessed by reference to the rentals achieved in the investment properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is made by reference to the yields derived from analysing the leasing and sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties.

The key inputs were the market rent and the market yield, which a significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the market yield in isolation would result in a significant decrease/increase in the fair value of the investment properties.

The market approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which included the location, size, shape, view, floor level, year of completion and others factors collectively, to arrive at the market price per square metre.

The key input was the market price per square metre, which a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

15. Investment Properties (continued)

The residual approach

Under the residual approach, fair value is estimated on the basis of the gross development value of the investment property by reference to its development potential deducting various costs, such as construction cost, contingency cost, finance cost and professional fees that will be expended to complete the development as well as the developer's profit to reflect the risks associated with the development of the investment property and the quality of the completed development.

The gross development value is arrived at by making reference to the sales transactions or asking price evidences of comparable properties as available in the market with adjustments made to account for any differences and where appropriate.

The key inputs were the gross development value, estimated construction cost and developer's profit, which a significant increase/decrease in the development value in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the estimated construction cost and the developer's profit in isolation would result in a significant decrease/increase in the fair value of the investment properties.

16. Prepaid Land Lease Payments

The Group's interests in leasehold land are analysed as follows:

	Group	
	2014 **HK$'000**	2013 HK$'000
Carrying amount at 1 January	**94,558**	96,772
Additions	**22,502**	–
Acquisitions of subsidiaries *(note 33)*	**61,492**	–
Amortisation recognised during the year *(note 6)*	**(5,238)**	(4,763)
Exchange realignment	**(207)**	2,549
Carrying amount at 31 December	**173,107**	94,558

The leasehold land is situated in Mainland China and is held under medium term leases.

As at 31 December 2014, certain leasehold lands with a carrying value of HK$61,492,000 have not been issued with land use right certificates. The Group is in the process of obtaining the certificates.

17. Goodwill

	Group	
	2014 **HK$'000**	2013 HK$'000
Cost and net carrying amount at 1 January	**266,146**	266,146
Acquisitions of subsidiaries *(note 33)*	**41,298**	–
Exchange realignment	**89**	–
Cost and net carrying amount at 31 December	**307,533**	266,146

17. Goodwill (continued)

Impairment testing of goodwill

The carrying amounts of goodwill acquired through business combination have been allocated to the relevant cash generating units of the corresponding business operations for impairment testing, which are summarised as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Water distribution operations	**276,289**	266,146
Sewage treatment operations	**31,244**	–
	307,533	266,146

Water distribution operations

The recoverable amount of each of the water distribution cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 16 to 29 years. The discount rates applied to the cash flow projections range from 7% to 10% (2013: 7%).

The cash flow projections have been prepared based on the actual results of the respective water distribution cash-generating units for the year ended 31 December 2014. Cash flows for each of the water distribution cash-generating units depend principally on the pricing and volume of water distributed. No growth in the revenue from the water distribution to the HKSAR is extrapolated (no growth in the revenue was considered solely for the purposes of the impairment test to arrive at a conservative projection of cash flows and does not reflect the forecast long-term industry growth or our expectation of the business performance). Revenue for other projects is projected at growth rates of 4% to 7% per annum over the projection periods. Operating expenses are expected to increase by 3% to 10% per annum (2013: 3% to 10% per annum) during the projection periods.

Sewage treatment operations

The recoverable amount of each of the sewage treatment cash-generating units has been determined based on a value in use calculation using cash flow projections approved by the Company's directors covering the remaining concession periods of 17 to 29 years. The discount rate applied to the cash flow projections is 10%. The cash flow projections have been prepared based on the actual results of the respective sewage treatment cash-generating units for the year ended 31 December 2014. Cash flows for each of the sewage treatment cash-generating units depend principally on the pricing and volume of the waste water treated. Revenue is projected with growth rates of 2% to 6% per annum over the projection periods. Operating expenses are expected to increase by 3% to 10% per annum during the projection periods.

Based on the results of the impairment testing of goodwill, in the opinion of the directors, no impairment provision is considered necessary for the Group's goodwill as at 31 December 2014 (2013: Nil).

18. Investments in Subsidiaries

	Company	
	2014 **HK$'000**	2013 HK$'000
Unlisted investments, at cost	**5,616,495**	5,704,947
Due from subsidiaries	**5,849,972**	3,721,403
Due to subsidiaries	**(510,102)**	(478,255)
	10,956,365	8,948,095
Less: Impairments#	**(1,343,032)**	(1,440,425)
	9,613,333	7,507,670

Impairments as at 31 December 2014 included impairment provisions of HK$584,779,000 (2013: HK$674,663,000) and HK$758,253,000 (2013: HK$765,762,000) for investments in subsidiaries and amounts due from subsidiaries, respectively.

At the end of each reporting period, the Company assesses the prospects and financial position of its subsidiaries, on an individual basis, as to whether there is any indication of impairment of its investments in subsidiaries or any impairment loss recognised for subsidiaries in prior years that may no longer exist or may need to be adjusted accordingly.

Movements in the provision for impairment of amounts due from subsidiaries are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January	**765,762**	867,277
Impairment loss recognised	**1,450**	44,709
Impairment loss reversed	**(8,959)**	(146,224)
At 31 December	**758,253**	765,762

The amounts due from/(to) subsidiaries are unsecured, non-interest-bearing and have no specific terms of repayment.

18. Investments in Subsidiaries (continued)

Particulars of the principal subsidiaries are as follows:

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Global Head Developments Limited ("Global Head")	British Virgin Islands/ Hong Kong	US$1	100%	–	Property investment
Fill Success Investments Limited	Hong Kong	HK$2 ordinary HK$2 non-voting deferred	–	100%	Hotel ownership
GH Water Supply (Holdings) Limited ("GH Water Holdings")(7)*	Cayman Islands/ Hong Kong	HK$1,000,000 ordinary HK$100 Class A special shares	96%	–	Investment holding
廣東天河城(集團)股份有限公司 (Guangdong Teem (Holdings) Limited) ("GD Teem")(1)(7)*	Mainland China	RMB840,000,000	11.51%	64.62%	Property investment and investment holding
Guangdong Hotel Limited	Hong Kong	HK$2 ordinary HK$5,000,000 non-voting deferred	–	100%	Hotel ownership and operations
Guangdong (International) Hotel Management Holdings Limited	Hong Kong	HK$10,000,000	100%	–	Hotel management
Guangdong Nan Fang (Holdings) Co. Ltd*	British Virgin Islands/ Mainland China	US$10,000	100%	–	Property investment
Guangdong Power (International) Limited ("GPIL")(9)	British Virgin Islands/ Hong Kong	US$8,690,750	51%	–	Investment holding
Guangdong Properties Holdings Limited	Hong Kong	HK$2	100%	–	Investment holding
廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.)(4)(7)*	Mainland China	RMB50,000,000	–	85.20%	Department store operations
Guangdong Yue Gang Water Supply Company Limited ("WaterCo")(2)(6)*	Mainland China	HK$6,116,000,000	–	95.04%	Water distribution operations
Sen International Ventures Corporation (Hong Kong) Limited	Hong Kong	HK$2	–	100%	Hotel operations
深圳粵海酒店企業有限公司 (Shenzhen Guangdong Hotel Enterprise Ltd.)(2)*	Mainland China	HK$40,000,000	99%	–	Hotel ownership and operations

18. Investments in Subsidiaries (continued)

Particulars of the principal subsidiaries are as follows: (continued)

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
珠海粵海酒店 (Guangdong Hotel (Zhu Hai))(3)*	Mainland China	US$10,000,000	–	100%	Hotel ownership and operations
Yue Sheng Finance Limited	Hong Kong	HK$2	100%	–	Finance
中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.) ("ZS Thermal Power")(2)(7)*	Mainland China	RMB1,114,688,900	–	71.25%	Power plant operations
廣州市天河城萬博百貨有限公司(4)(7)*	Mainland China	RMB1,000,000	–	85.20%	Department store operations
廣東粵海投資財務管理有限公司(3)*	Mainland China	RMB10,000,000	100%	–	Finance
廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited) ("Wanye")(4)(5)(7)*	Mainland China	RMB230,000,000	–	31.06%	Property investment and development
海南儋州自來水有限公司 (Hainan Danzhou Tap Water Company Limited)(3)(8)	Mainland China	HK$30,000,000	–	70%	Water distribution operations
五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.)(3)(8)	Mainland China	RMB30,000,000	–	100%	Sewage treatment operations
開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.) ("Kaiping Water Co")(4)(8) (formerly known as 開平正元水務有限公司)	Mainland China	RMB17,500,000	–	54.29%	Sewage treatment operations
東莞市常平金勝水務有限公司 (Dongguan Changping Jinsheng Water Co., Ltd.) ("Jinsheng Water Co")(3)(8)	Mainland China	RMB35,000,000	–	100%	Sewage treatment operations
東莞市道滘鴻發污水處理有限公司 (Dongguan Daojiao Hongfa Sewage Treatment Co., Ltd.) ("Daojiao Water Co")(3)(8)	Mainland China	RMB11,000,000	–	100%	Sewage treatment operations
梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.) ("Meizhou Water Group")(2)(8)	Mainland China	RMB200,000,000	–	70%	Water distribution and sewage treatment operations

18. Investments in Subsidiaries (continued)

Notes:

(1) *Sino-foreign equity joint venture.*

(2) *Sino-foreign co-operative joint ventures.*

(3) *Wholly-foreign-owned enterprises.*

(4) *Limited companies established in Mainland China.*

(5) *As at 31 December 2014, the Group contributed RMB156,400,000 and RMB739,600,000 to Wanye as paid-up capital and capital reserve, respectively. RMB896,000,000 will be contributed to Wanye as capital reserve within three years by instalments.*

Wanye is a subsidiary of a non-wholly owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

(6) *Pursuant to WaterCo's articles of association, Guangdong Holdings, which directly holds a 1% equity interest in WaterCo, is not entitled to receive any distributed profits of WaterCo for the first fifteen years of operation (the "Period"). 100% of the distributed profits of WaterCo for the Period shall be made to GH Water Holdings, its holding company holding a 99% equity interest. Starting from the sixteenth year of WaterCo's operation, 1.01% of the distributed profits of WaterCo for the Period plus simple interest at a rate of 8% per annum on the unpaid amount of the distributed profits shall be made to Guangdong Holdings (collectively referred to as the "Deferred Dividend"). Once Guangdong Holdings has received the Deferred Dividend in full, all of WaterCo's distributable profits will be distributed to GH Water Holdings and Guangdong Holdings according to their respective equity interests in WaterCo for the remaining operating period.*

(7) *During the year ended 31 December 2014, the Group acquired additional interests in ZS Thermal Power and GD Teem from the respective non-controlling shareholders. During the year ended 31 December 2013, the Group acquired additional interests in GH Water Holdings from non-controlling shareholders.*

(8) *These subsidiaries were acquired by the Group during the year ended 31 December 2014, further details of which are set out in note 33 to these financial statements.*

(9) *During the year ended 31 December 2014, GPIL carried out capital reductions where capital of US$31,286,250 was reduced to US$8,690,750 by returning a total capital of US$22,595,500 to the shareholders of GPIL.*

* *Subsidiaries whose statutory financial statements were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

GD Teem is considered a subsidiary that has material non-controlling interests. The percentage of equity interest held by GD Teem's non-controlling interests as at 31 December 2014 was 23.87% (2013: 23.91%). Details of non-controlling interests of GD Teem are set out below:

	2014 HK$'000	2013 HK$'000
Profit for the year allocated to GD Teem's non-controlling interests	**301,451**	242,366
Accumulated balances of GD Teem's non-controlling interests at the reporting dates	**4,289,907**	3,994,994

18. Investments in Subsidiaries (continued)

The following tables illustrate the summarised financial information of GD Teem. The amounts disclosed are before any intercompany eliminations:

	2014 HK$'000	2013 HK$'000
Revenue	**2,102,492**	2,019,076
Changes in fair value of investment properties	**625,994**	398,820
Total expenses	**(1,325,339)**	(1,280,207)
Profit for the year	**1,403,147**	1,137,689
Total comprehensive income for the year	**1,410,204**	1,492,603
Current assets	**5,967,663**	5,077,129
Non-current assets	**11,902,585**	10,697,045
Current liabilities	**(2,087,600)**	(1,798,501)
Non-current liabilities	**(2,060,315)**	(1,628,167)
Net cash flows from operating activities	**1,149,985**	967,937
Net cash flows used in investing activities	**(1,267,338)**	(1,029,195)
Net cash flows from financing activities	**227,097**	34,528
Effect of foreign exchange rate changes, net	**(1,159)**	16,143
Net increase/(decrease) in cash and cash equivalents	**108,585**	(10,587)

19. Investments in Associates

		Group		Company	
	Notes	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Unlisted investments, at cost		**–**	–	**115,062**	115,062
Share of net assets		**1,751,895**	1,706,821	**–**	–
Goodwill on acquisition		**54,330**	54,330	**–**	–
Loan to an associate	*23/39(d)*	**87,696**	88,468	**–**	–
		1,893,921	1,849,619	**115,062**	115,062
Less: Impairment		**(146,746)**	(146,746)	**(115,062)**	(115,062)
Less: Included in receivables, prepayments and deposits	*23*	**(87,696)**	–	**–**	–
Non-current portion		**1,659,479**	1,702,873	**–**	–

19. Investments in Associates (continued)

The movements in the provision for impairment of investments in associates are as follows:

	Group	
	2014 HK$'000	2013 HK$'000
At 1 January	**146,746**	322,079
Impairment loss reversed *(note 6)*	**–**	(107,898)
Impairment loss written off	**–**	(67,435)
At 31 December	**146,746**	146,746

In prior years, full impairment of HK$146,746,000 was made as the carrying amount of the investment in an associate which was engaged in the power supply operation exceeded its recoverable amount and management considered that the whole amount was not recoverable.

During the year ended 31 December 2013, 廣東省韶關粵江發電有限責任公司 ("Yue Jiang"), an 11.48% associate of the Group, was disposed of (note 34). As a result, a portion of impairment of HK$107,898,000, which was made in prior years, was reversed as such amount was recovered through the disposal. The remaining impairment amount of HK$67,435,000 was written off.

Particulars of the Group's associates are as follows:

Company	Issued ordinary/ registered share capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to		Principal activities
			Company	Group	
廣東永旺天河城商業有限公司 (Guangdong Aeon Teem Co., Ltd.)*	RMB146,070,000	Mainland China	–	26.65%	Department store operation
Guangdong Power Investment Limited*	US$30,068,220	British Virgin Islands/ Hong Kong	49%	49%	Investment holding
廣東粵電靖海發電有限公司 (Guangdong Yudean Jinghai Power Generation Co., Ltd. ("Yudean Jinghai"))*	RMB2,919,272,000	Mainland China	–	25%	Power plant operation
廣州南沙粵海水務有限公司 (Guangzhou Nansha GDH Water Co., Ltd.) ("Nansha Water Co.")*[(1)]	RMB296,027,377	Mainland China	–	49%	Water distribution

Note:

(1) *During the year ended 31 December 2014, the paid-up capital of Nansha Water Co. was increased by RMB50,000,000. The Group contributed RMB24,500,000 to Nansha Water Co. as paid-up capital, which is in proportion to the Group's equity sharing ratio.*

* *Associates whose statutory financial statements were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

19. Investments in Associates (continued)

Yudean Jinghai, which is considered a material associate of the Group, engages in the power supply operation and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Yudean Jinghai, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Current assets	1,979,559	2,663,465
Non-current assets, excluding goodwill	13,523,802	14,734,124
Goodwill on acquisition of the associate	17,570	17,570
Current liabilities	(2,667,671)	(6,138,537)
Non-current liabilities	(7,288,714)	(5,805,056)
Net assets	5,564,546	5,471,566
Net assets, excluding goodwill	5,546,976	5,453,996
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	25%	25%
Group's share of net assets of the associate, excluding goodwill	1,386,744	1,363,499
Goodwill on acquisition	17,570	17,570
Carrying amount of the investment	1,404,314	1,381,069
Dividend received	292,164	91,141
Revenues	7,635,263	8,280,555
Profit for the year	1,279,654	1,262,892
Other comprehensive income/(loss) for the year	(18,017)	152,243
Total comprehensive income for the year	1,261,637	1,415,135

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014 HK$'000	2013 HK$'000
Share of the associates' loss for the year	(8,368)	(53,555)
Share of the associates' other comprehensive income/(loss)	(696)	6,875
Share of the associates' total comprehensive loss	(9,064)	(46,680)
Aggregate carrying amount of the Group's investments in the associates	255,165	321,804

20. Service Concession Arrangements

(a) Operating concession rights

	Water distribution operations HK$'000	Power supply operation HK$'000	Toll road operation HK$'000	Total HK$'000
Group – 2014				
At 1 January 2014:				
Cost	**23,557,692**	**246,181**	**–**	**23,803,873**
Accumulated amortisation and impairment	**(10,237,520)**	**(246,181)**	**–**	**(10,483,701)**
Net carrying amount	**13,320,172**	**–**	**–**	**13,320,172**
At 1 January 2014, net of accumulated amortisation and impairment	**13,320,172**	**–**	**–**	**13,320,172**
Additions	**4,445**	**–**	**–**	**4,445**
Acquisitions of subsidiaries *(note 33)*	**337,783**	**–**	**–**	**337,783**
Disposals and write-offs	**(72)**	**–**	**–**	**(72)**
Amortisation during the year *(note 6)*	**(804,467)**	**–**	**–**	**(804,467)**
Exchange realignment	**146**	**–**	**–**	**146**
At 31 December 2014, net of accumulated amortisation and impairment	**12,858,007**	**–**	**–**	**12,858,007**
At 31 December 2014:				
Cost	**23,898,154**	**245,349**	**–**	**24,143,503**
Accumulated amortisation and impairment	**(11,040,147)**	**(245,349)**	**–**	**(11,285,496)**
Net carrying amount	**12,858,007**	**–**	**–**	**12,858,007**

	Water distribution operations HK$'000	Power supply operation HK$'000	Toll road operation HK$'000	Total HK$'000
Group – 2013				
At 1 January 2013:				
Cost	23,556,135	239,053	347,537	24,142,725
Accumulated amortisation and impairment	(9,436,853)	(233,851)	(347,537)	(10,018,241)
Net carrying amount	14,119,282	5,202	–	14,124,484
At 1 January 2013, net of accumulated amortisation and impairment	14,119,282	5,202	–	14,124,484
Additions	2,295	–	–	2,295
Disposals and write-offs	(260)	(25)	–	(285)
Amortisation during the year *(note 6)*	(801,145)	(5,255)	–	(806,400)
Exchange realignment	–	78	–	78
At 31 December 2013, net of accumulated amortisation and impairment	13,320,172	–	–	13,320,172
At 31 December 2013:				
Cost	23,557,692	246,181	–	23,803,873
Accumulated amortisation and impairment	(10,237,520)	(246,181)	–	(10,483,701)
Net carrying amount	13,320,172	–	–	13,320,172

20. Service Concession Arrangements (continued)

(a) Operating concession rights (continued)

The operating concession rights of the Group's water distribution operations mainly arise from the operating concession of WaterCo, the subsidiary of GH Water Holdings, with details as follows:

Prior to the acquisition by the Group of an 81% interest in GH Water Holdings in 2000, WaterCo acquired the operating right from Guangdong Holdings to operate the water distribution business, which supplies natural water to the HKSAR, Shenzhen and Dongguan, for a period of 30 years commencing from 18 August 2000. The operating right also grants WaterCo a right and licence to take up to 2.423 billion cubic metres of natural water annually from the Dongjiang River at Qiaotou Township in Dongguan, the exclusive right to supply natural water to the HKSAR and the non-exclusive right to supply natural water to Shenzhen and Dongguan for a period of 30 years commencing from 18 August 2000 or such longer period as extended in accordance with the terms stipulated in a service concession agreement dated 18 August 2000 entered into between the Guangdong Provincial Government (the "GPG") and WaterCo (the "Concession Agreement"). Upon dissolution of WaterCo after the expiration of the operating period, WaterCo is required, at its cost and expense and without compensation, to return all of the assets related to the operating right to the GPG.

At 31 December 2014, the Group held certain temporary land use right certificates for the existing water distribution operations issued by the Shenzhen and Dongguan Land Authorities in 2000. The procedures for the conversion from the temporary land use right certificates to the formal land use right certificates were in progress as at 31 December 2014. For the land related to the Phase IV Renovation Project on the water distribution operation facilities, the application for land use right certificates has been submitted and these land use right certificates were not yet issued by the relevant offices of the Land Authorities in the PRC as at 31 December 2014. Notwithstanding the above, the directors are of the opinion that the Group has obtained the beneficial titles to these land parcels as at 31 December 2014 and the land use right certificates can be received.

(b) Receivables under service concession arrangements

	Group	
	2014	2013
	HK$'000	HK$'000
Receivables under service concession arrangements wholly attributable to sewage treatment operations	**472,213**	–
Portion classified as current assets	**(8,821)**	–
Non-current portion	**463,392**	–

Receivables under service concession arrangements were neither past due nor impaired. Such receivables were due mainly from the Grantors 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.

At 31 December 2014, certain concession rights for water distribution and sewage treatment operations, comprising operating concession rights and receivables under service concession arrangements with net carrying amounts of HK$43,472,000 (2013: Nil) and HK$53,687,000 (2013: Nil), respectively, were pledged to secure certain bank loans granted to the Group (note 27).

21. Available-for-Sale Financial Assets

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Unlisted equity investment, at cost	72,134	72,134	–	–
Less: Impairment#	(72,134)	(72,134)	–	–
Net carrying value	–	–	–	–
Unlisted wealth management products, at fair value	8,207,894	5,037,387	640,927	1,172,028
Total available-for-sale financial assets	8,207,894	5,037,387	640,927	1,172,028

There was no change in the impairment account during the current and prior years.

The above investments were designated as available-for-sale financial assets.

22. Inventories

	Group	
	2014 HK$'000	2013 HK$'000
Raw materials	71,837	61,197
Finished goods	22,631	18,265
	94,468	79,462

23. Receivables, Prepayments and Deposits

		Group		Company	
	Notes	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Trade receivables, net of impairment	*(i)*	334,760	348,703	–	–
Other receivables, prepayments and deposits		555,237	275,935	2,819	4,568
Due from the immediate holding company	*39(d)*	247	–	–	–
Due from the ultimate holding company	*39(d)*	1,662	1,024	–	–
Due from fellow subsidiaries	*39(d)*	3,777	3,414	306	–
Loan to an associate	*19/39(d)*	87,696	88,468	–	–
		983,379	717,544	3,125	4,568
Less: Portion classified as non-current assets		(340,989)	(107,625)	–	–
Less: Included in investments in associates	*19*	–	(88,468)	–	–
Current portion		642,390	521,451	3,125	4,568

23. Receivables, Prepayments and Deposits (continued)

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.

Note (i)

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 8% (2013: 16%) of the total trade receivables was due from one customer. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within 3 months	**264,063**	273,339
3 months to 6 months	**3,439**	172
6 months to 1 year	**6,761**	172
More than 1 year	**71,257**	85,394
	345,520	359,077
Less: Impairment	**(10,760)**	(10,374)
	334,760	348,703

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**10,374**	10,535
Impairment losses recognised/(reversed)	**386**	(161)
At 31 December	**10,760**	10,374

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$10,760,000 (2013: HK$10,374,000) with the same carrying amount before provision as at the end of the reporting period. The individually impaired trade receivables relate to customers that were in default payments and the full amount of the receivables is not expected to be recoverable.

23. Receivables, Prepayments and Deposits (continued)

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

	Group	
	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**221,565**	231,086
Less than 3 months past due	**42,197**	42,235
3 months to 6 months past due	**3,322**	172
6 months to 1 year past due	**6,761**	164
More than 1 year past due	**60,915**	75,046
	334,760	348,703

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.

24. Cash and Cash Equivalents

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash and bank balances *(notes (a) and (b))*	**5,005,534**	3,789,101	**52,240**	51,660
Time deposits *(note (b))*	**1,996,377**	2,742,635	**556,759**	1,111,543
Cash and cash equivalents *(notes (c) and 35(b))*	**7,001,911**	6,531,736	**608,999**	1,163,203

Notes:

(a) Pursuant to an agreement entered into between a subsidiary of the Company and other parties, the subsidiary is required to retain certain cash and bank balances for the payment of interest, repayment of debts and distribution to shareholders of that subsidiary. As at 31 December 2014, cash and bank balances retained for such purposes amounted to HK$4,383,000 (2013: HK$906,000).

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(c) At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$6,624,310,000 (2013: HK$5,056,804,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. Payables and Accruals

	Notes	Group 2014 HK$'000	Group 2013 HK$'000	Company 2014 HK$'000	Company 2013 HK$'000
Trade payables		636,441	575,336	–	–
Accruals, other payables and other liabilities		3,386,845	3,144,661	25,056	20,182
Deferred income		184,511	18,407	–	–
Due to the immediate holding company	39(d)	25,808	2,870	1,629	78
Due to the ultimate holding company	39(d)	10,098	5,663	–	3,051
Due to fellow subsidiaries	39(d)	42,478	1,264	–	–
Loans from the ultimate holding company	39(d)	333,430	61,051	–	–
		4,619,611	3,809,252	26,685	23,311
Less: Portion classified as non-current liabilities	28	(1,455,797)	(1,178,726)	–	–
Current portion		3,163,814	2,630,526	26,685	23,311

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

	Group 2014 HK$'000	Group 2013 HK$'000
Within 3 months	635,979	574,751
3 months to 6 months	184	168
6 months to 1 year	278	417
	636,441	575,336

The Group's and the Company's payables and accruals are non-interest-bearing and are normally settled on 60-day terms.

26. Balances With Non-Controlling Shareholders of Subsidiaries

The balances with non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and have no specific terms of repayment or repayable with one year.

The carrying amounts of the balances with non-controlling shareholders of subsidiaries approximate their fair values.

27. Bank and Other Borrowings

Group

	2014			2013		
	Effective interest rate	Maturity	HK$'000	Effective interest rate	Maturity	HK$'000
Current						
Bank loans – unsecured	1.11% – 2.25%	2015	1,597,570	2.26% – 2.88%	2014	814,547
Bank loans – secured	0.97% – 7.83%	2015	172,740	0.98%	2014	160,000
Other loans – unsecured	2.33% – 18%	2015	31,690	–	–	–
Other loans – unsecured	–	2015	87,431	–	–	–
			1,889,431			974,547
Non-current						
Bank loans – unsecured	1.82% – 1.89%	2017	1,594,779	2.26%	2015	1,100,635
Bank loans – secured	0.97% – 0.98%	2016-2017	320,000	0.98%	2015-2017	480,000
Other loans – unsecured	6.55%	2019-2021	60,469	–	–	–
			1,975,248			1,580,635
Total bank and other borrowings			3,864,679			2,555,182

Company

	2014			2013		
	Effective interest rate	Maturity	HK$'000	Effective interest rate	Maturity	HK$'000
Current						
Bank loan – unsecured	1.11% – 1.14%	2015	299,372	2.88%	2014	619,547
Non-current						
Bank loan – unsecured	1.82% – 1.89%	2017	1,594,779	–	–	–
			1,894,151			619,547

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Analysed into:				
Bank loans repayable:				
Within one year/on demand	1,770,310	974,547	299,372	619,547
In the second year	160,000	1,260,635	–	–
In the third to fifth years, inclusive	1,754,779	320,000	1,594,779	–
	3,685,089	2,555,182	1,894,151	619,547
Other loans repayable:				
Within one year/on demand	119,121	–	–	–
Over five years	60,469	–	–	–
	179,590	–	–	–
Total bank and other borrowings	3,864,679	2,555,182	1,894,151	619,547
Less: Portion classified as current liabilities	(1,889,431)	(974,547)	(299,372)	(619,547)
Non-current portion	1,975,248	1,580,635	1,594,779	–

27. Bank and Other Borrowings (continued)

At 31 December 2014, certain of the Group's bank loans are secured by the property, plant and equipment (note 14) and concession rights for the water distribution and sewage treatment operations (note 20).

Pursuant to a facility agreement entered into by the Group and certain banks in prior years (the "Refinancing Agreement"), the Group obtained credit facility of HK$2,000 million (the "Refinancing Facility"). The Refinancing Facility was guaranteed by WaterCo on a subordinated basis and was secured by the pledge of the revenue of water distribution of WaterCo. The outstanding balance under the Refinancing Facility at 31 December 2014 was HK$480 million (2013: HK$640 million) which was denominated in HK$ and bore interest at 3-month or 6-month Hong Kong Interbank Offered Rate ("HIBOR") plus 0.6% (2013: 3-month or 6-month HIBOR plus 0.6%) per annum.

In addition, a bank loan of the Group of HK$2.5 million at 31 December 2014 was secured by the pledge of the revenue of sewage treatment operation of the Group.

The Group's unsecured other loans at 31 December 2014 were HK$180 million (2013: Nil) which bore interest at rates ranging from 2.33% to 18% per annum except for the government loans of HK$148 million which are interest-free as stipulated in relevant loan agreements.

As at 31 December 2014, all bank and other borrowings were denominated in Hong Kong dollars except for bank and other loans of HK$192 million which was denominated in RMB. As at 31 December 2013, all bank and other loans were denominated in Hong Kong dollars except for a bank loan of HK$620 million which was denominated in USD and was fully repaid during the current year.

28. Other Liabilities

		Group	
	Notes	**2014** **HK$'000**	2013 HK$'000
Receipt in advance	*(i)*	**827,400**	945,600
Deferred income		**142,634**	–
Deposits		**152,333**	172,075
Loans from the ultimate holding company	*39(d)(iv)*	**333,430**	61,051
	25	**1,455,797**	1,178,726

Note:

(i) *At 31 December 2014, the balance represented a non-interest-bearing receipt in advance of HK$945,600,000 (2013: HK$1,063,800,000), in which HK$827,400,000 (2013: HK$945,600,000) was grouped in non-current liabilities. In prior years, the Government of the HKSAR granted a loan facility with a principal amount of HK$2,364 million (the "Loan Facility") to the GPG for the purpose of the Phase IV Renovation Project. Pursuant to the Concession Agreement, 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.*

29. Deferred Tax

The movements in deferred tax liabilities and assets during the year were as follows:

Deferred tax liabilities

Group

	2014							
	Fair value adjustments arising from acquisitions of subsidiaries HK$'000	Temporary differences related to service concession arrangements HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of property plant and equipment HK$'000	Withholding tax levied on dividend HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	–	–	492,319	987,110	5,712	486,418	24,129	1,995,688
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(note 10)*	–	–	14,261	156,884	–	130,095	(626)	300,614
Deferred tax transferred to revaluation reserve	–	–	–	–	13,300	–	–	13,300
Acquisitions of subsidiaries *(note 33)*	72,918	8,947	–	–	–	–	–	81,865
Exchange differences	25	34	(1,536)	(2,740)	31	(590)	(84)	(4,860)
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2014	72,943	8,981	505,044	1,141,254	19,043	615,923	23,419	2,386,607

Deferred tax assets

Group

	2014						
	Fair value adjustments arising from acquisitions of subsidiaries HK$'000	Depreciation expense in excess of related depreciation allowance HK$'000	Losses available for offsetting against future taxable profits HK$'000	Customer loyalty programme HK$'000	Provisions and accruals HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	–	(1,130)	(3,349)	(4,602)	(20,327)	(290)	(29,698)
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(note 10)*	–	(1,028)	3,152	(1,873)	(4,981)	415	(4,315)
Acquisitions of subsidiaries *(note 33)*	(1,705)	(4,325)	–	–	(761)	(360)	(7,151)
Exchange differences	(8)	4	–	17	(5)	52	60
Gross deferred tax assets recognised in the consolidated statement of financial position at 31 December 2014	(1,713)	(6,479)	(197)	(6,458)	(26,074)	(183)	(41,104)

29. Deferred Tax (Continued)

Deferred tax liabilities

Group

	2013							
	Fair value adjustments arising from acquisitions of subsidiaries HK$'000	Temporary differences related to service concession arrangements HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of property, plant and equipment HK$'000	Withholding tax levied on dividend HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013	–	–	463,833	858,468	5,539	320,567	24,006	1,672,413
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(note 10)*	–	–	14,514	100,178	–	144,037	(618)	258,111
Exchange differences	–	–	13,972	28,464	173	21,814	741	65,164
Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2013	–	–	492,319	987,110	5,712	486,418	24,129	1,995,688

Deferred tax assets

Group

	2013						
	Fair value adjustments arising from acquisitions of subsidiaries HK$'000	Depreciation expense in excess of related depreciation allowance HK$'000	Losses available for offsetting against future taxable profits HK$'000	Customer loyalty programme HK$'000	Provisions and accruals HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013	–	(1,096)	(7,904)	(5,654)	(12,720)	(1,373)	(28,747)
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year *(note 10)*	–	–	4,555	1,286	(7,095)	1,032	(222)
Exchange differences	–	(34)	–	(234)	(512)	51	(729)
Gross deferred tax assets recognised n the consolidated statement of financial position at 31 December 2013	–	(1,130)	(3,349)	(4,602)	(20,327)	(290)	(29,698)

29. Deferred Tax (Continued)

The Group has unrecognised tax losses arising in Hong Kong of approximately HK$45,902,000 (2013: HK$60,598,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has unrecognised tax losses arising in Mainland China of HK$80,918,000 (2013: HK$126,810,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered that it is not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised by the Group.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014, except for withholding tax provided for under deferred tax liabilities, the aggregate amount of temporary differences associated with unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$102,828,000 (2013: HK$87,733,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. Share Capital

Shares

	2014 **HK$'000**	2013 HK$'000
Authorised: *(note (i))*		
Nil (2013: 8,000,000,000 ordinary shares of HK$0.5 each) *(note (ii))*	**–**	4,000,000
Issued and fully paid:		
6,240,282,571 (2013: 6,239,382,571) ordinary shares	**5,595,013**	3,119,691

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which became effective on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

30. Share Capital (Continued)

A summary of movements of the Company's shares capital is as follows:

	Notes	Number of ordinary shares in issue	Share capital HK$'000	Ordinary share premium account HK$'000	Total HK$'000
At 1 January 2013		6,234,205,071	3,117,103	2,462,622	5,579,725
Share options exercised	*(i)*	5,177,500	2,588	8,003	10,591
Release of share option reserve	*(i)*	–	–	2,597	2,597
At 31 December 2013 and 1 January 2014		**6,239,382,571**	**3,119,691**	**2,473,222**	**5,592,913**
Share options exercised	*(ii)*	**800,000**	**400**	**1,104**	**1,504**
Release of share option reserve	*(ii)*	**–**	**–**	**363**	**363**
Transition to no-par value regime on 3 March 2014	*(iii)*	**–**	**2,474,689**	**(2,474,689)**	**–**
Share options exercised	*(iv)*	**100,000**	**188**	**–**	**188**
Release of share option reserve	*(iv)*	**–**	**45**	**–**	**45**
At 31 December 2014		**6,240,282,571**	**5,595,013**	**–**	**5,595,013**

Notes:

(i) *During the year ended 31 December 2013, 4,979,000 share options were exercised at a subscription price of HK$1.88 per ordinary share and 198,500 share options were exercised at a subscription price of HK$6.20 per ordinary share, resulting in the issue of 5,177,500 ordinary shares for a total consideration of HK$10,591,000. A release of share option reserve of HK$2,597,000 was credited to ordinary share premium account.*

(ii) *During the period from 1 January 2014 to 2 March 2014, 800,000 share options were exercised at a subscription price of HK$1.88 per ordinary share, resulting in the issue of 800,000 ordinary shares. The subscription consideration amounted to HK$1,504,000 of which HK$400,000 and HK$1,104,000 were credited to share capital and ordinary share premium account, respectively. A release of share option reserve of HK$363,000 was credited to ordinary share premium account.*

(iii) *In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the ordinary share premium account has become part of the Company's share capital.*

(iv) *During the period from 3 March 2014 to 31 December 2014, 100,000 share options were exercised at a subscription price of HK$1.88 per ordinary share, resulting in the issue of 100,000 ordinary shares. The subscription consideration of HK$188,000 was credited to share capital. A release of share option reserve of HK$45,000 was credited to share capital.*

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

31. 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 to selected employees, officers and directors to contribute to the Group and to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to such employees, officers and directors or to serve such other purposes as the board of directors of the Company may approve from time to time. Eligible participants of the 2008 Scheme include the employees, officers or directors of a member of the Group ("Eligible Person"). The 2008 Scheme unless otherwise terminated or amended, will remain in force for 10 years from 24 October 2008.

The total number of ordinary shares which may be issued upon exercise of all share options to be granted under the 2008 Scheme (excluding any which have lapsed) and any other schemes of the Company must not, in aggregate, exceed 10% of the ordinary shares of the Company in issue as at the date of the adoption of the 2008 Scheme.

The total number of ordinary shares issued and to be issued upon exercise of the share options granted and to be granted under the 2008 Scheme to each eligible participant (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant of share options must not exceed 1% of the ordinary shares in issue at such date. Any further grant of share options under the 2008 Scheme in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted to a director or chief executive of the Company, or any of their respective associates, under the 2008 Scheme must be approved by the independent non-executive directors of the Company. In addition, for any share options granted to an independent non-executive director of the Company, or any of their respective associates, which would result in the ordinary shares issued and to be issued upon exercise of all share options already granted or to be granted under the 2008 Scheme (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the ordinary shares in issue; and (ii) having an aggregate value (based on the closing price of the ordinary shares at the date of grant) in excess of HK$5,000,000, such grant of options by the board of directors must be approved by shareholders in a general meeting.

An offer of grant of a share option under the 2008 Scheme may be accepted by the grantee within the period of the time stipulated by the board of directors of the Company, but not exceeding 14 days inclusive of, and from the date of such offer. All share options under the 2008 Scheme will be unvested share options upon grant which will, subject to a grantee continuing to be an Eligible Person, vest with the grantee in accordance with the vesting schedules specified in their respective offer of grant. Subject to the rules of the 2008 Scheme and the relevant offer of the grant of a share option, a vested share option may be exercised in accordance with the terms of the rules of the 2008 Scheme at any time during the period to be determined and notified by the directors of the Company to each grantee, which period may commence on the date which is 2 years from the date of grant of the share option but shall end in any event not later than 10 years from the aforesaid date of grant. The exercise of any share option under the 2008 Scheme may be subject to the achievement of performance targets which may be determined by the board of directors of the Company at its absolute discretion on a case by case basis upon the grant of the relevant share option and stated in the offer of grant of such share option.

The exercise price of the share options under the 2008 Scheme is determinable by the board of directors of the Company and shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the share options; (ii) the average closing price of the Company's ordinary shares based on the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the share options; and (iii) the nominal value of the ordinary shares.

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any share option that has not been exercised.

31. Share Option Scheme (Continued)

900,000 share options granted under the 2008 Scheme were exercised during the year (2013: 5,177,500) which resulted in the issue of 900,000 (2013: 5,177,500) ordinary shares, issued capital of approximately HK$633,000 (2013: HK$2,588,000) and ordinary shares premium amount (prior to the effective date of New Hong Kong Companies Ordinance) of HK$1,467,000 (2013: HK$10,600,000) after the release of share option reserve net of issue expenses, as detailed in note 30 to the financial statements.

At 31 December 2014, the Company had 37,447,000 (2013: 56,014,500) share options outstanding under the 2008 Scheme, which represented approximately 0.6% (2013: 0.9%) of the ordinary shares in issue at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 37,447,000 (2013: 56,014,500) additional ordinary shares and the increase in share capital of HK$232,171,400 (2013: increase in share capital of HK$28,007,250 and share premium of HK$246,789,000) (before issue expenses).

The total number of ordinary shares which may be issued upon exercise of share options yet to be granted under the 2008 Scheme (and thus not including those ordinary shares for share options already granted but yet to be exercised under the 2008 Scheme) was 462,356,807, which represented approximately 7.39% of the issued share capital of the Company as at the date of approval of these financial statements.

At the date of approval of these financial statements, the Company had 21,069,600 share options outstanding under the 2008 Scheme, which represented approximately 0.34% of the Company's shares in issue as at that date.

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

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**4.91**	**56,014,500**	1.88	26,850,000
Granted during the year	**–**	**–**	6.20	39,432,000
Exercised during the year	**1.88**	**(900,000)**	2.05	(5,177,500)
Forfeited/lapsed during the year#	**2.31**	**(17,667,500)**	1.88	(5,090,000)
At 31 December	**6.20**	**37,447,000**	4.91	56,014,500

\# *During the year ended 31 December 2014, share options held by certain directors of the Company, including Mr. Huang Xiaofeng, Mr. Tsang Hon Nam, Mr. Zhang Hui, Mr. Li Wai Keung and Ms. Xu Wenfang and certain employees (2013: share options held by Mr. Sun Yingming, a former director of the Company, Dr. Cheng Mo Chi, Moses, an independent non-executive director of the Company, and certain employees) lapsed upon the expiry of the share options or were forfeited in accordance with the rules of the 2008 Scheme. Out of the 17,667,500 (2013: 5,090,000) share options, 15,881,000 (2013: 1,130,000) share options were vested and accordingly, HK$7,207,000 (2013: HK$513,000) was transferred from the share option reserve to retained profits and 1,786,500 (2013: 3,960,000) share options were forfeited.*

The weighted average share price at the date of exercise of the share options exercised during the year was HK$7.31 per share (2013: HK$6.74 per share).

31. Share Option Scheme (Continued)

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

2014

Number of options	**Exercise price* HK$ per share**	**Exercise period (dd.mm.yyyy)**
14,978,800	**6.20**	**22-01-2015 to 21-07-2018**
11,234,100	**6.20**	**22-01-2016 to 21-07-2018**
3,744,700	**6.20**	**22-01-2017 to 21-07-2018**
7,489,400	**6.20**	**22-01-2018 to 21-07-2018**
37,447,000		

2013

Number of options	Exercise price* HK$ per share	Exercise period (dd.mm.yyyy)
2,280,000	1.88	24-10-2010 to 23-04-2014
5,516,000	1.88	24-10-2011 to 23-04-2014
2,995,000	1.88	24-10-2012 to 23-04-2014
5,990,000	1.88	24-10-2013 to 23-04-2014
15,574,300	6.20	22-01-2015 to 21-07-2018
11,829,600	6.20	22-01-2016 to 21-07-2018
3,943,200	6.20	22-01-2017 to 21-07-2018
7,886,400	6.20	22-01-2018 to 21-07-2018
56,014,500		

* *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.*

For the year ended 31 December 2013, the fair value of the share options granted was HK$67,034,400. The Group recognised a share option expense of HK$22,400,000 during the year ended 31 December 2014 (2013: HK$21,944,000).

31. Share Option Scheme (Continued)

The fair value of equity-settled share options granted during the year ended 31 December 2013 was estimated at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2013
Exercise price (HK$)	6.20
Dividend yield (%)	2.9
Expected volatility (%)	40
Historical volatility (%)	40
Risk-free interest rate (%)	0.494
Expected life of options (years)	5.5

32. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(i) The special reserve (the "Special Reserve") was set up as one of the undertakings (the "Undertaking") given to the High Court of the HKSAR by the Company in its capital reduction application in 2003, on 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 the 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 year ended 31 December 2014, the release of provision as determined above amounted to HK$8,418,260 (2013: HK$34,513,682); and no profit (2013: 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 HK$8,418,260 (2013: HK$34,513,682).

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.

32. Reserves (Continued)

(a) Group (continued)

(i) (continued)

During the year, the reduction of the Special Reserve and the capitalisation of the same amount to retained profits, resulting from the aggregate increase in paid-up share capital and ordinary share premium account (prior to the effective date of the new Hong Kong Companies Ordinance) due to the issue of the Company's ordinary shares (before any share issue expenses), amounted to HK$1,692,000 (2013: HK$10,591,220). 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 of the Company which results from an 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 year, no non-permanent loss was turned into a permanent loss of the Group and the Company (2013: 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 31 December 2014, the Limit of the Group's and the Company's Special Reserve was reduced by (i) an increase in paid-up share capital due to the issue of the Company's ordinary shares of HK$1,692,000 (2013: HK$10,591,220); and (ii) the amount of non-permanent loss of Nil (2013: Nil) which has turned into a permanent loss for the year ended 31 December 2014.

The Limit, as adjusted, was HK$603,346,306 (2013: HK$605,038,306) and the amount standing to the credit of the Group's and the Company's Special Reserve was HK$132,204,220 (2013: HK$125,477,959) as at 31 December 2014.

(ii) The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the issued share capital account in 2014 (2013: ordinary share premium account) when the related options are exercised, or be transferred to retained profits should the related options expire or be lapsed.

(iii) Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established/registered in Mainland China has been transferred to the expansion fund reserve which is restricted as to use.

32. Reserves (Continued)

(b) Company

	Notes	Ordinary share premium account HK$'000	Capital reserve HK$'000	Share option reserve HK$'000 *(note 32(a)(ii))*	Exchange fluctuation reserve HK$'000	Special reserve HK$'000 *(note 32(a)(i))*	Retained profits HK$'000	Total HK$'000
At 1 January 2013		2,462,622	1,733,711	11,501	(14,813)	101,555	175,435	4,470,011
Share options exercised, net of issue expenses	*30*	10,600	–	(2,597)	–	–	–	8,003
Equity-settled share option arrangements	*31*	–	–	21,944	–	–	–	21,944
Share options forfeited	*31*	–	–	(513)	–	–	513	–
Total comprehensive income for the year	*11*	–	–	–	–	–	2,023,769	2,023,769
Final 2012 dividend paid		–	–	–	–	–	(515)	(515)
Interim 2013 dividend paid	*12*	–	–	–	–	–	(436,671)	(436,671)
Proposed final 2013 dividend	*12*	–	–	–	–	–	(998,300)	(998,300)
Transfer from retained profits in accordance with the Undertaking	*32(a)(i)*	–	–	–	–	34,514	(34,514)	–
Transfer to retained profits upon issue of new ordinary shares during the year	*32(a)(i)*	–	–	–	–	(10,591)	10,591	–
At 31 December 2013		2,473,222	1,733,711*	30,335*	(14,813)*	125,478*	740,308*	5,088,241

	Notes	**Ordinary share premium account HK$'000**	**Capital reserve HK$'000**	**Share option reserve HK$'000** ***(note 32(a)(ii))***	**Exchange fluctuation reserve HK$'000**	**Special reserve HK$'000** ***(note 32(a)(i))***	**Retained profits HK$'000**	**Total HK$'000**
At 1 January 2014		**2,473,222**	**1,733,711**	**30,335**	**(14,813)**	**125,478**	**740,308**	**5,088,241**
Share options exercised, net of issue expenses	*30*	**1,467**	**–**	**(408)**	**–**	**–**	**–**	**1,059**
Equity-settled share option arrangements	*31*	**–**	**–**	**22,400**	**–**	**–**	**–**	**22,400**
Share options forfeited/lapsed	*31*	**–**	**–**	**(7,207)**	**–**	**–**	**7,207**	**–**
Total comprehensive income for the year	*11*	**–**	**–**	**–**	**–**	**–**	**1,213,956**	**1,213,956**
Final 2013 dividend paid		**–**	**–**	**–**	**–**	**–**	**(145)**	**(145)**
Interim 2014 dividend paid	*12*	**–**	**–**	**–**	**–**	**–**	**(499,223)**	**(499,223)**
Proposed final 2014 dividend	*12*	**–**	**–**	**–**	**–**	**–**	**(1,251,000)**	**(1,251,000)**
Transfer from retained profits in accordance with the Undertaking	*32(a)(i)*	**–**	**–**	**–**	**–**	**8,418**	**(8,418)**	**–**
Transfer to retained profits upon issue of new ordinary shares during the year	*32(a)(i)*	**–**	**–**	**–**	**–**	**(1,692)**	**1,692**	**–**
Transition to no-par value regime	*30(iii)*	**(2,474,689)**	**–**	**–**	**–**	**–**	**–**	**(2,474,689)**
At 31 December 2014		**–**	**1,733,711***	**45,120***	**(14,813)***	**132,204***	**204,377***	**2,100,599**

* *These reserve accounts comprise the other reserves of HK$2,100,599,000 (2013: HK$2,615,019,000) in the statement of financial position.*

The gain of HK$1,213,956,000 (2013: HK$2,023,769,000) for the year ended 31 December 2014 included a net reversal of impairment for investments in subsidiaries of HK$97,207,000 (2013: HK$101,335,000).

33. Business Combinations

During the year ended 31 December 2014, the Group acquired a number of subsidiaries which are principally engaged in water distribution and sewage treatment operations in the Mainland China. The acquisitions were made as part of the Group's strategy to expand the water resources segment in the PRC. Details of these acquisitions are as follows:

(a) In February 2014, the Group acquired a 100% equity interest in Jinsheng Water Co from an independent third party, together with the shareholder's loan advanced to Jinsheng Water Co at a cash consideration of approximately HK$88,570,000. Jinsheng Water Co is principally engaged in the sewage treatment operations in the PRC;

(b) In June 2014, the Group acquired a 100% equity interest in Daojiao Water Co from independent third parties, together with the shareholders' loans advanced to Daojiao Water Co at a cash consideration of approximately HK$49,306,000. Daojiao Water Co is principally engaged in the sewage treatment operations in the PRC;

(c) In September 2014, the Group acquired a 70% equity interest in Meizhou Water Group from an independent third party at a cash consideration of approximately HK$292,928,000. Meizhou Water Group is principally engaged in the water distribution and sewage treatment operations in the PRC;

(d) In November 2014, the Group acquired a 54.29% equity interest in Kaiping Water Co from an independent third party at a cash consideration of approximately HK$26,624,000. Kaiping Water Co is principally engaged in the sewage treatment operations in the PRC; and

(e) In December 2014, the Group acquired a 70% equity interest in Super Sino Investment Limited (the "Danzhou Water Group") from an independent third party, together with the shareholder's loan advanced to the Danzhou Water Group at a cash consideration of approximately HK$221,148,000. The Danzhou Water Group is principally engaged in the water distribution operations in the PRC.

The Group has elected to measure the non-controlling interests in the Meizhou Water Group, Kaiping Water Co and the Danzhou Water Group at the non-controlling interests' proportionate share of these entities' identifiable net assets.

33. Business Combinations (continued)

The fair values of the identifiable assets and liabilities of the subsidiaries as at their respective dates of acquisition are set out as follows:

	Notes	HK$'000
Property, plant and equipment	*14*	427,969
Prepaid land lease payments	*16*	61,492
Operating concession rights	*20(a)*	337,783
Receivables under service concession arrangements		387,772
Deferred tax assets	*29*	7,151
Inventories		27,030
Trade receivables		27,294
Prepayments and other receivables		121,645
Due from a shareholder		68,713
Cash and bank balances		248,804
Trade payables		(26,019)
Other payables and accruals		(225,177)
Due to shareholders		(276,955)
Tax payable		(16,360)
Bank and other borrowings		(338,585)
Other liabilities		(35,485)
Deferred tax liabilities	*29*	(81,865)
Total identifiable net assets at fair value		715,207
Non-controlling interests		(204,944)
		510,263
Goodwill on acquisitions	*17*	41,298
		551,561
Satisfied by:		
Cash consideration		678,576
Less: Repayment of amounts due to shareholders		(127,015)
		551,561

As at the respective dates of acquisition, the fair values of the receivables were their gross contractual amounts, except for trade receivables, which had a gross contractual amount of HK$27,581,000, of which HK$287,000 are expected to be uncollectable.

The Group incurred transaction costs of HK$7,093,000 in connection with these acquisitions. The transaction costs have been included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	HK$'000
Cash considerations	(678,576)
Consideration payables	147,045
Cash and bank balances acquired	248,804
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(282,727)
Transaction costs for the acquisitions included in cash flows from operating activities	(7,093)
	(289,820)

Since the respective acquisition dates, the subsidiaries contributed HK$109,562,000 to the Group's revenue and HK$4,011,000 to the Group's profit for the year ended 31 December 2014.

Had the above business combinations taken place at the beginning of the year, the Group's revenue and profit for the year would have been HK$8,479,618,000 and HK$4,970,083,000, respectively.

34. Disposal of Subsidiaries, Associates and A Joint Venture

In June 2013, the Group disposed of its entire equity interest in Guangdong Assets Management (BVI) No.3 Limited, which held a 20% interest in an associate, 廣東番禺大橋有限公司, and disposed of a 51% owned joint venture, GTI, for an aggregate cash consideration of RMB821,660,000 (equivalent to HK$1,031,430,000).

In October 2013, the Group disposed of its 25% equity interest in Yue Jiang, an associate of the Group, for the consideration of RMB86,195,000 (equivalent to HK$107,898,000).

In December 2013, the Group disposed of its 70% equity interest in Guangdong Yingde Highway Ltd., a subsidiary of the Group, for a consideration of one Renminbi.

The net assets of the subsidiaries, associates and a joint venture disposed of at the respective disposal dates were as follows:

	HK$'000
Net assets disposed of:	
Cash and bank balances	42,694
Share of net assets of associates	171,133
Share of net assets of a joint venture	766,703
Accruals and other payables	(17,743)
Due to a non-controlling shareholder of a subsidiary	(39,903)
Non-controlling interests	28,325
	951,209
Release of exchange fluctuation reserve upon disposal	(276,184)
Net gain on disposal of subsidiaries, associates and a joint venture	441,518
	1,116,543
Satisfied by:	
Cash	1,139,328
Liabilities taken up by the Group	(22,785)
	1,116,543

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries, associates and a joint venture is as follows:

	HK$'000
Cash consideration	1,139,328
Cash and bank balances disposed of	(42,694)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries, associates and a joint venture	1,096,634

35. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

(i) During the year, the Group settled an amount of HK$118,200,000 (2013: HK$118,200,000) in relation to the Loan Facility by deducting it against the water revenue receivable from Government of the Hong Kong Special Administration Region. Details of the Loan Facility are set out in note 28 to the financial statements.

(ii) As at 31 December 2014, the Group had payables for property, plant and equipment of HK$214,551,000 (2013: HK$62,268,000) and for investment properties of HK$153,595,000 (2013: HK$46,878,000) which were included in payables and accruals.

(iii) As at 31 December 2014, the Group had consideration payables for acquisitions of non-controlling interests in subsidiaries of HK$44,134,000 (2013: Nil) which were included in amounts due to non-controlling shareholders of subsidiaries.

(iv) As at 31 December 2014, the Group had dividend payables to non-controlling shareholders of the Group of HK$106,651,000 (2013: Nil), of which HK$46,253,000 (2013: Nil) was included in payables and accruals and HK$60,398,000 (2013: Nil) was included in amounts due to non-controlling shareholders of subsidiaries.

(v) During the year ended 31 December 2014, the Group reversed over-provided payables and accruals of HK$95,741,000 (2013: Nil). This has no impact on the cash flows of the Group.

(b) Cash and cash equivalents

	2014 HK$'000	2013 HK$'000
Cash and cash equivalents as stated in the consolidated statement of financial position as at 31 December *(note 24)*	**7,001,911**	6,531,736
Non-pledged time deposits with original maturity of more than three months when acquired	**(305,711)**	(267,099)
Cash and cash equivalents as stated in the consolidated statement of cash flows as at 31 December	**6,696,200**	6,264,637

36. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Guarantees given to banks in connection with facilities utilised by an associate	**337,891**	349,009	**–**	–

As at 31 December 2014, the banking facilities granted to an associate subject to guarantees given to a bank by the Group and the other shareholders of the associate were in accordance with the shareholding ratio of each party. The banking facilities granted to the associate were utilised to the extent of approximately HK$689,574,000 (2013: HK$705,905,000).

37. Operating Lease Arrangements

Group

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years (2013: one to fifteen years). The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Within one year	**878,435**	818,487
In the second to fifth years, inclusive	**1,295,602**	956,944
After five years	**373,826**	128,637
	2,547,863	1,904,068

(b) As lessee

The Group leases certain leasehold properties under operating lease arrangements. Leases for properties are negotiated for terms of one to twenty years (2013: one to twenty years).

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Within one year	**93,104**	95,683
In the second to fifth years, inclusive	**99,561**	120,096
After five years	**24,365**	31,358
	217,030	247,137

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 of HK$124,545,000 (2013: HK$114,800,000) was calculated with reference to the revenue generated by the Group.

The Company did not have significant operating lease arrangements as at the end of the reporting period (2013: Nil).

38. Commitments

In addition to the operating lease commitments detailed in note 37(b) above and elsewhere in these financial statements, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014 HK$'000	2013 HK$'000
Capital commitments in respect of property, plant and equipment, investment properties and intangible assets:		
Contracted for	**3,421,675**	1,161,648
Authorised, but not contracted for	**3,085,342**	6,247,851
	6,507,017	7,409,499
Capital commitments in respect of capital contribution payable to an associate:		
Authorised, but not contracted for	**188,809**	31,162
	6,695,826	7,440,661

At the end of the reporting period, the Company did not have any significant commitments.

39. Related Party Transactions

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

(a) Transactions with related parties

	Notes	2014 HK$'000	2013 HK$'000
Hotel management fees received from fellow subsidiaries	(i)	**(6,007)**	(4,859)
Rents received from Guangdong Holdings, GDH Limited and certain fellow subsidiaries	(ii)	**(25,845)**	(23,368)
Water distribution income received from a fellow subsidiary	(iii)	**(31,255)**	(31,907)
Project management fee paid and payable to a non-controlling shareholder of a subsidiary	(iv)	**–**	11,419
Dividends paid and payable to GDH Limited and certain of its subsidiaries by GH Water Holdings	(v)	**46,254**	77,976
Dividends paid to GDH Limited and certain of its subsidiaries by the Company	(v)	**838,089**	753,996
Interest expense charged by Guangdong Holdings	(vi)	**16,542**	–

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) Rents were charged in accordance with the respective tenancy agreements.

(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) Project management fee was charged in accordance with the co-operation agreement.

(v) Dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.

(vi) Interest expense was charged at 81.3% of the RMB benchmark 3-year lending rate per annum announced by the People's Bank of China.

(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 RMB358,400,000 (2013: RMB573,440,000).

39. Related Party Transactions (continued)

(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 Company (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 year were included in note 39(a) to the financial statements. Details of the Group's commitments with related parties are as follows:

(i) On 31 January 2011, Global Head and Guangdong Tannery Limited ("GD Tannery"), a 71.34% owned subsidiary of GDH Limited and a fellow subsidiary of the Company, entered into a preliminary agreement, and, on 1 April 2011, entered into a tenancy agreement in relation to the leasing out of Office A2 on 19th Floor of Guangdong Investment Tower (the "GDI Tower") as office premises for a term of three years commencing on 6 February 2011 at a monthly rent of HK$28,800. On 29 November 2013, Global Head and GD Tannery renewed the tenancy agreement for a term of three years commencing on 6 February 2014 at a monthly rent of HK$40,960. As at 31 December 2014, the Group's expected total amounts receivable from GD Tannery for each of the years ending 31 December 2015, 2016 and 2017 were approximately HK$492,000, HK$492,000 and HK$48,000, respectively. As at 31 December 2013, the Group's expected total amounts receivable from GD Tannery for the years ended 31 December 2014 and ending 31 December 2015, 2016 and 2017 were approximately HK$477,000, HK$492,000, HK$492,000 and HK$48,000, respectively.

(ii) On 2 June 2011, Global Head and GDH Limited entered into a tenancy agreement in relation to the leasing out of 27th Floor of the GDI Tower as office premises for a term of three years commencing on 2 June 2011 at a monthly rent of HK$201,058. On 29 May 2014, Global Head and GDH Limited renewed the tenancy agreement for the period from 2 June 2014 to 31 May 2017 at a monthly rent of HK$247,456. As at 31 December 2014, the Group's expected total amounts receivable from GDH Limited for each of the years ending 31 December 2015, 2016 and 2017 were approximately HK$2,969,000, HK$2,969,000 and HK$1,237,000, respectively. As at 31 December 2013, the Group's expected total amounts receivable from GDH Limited for the year ended 31 December 2014 were approximately HK$1,012,000.

(iii) On 30 September 2011, GD Teem, a non-wholly owned subsidiary of the Company, and Guangdong Holdings entered into a tenancy agreement in relation to the leasing out of the premises on 42nd and 45th Floors of the Teem Tower as office premises for a term of three years from 1 October 2011 to 30 September 2014 at a monthly rent of RMB86,246.66 (for the period from 1 October 2011 to 31 December 2011), RMB603,726.57 (for the month of January 2012) and RMB862,466.55 (for the period from 1 February 2012 to 30 September 2014). With the previous lease expired on 30 September 2014, GD Teem and Guangdong Holdings entered into a new agreement (the "East Tower Agreement") for the lease of the same premises for a term of three years commencing on 1 October 2014 at a monthly rent of RMB885,166.10. As at 31 December 2014, the Group's expected total amounts receivable from Guangdong Holdings for each of the years ending 31 December 2015, 2016 and 2017 were approximately HK$13,464,000, HK$13,464,000 and HK$10,098,000, respectively. As at 31 December 2013, the Group's expected total amounts receivable from Guangdong Holdings for the year ending 31 December 2014 were approximately HK$9,573,000.

(iv) On 17 August 2012, Global Head entered into a tenancy agreement with GDH Limited in relation to the leasing out of 26th Floor, Office B1 on 29th Floor and 30th Floor of the GDI Tower for the period from 20 August 2012 to 31 July 2015 at a monthly rent of HK$621,450. As at 31 December 2014, the Group's expected total amounts receivable from GDH Limited for the year ending 31 December 2015 were approximately HK$4,350,000. As at 31 December 2013, the Group's expected total amounts receivable from GDH Limited for the year ended 31 December 2014 and ending 31 December 2015 were approximately HK$6,836,000 and HK$4,350,000, respectively.

(v) On 30 August 2013, Global Head and Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited) ("GD Land Holdings"), a 73.82% owned subsidiary of GDH Limited and a fellow subsidiary of the Company, entered into a tenancy agreement in relation to the leasing out of Office A1 on 19th Floor of the GDI Tower as office premises for a term of three years commencing on 1 September 2013 at a monthly rent of HK$82,784. On 29 November 2013, a notice of termination was served by GD Land Holdings to Global Head for the termination of the tenancy agreement on 28 February 2014. As at 31 December 2013, the Group's expected total amounts receivable from GD Land Holdings for the year ended 31 December 2014 was approximately HK$166,000.

(vi) On 29 November 2013, GPIL, a non-wholly owned subsidiary of the Company and GD Land Holdings entered into a tenancy agreement in relation to the leasing out of 18th Floor of the GDI Tower as office premises for a term of three years commencing on 1 December 2013 at a monthly rent of HK$247,456. As at 31 December 2014, the Group's expected total amounts receivable from GD Land Holdings for each of the years ending 31 December 2015 and 2016 were approximately HK$2,722,000 and HK$2,722,000, respectively. As at 31 December 2013, the Group's expected total amounts receivable from GD Land Holdings for the year ended 31 December 2014, and ending 31 December 2015 and 2016 were approximately HK$2,722,000, HK$2,722,000 and HK$2,722,000, respectively.

39. Related Party Transactions (continued)

(d) Outstanding balances with related parties

	Notes	Group 2014 HK$'000	Group 2013 HK$'000	Company 2014 HK$'000	Company 2013 HK$'000
Balances due from:					
Immediate holding company	*(i)*	**247**	–	**–**	–
Ultimate holding company	*(i)*	**1,662**	1,024	**–**	–
Fellow subsidiaries	*(i)*	**1,122**	605	**306**	–
A fellow subsidiary	*(ii)*	**2,655**	2,809	**–**	–
Loan to an associate	*(iii)*	**87,696**	88,468	**–**	–
Balances due to:					
Immediate holding company	*(i)*	**(25,808)**	(2,870)	**(1,629)**	(78)
Ultimate holding company	*(i)*	**(10,098)**	(5,663)	**–**	(3,051)
Fellow subsidiaries	*(i)*	**(42,478)**	(1,264)	**–**	–
Loans from the ultimate holding company	*(iv)*	**(333,430)**	(61,051)	**–**	–

Notes:

(i) The balances due are unsecured, non-interest-bearing and have no specific terms of repayment.

(ii) The balance due is unsecured, non-interest-bearing and repayable within 30 days.

(iii) The balance is unsecured, interest-bearing at 5% per annum and repayable in 2015.

(iv) As at 31 December 2014, the balance represented loans from the ultimate holding company, which is unsecured and interest-bearing at 81.3% of the RMB benchmark 3-year lending rate per annum announced by the People's Bank of China. The balances of HK$60,845,000 (2013: HK$61,051,000) and HK$272,585,000 (2013: Nil) are repayable in 2016 and 2017, respectively.

(e) Compensation of key management personnel of the Group

	2014 HK$'000	2013 HK$'000
Short term employee benefits	**8,315**	8,453
Post-employment benefits	**466**	380
Equity-settled share option expense	**6,544**	11,236
Total compensation paid to key management personnel	**15,325**	20,069

Further details of directors' emoluments are included in note 8 to the financial statements.

40. Continuing Connected Transactions

The Group's continuing connected transactions conducted during the year disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

(a) Hotel Management Agreements

(i) On 18 December 2013, 粵海國際酒店管理（中國）有限公司 (Guangdong International Hotel Management (China) Limited) ("GIHM (China)"), an indirect wholly-owned subsidiary of the Company, and Take Win Investment Limited, an indirect wholly-owned subsidiary of GDH Limited, the immediate holding company of the Company, entered into a management service agreement in relation to the management of 上海粵海酒店 (Guangdong Hotel (Shanghai)) ("GD Hotel Shanghai") by GIHM (China) for the period from 1 January 2014 to 31 December 2016 for a consideration of 2% of the total operating income plus 6% of the gross operating profits ("GOP") generated by GD Hotel Shanghai;

(ii) On 18 December 2013, GIHM (China) and 深圳市東深投資控股有限公司 (Shenzhen Dongshen Investment Holding Company Limited) ("Shenzhen Dongshen"), a wholly-owned subsidiary of Guangdong Holdings, which holds a 100% interest in GDH Limited, entered into a management service agreement in relation to the management of 東莞金湖粵海酒店 (Golden Lake Guangdong Hotel) ("GD Hotel Golden Lake") by GIHM (China) for the period from 1 January 2014 to 31 December 2016 for a consideration of 2% of the total operating income plus 2% of the GOP generated by GD Hotel Golden Lake, subject to fulfilment of performance targets. On 27 November 2014, GIHM (China) and Shenzhen Dongshen entered into a cancellation agreement to terminate the management service agreement as GD Hotel Golden Lake was closed on 31 August 2014 due to operational difficulty;

(iii) On 18 December 2013, GIHM (China) and Shenzhen Dongshen entered into a management service agreement in relation to the management of 深圳市東深投資控股有限公司粵海之星酒店 (GDH Inn Hotel (Donghu) ("GDH Inn Hotel")) by GIHM (China) for the period from 1 January 2014 to 31 December 2016 for a consideration of 2% of the total operating income plus 2% of the GOP generated by GDH Inn Hotel, subject to fulfilment of performance targets; and

(iv) On 18 December 2013, GIHM (China) and Kwong Leung Hing (H.K.) Properties Company Limited, an indirect wholly-owned subsidiary of GDH Limited, entered into a management service agreement in relation to the management of 河南省粵海酒店 (Guangdong Hotel (Henan) ("GD Hotel Henan")) by GIHM (China) for the period from 1 January 2014 to 31 December 2016 for a consideration of 2% of the total operating income plus 6% of the GOP generated by GD Hotel Henan.

All the above hotel management agreements are collectively referred to as the ''Hotel Management Agreements''.

During the year ended 31 December 2014, total income generated from hotel management and other services rendered to the above fellow subsidiaries by the Group in accordance with the terms of the Hotel Management Agreements amounted to approximately RMB4,757,000 (equivalent to approximately HK$6,007,000) (2013: RMB3,882,000 (equivalent to approximately HK$4,859,000), under the agreement(s) in force over the relevant previous period).

(b) Tenancy agreements

(i) On 31 January 2011, Global Head and GD Tannery entered into a preliminary agreement, and, on 1 April 2011, entered into a tenancy agreement in relation to the leasing out of Office A2 on 19th Floor of the GDI Tower as office premises for a term of three years commencing on 6 February 2011 at a monthly rent of HK$28,800. On 29 November 2013, Global Head and GD Tannery renewed the tenancy agreement for a term of three years commencing on 6 February 2014 at a monthly rent of HK$40,960;

(ii) On 2 June 2011, Global Head and GDH Limited entered into a tenancy agreement in relation to the leasing out of 27th Floor of the GDI Tower as office premises for a term of three years commencing on 2 June 2011 at a monthly rent of HK$201,058. On 29 May 2014, Global Head and GDH Limited renewed the tenancy agreement for the period from 2 June 2014 to 31 May 2017 at a monthly rent of HK$247,456;

(iii) On 17 August 2012, Global Head entered into a tenancy agreement with GDH Limited in relation to the leasing out of 26th Floor, Office B1 on 29th Floor and 30th Floor of the GDI Tower for the period from 20 August 2012 to 31 July 2015 at a monthly rent of HK$621,450;

40. Continuing Connected Transactions (continued)

(b) Tenancy agreements (continued)

(iv) On 30 August 2013, Global Head and GD Land Holdings entered into a tenancy agreement in relation to the leasing out of Office A1 on 19th Floor of the GDI Tower as office premises for a term of three years commencing on 1 September 2013 at a monthly rent of HK$82,784. On 29 November 2013, a notice of termination was served by GD Land Holdings to Global Head for the termination of the tenancy agreement on 28 February 2014; and

(v) On 29 November 2013, GPIL, a non-wholly owned subsidiary of the Company and GD Land Holdings entered into a tenancy agreement in relation to the leasing out of 18th Floor of the GDI Tower as office premises for a term of three years commencing on 1 December 2013 at a monthly rent of HK$247,456.

The above tenancy agreements were collectively known as the "GDI Tower Agreements".

(vi) On 30 September 2011, GD Teem and Guangdong Holdings entered into a tenancy agreement in relation to the leasing out of the premises on 42nd and 45th Floors of the Teem Tower as office premises for a term of three years commencing from 1 October 2011 to 30 September 2014 at a monthly rent of RMB86,246.66 (for the period from 1 October 2011 to 31 December 2011), RMB603,726.57 (for the month of January 2012) and RMB862,466.55 (for the period from 1 February 2012 to 30 September 2014). With the previous lease expired on 30 September 2014, GD Teem and Guangdong Holdings entered into a new agreement (the "East Tower Agreement") for the lease of the same premises for a term of three years commencing on 1 October 2014 at a monthly rent of RMB885,166.10.

During the year ended 31 December 2014, the total amounts received, including rents, management fees and expenses (if applicable), on the GDI Tower Agreements and on the East Tower Agreement in accordance with their respective terms amounted to approximately HK$12,690,000 (2013: HK$10,411,738, under the agreement(s) in force over the relevant previous period) and approximately RMB10,991,000 (equivalent to approximately HK$13,880,000) (2013: RMB10,349,599 (equivalent to approximately HK$12,956,000), under the agreement(s) in force over the relevant previous period), respectively.

(c) Changping Agreement

On 28 December 2012, WaterCo renewed the Changping Agreement, pursuant to which WaterCo agreed to supply untreated water to 東莞常平粵海水務有限公司 (Dongguan Changping Guangdong Water Company Limited) for the period from 1 January 2013 to 31 December 2014, subject to renewal by agreement of both parties prior to the expiration of the term.

During the year ended 31 December 2014, total income generated by WaterCo from the provision of water in accordance with the terms of the Changping Agreement amounted to approximately RMB24,751,000 (equivalent to approximately HK$31,255,000) (2013: RMB25,489,000 (equivalent to approximately HK$31,907,000), under the agreement(s) in force over the relevant previous period).

The board of directors of the Company including all the independent non-executive directors have reviewed the continuing connected transactions set out above and have unanimously confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

41. Pledge of Assets

Details of the Group's bank borrowings, which are secured by the assets of the Group, are included in notes 14, 20 and 27 to the financial statements.

42. 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:

2014 **Group**

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	8,207,894	8,207,894
Receivables under service concession arrangements	472,213	–	472,213
Financial assets included in receivables, prepayments and deposits	490,568	–	490,568
Loan to an associate	87,696	–	87,696
Due from a non-controlling shareholders of a subsidiary	41,478	–	41,478
Cash and cash equivalents	7,001,911	–	7,001,911
	8,093,866	8,207,894	16,301,760

2013 Group

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	5,037,387	5,037,387
Financial assets included in receivables, prepayments and deposits	513,407	–	513,407
Loan to an associate	88,468	–	88,468
Cash and cash equivalents	6,531,736	–	6,531,736
	7,133,611	5,037,387	12,170,998

Group

Financial liabilities

	Financial liabilities at amortised cost	
	2014 HK$'000	2013 HK$'000
Financial liabilities included in payables, accruals and other liabilities	3,283,657	2,536,571
Due to non-controlling shareholders of subsidiaries	551,877	276,373
Bank and other borrowings	3,864,679	2,555,182
	7,700,213	5,368,126

42. Financial Instruments by Category (continued)

2014 **Company**

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	640,927	640,927
Financial assets included in receivables, prepayments and deposits	2,227	–	2,227
Due from subsidiaries	5,091,719	–	5,091,719
Cash and cash equivalents	608,999	–	608,999
	5,702,945	640,927	6,343,872

2013 Company

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	1,172,028	1,172,028
Financial assets included in receivables, prepayments and deposits	3,670	–	3,670
Due from subsidiaries	3,721,403	–	3,721,403
Cash and cash equivalents	1,163,203	–	1,163,203
	4,888,276	1,172,028	6,060,304

Company

Financial liabilities

	Financial liabilities at amortised cost	
	2014 HK$'000	2013 HK$'000
Financial liabilities included in payables and accruals	22,188	18,814
Due to subsidiaries	510,102	478,255
Bank and other borrowings	1,894,151	619,547
	2,426,441	1,116,616

43. Fair Value Hierarchy of Financial Instruments

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

	Group			
	Carrying amounts		Fair values	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Financial assets				
Available-for-sale financial assets	**8,207,894**	5,037,387	**8,207,894**	5,037,387

	Company			
	Carrying amounts		Fair values	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Financial assets				
Available-for-sale financial assets	**640,927**	1,172,028	**640,927**	1,172,028

Aside from the non-current portion of receivables under service concession agreements 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 31 December 2014 and 2013.

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, available-for-sale financial assets 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 31 December 2014 assessed to be insignificant.

43. Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy

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

Assets measured at fair value:

Group

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
As at 31 December 2014				
Available-for-sale financial assets	**–**	**8,207,894**	**–**	**8,207,894**
As at 31 December 2013				
Available-for-sale financial assets	–	5,037,387	–	5,037,387

Company

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
As at 31 December 2014				
Available-for-sale financial assets	**–**	**640,927**	**–**	**640,927**
As at 31 December 2013				
Available-for-sale financial assets	–	1,172,028	–	1,172,028

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2013: Nil).

44. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, comprise bank and other borrowings, available-for-sale financial assets, cash and bank balances, and short term time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables under service concession arrangements, trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

The Group's exposure to the risk for changes in market interest rate relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on interest-bearing bank and other borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
Hong Kong dollar bank loans			
2014			
Increase in HIBOR	**100**	**(33,242)**	**–**
Decrease in HIBOR	**(10)**	**3,324**	**–**
2013			
Increase in HIBOR	100	(17,800)	–
Decrease in HIBOR	(10)	1,780	–
United States dollar bank loans			
2014			
Increase in LIBOR	**100**	**–**	**–**
Decrease in LIBOR	**(10)**	**–**	**–**
2013			
Increase in LIBOR	100	(6,240)	–
Decrease in LIBOR	(10)	624	–

* *Excluding retained profits*

44. Financial Risk Management Objectives and Policies (continued)

(ii) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from revenue or expenses of operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions were principally denominated in RMB and HK$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
2014			
If the Hong Kong dollar weakens against RMB	**3**	**30,597**	**–**
If the Hong Kong dollar strengthens against RMB	**(3)**	**(30,597)**	**–**
2013			
If the Hong Kong dollar weakens against RMB	3	105,093	–
If the Hong Kong dollar strengthens against RMB	(1)	(35,031)	–

* *Excluding retained profits*

(iii) Credit risk

The Group trades only with creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, receivables under service concession arrangements, other receivables and deposits and available-for-sale financial assets arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with creditworthy third parties, there is no requirement for collateral.

44. Financial Risk Management Objectives and Policies (continued)

(iv) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

31 December 2014	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Financial liabilities included in payables, accruals and other liabilities	**594,566**	**1,907,741**	**295,587**	**485,763**	**–**	**3,283,657**
Due to non-controlling shareholders of subsidiaries	**–**	**–**	**551,877**	**–**	**–**	**551,877**
Bank and other borrowings	**–**	**–**	**1,951,831**	**1,974,314**	**81,633**	**4,007,778**
	594,566	**1,907,741**	**2,799,295**	**2,460,077**	**81,633**	**7,843,312**
31 December 2013						
Financial liabilities included in payables, accruals and other liabilities	616,440	1,430,321	256,684	233,126	–	2,536,571
Due to non-controlling shareholders of subsidiaries	–	–	276,373	–	–	276,373
Bank and other borrowings	–	–	1,027,687	1,613,837	–	2,641,524
	616,440	1,430,321	1,560,744	1,846,963	–	5,454,468

44. Financial Risk Management Objectives and Policies (continued)

(iv) Liquidity risk (continued)

Company

31 December 2014	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Financial liabilities included in payables and accruals	22,188	–	–	–	–	22,188
Due to subsidiaries	510,102	–	–	–	–	510,102
Bank borrowings	–	–	331,420	1,649,900	–	1,981,320
	532,290	–	331,420	1,649,900	–	2,513,610
31 December 2013						
Financial liabilities included in payables and accruals	18,814	–	–	–	–	18,814
Due to subsidiaries	478,255	–	–	–	–	478,255
Bank borrowings	–	–	638,267	–	–	638,267
	497,069	–	638,267	–	–	1,135,336

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

The Group monitors capital using a net debt to adjusted capital ratio which is net debt divided by total adjusted capital. The Group's policy is to keep the ratio lower than 100%. Net debt includes amounts due to non-controlling shareholders of subsidiaries, bank and other borrowings, loans from the ultimate holding company, less cash and cash equivalents.

	2014 HK$'000	2013 HK$'000
Due to non-controlling shareholders of subsidiaries	551,877	276,373
Bank and other borrowings	3,864,679	2,555,182
Loans from the ultimate holding company	333,430	61,051
Less: Cash and cash equivalents	(7,001,911)	(6,531,736)
Net debt/(cash)	(2,251,925)	(3,639,130)
Equity attributable to owners of the Company	30,266,744	27,313,322
Net debt to adjusted capital ratio	N/A	N/A

45. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2015.

MAJOR
PROPERTIES HELD BY THE GROUP

31 December 2014

Details of Property, Plant and Equipment

Property	Lot No.	Category of lease	Use
The Wharney Guang Dong Hotel Hong Kong 57–73 Lockhart Road and 84–88 Jaffe Road Wan Chai Hong Kong	Subsection 1 of Section E and Subsection 2 of Section D of Inland Lot No. 2819, Section F of Inland Lot No. 2818, the remaining portion of Inland Lot No. 2817, Section G of Inland Lot No. 2818 and the remaining portion of Section D of Inland Lot No. 2817	Long term	Hotel
Guangdong Hotel (Hong Kong) 18 Prat Avenue Tsimshatsui Kowloon Hong Kong	Kowloon Inland Lot Nos. 8340, 8342, 8550, 8748 and 8915	Medium term	Hotel
Sheraton Guangzhou Hotel No. 208 Tianhe Road Tianhe District Guangzhou Guangdong Province Mainland China	N/A	Medium term	Hotel
Guangdong Hotel (Shen Zhen) Shennan East Road Luohu District Shenzhen Guangdong Province Mainland China	N/A	Medium term	Hotel
Guangdong Hotel (Zhu Hai) No. 1145 Yuehai Road East Gongbei, Zhuhai Guangdong Province Mainland China	N/A	Medium term	Hotel, offices and serviced apartments
Zhongshan Power Plant Lands and various buildings and structures of Huang Pu Town Zhongshan City Guangdong Province Mainland China	N/A	Short term	Factory
Flat Roof of 2nd Floor, 28th Floor, Units A and B2 on 29th Floor Guangdong Investment Tower 148 Connaught Road Central Hong Kong	Part of Marine Lot No. 332, Marine Lot No. 333, Section A and the remaining portion of Marine Lot No. 334, Marine Lot No. 335, Section A and the remaining portion of Marine Lot No. 336, Inland Lot No. 2142 and Inland Lot No. 2143	Long term	Office

Details of Investment Properties

Property	Interest in property attributable to the Group	Category of lease	Existing use
Units 901, 905–08, 1101, 1108, 10th Floor, 17th Floor, 19th–22nd Floors Guangdong Group Building 555 Dongfeng Dong Road Guangzhou Guangdong Province Mainland China	100%	Medium term	Commercial
Teem Tower and Teemall No. 208 Tianhe Road Tianhe District Guangzhou Guangdong Province Mainland China	76.09%	Medium term	Commercial and shopping mall
Ground Floor, 1st Floor, 5th–10th Floors, Unit A and B2 of 11th Floor, 12th Floor, 16th Floor, 19th Floor, Unit B on 20th Floor, 22nd–23rd Floors, 25th–27th Floor, Unit B1 on 29th Floor and 30th Floor Guangdong Investment Tower 148 Connaught Road Central Hong Kong	100%	Long term	Commercial
18th Floor, Guangdong Investment Tower 148 Connaught Road Central Hong Kong	51%	Long term	Commercial
1st–4th Floor Guangzhou Exchange Plaza Guangzhou Guangdong Province Mainland China	100%	Medium term	Shopping mall
At the junction of Heping Road and Chifeng Dao Heping District Tianjin Mainland China	76.09%	Medium term	Property under development
East of Yingbin Road Lirendong Village Nancun Town, Panyu District Guangzhou Guangdong Province Mainland China	31.04%	Medium term	Property under development

Details of Intangible Assets

Property	Interest in property attributable to the Group	Category of lease	Existing use
Water Supply Project's (from Dongguan to Shenzhen) land use rights, reservoirs and related buildings	N/A	Medium term	Water Distribution

粵海投資有限公司
GUANGDONG INVESTMENT LIMITED