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Corporate Information

as at 14 August 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

Chong Hing Bank

DBS Bank Ltd., Hong Kong Branch

Goldman Sachs Capital Markets, L.P.

Hang Seng Bank

Industrial and Commercial Bank of China (Asia) Limited

Industrial and Commercial Bank of China,

Shenzhen Branch

Malayan Banking Berhad

Standard Chartered Bank

The Hongkong and Shanghai Banking

Corporation Limited

Wing Hang Bank

REGISTERED OFFICE

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Guangdong Investment Tower

148 Connaught Road Central

Hong Kong

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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

Closure of Register : 29 September 2015
of Members

Interim Dividend : 10 HK cents per ordinary share

Payable : 30 October 2015

Report on Review of Interim Financial Information



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To the directors of Guangdong Investment Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 32 which comprises the condensed consolidated statement of financial position of Guangdong Investment Limited (the "Company") and its subsidiaries as at 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong

14 August 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
REVENUE	3	4,685,655	4,315,967
Cost of sales		(1,390,158)	(1,282,406)
Gross profit		3,295,497	3,033,561
Other income		336,405	263,472
Changes in fair value of investment properties		91,631	617,597
Selling and distribution expenses		(91,404)	(83,238)
Administrative expenses		(571,217)	(579,079)
Other operating income/(expenses), net		(4,343)	86,787
Finance costs	4	(51,428)	(36,159)
Share of profits less losses of associates		141,993	161,012
PROFIT BEFORE TAX	5	3,147,134	3,463,953
Income tax expense	6	(687,492)	(665,918)
PROFIT FOR THE PERIOD		2,459,642	2,798,035
Attributable to:			
Owners of the Company		2,221,301	2,469,295
Non-controlling interests		238,341	328,740
		2,459,642	2,798,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		35.53 HK cents	39.57 HK cents
Diluted		35.47 HK cents	39.47 HK cents

Details of the dividends proposed for the period are disclosed in note 7 to the interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	2,459,642	2,798,035
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	14,048	(148,703)
Net gains on available-for-sale financial assets	46,802	11,178
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	60,850	(137,525)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Fair value gains on property, plant and equipment, net of tax	–	38,623
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	60,850	(98,902)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,520,492	2,699,133
Attributable to:		
Owners of the Company	2,278,894	2,402,283
Non-controlling interests	241,598	296,850
	2,520,492	2,699,133

Condensed Consolidated Statement of Financial Position

30 June 2015

	<i>Notes</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,153,298	3,649,550
Investment properties	9	12,509,739	12,113,823
Prepaid land lease payments		169,290	173,107
Goodwill		307,547	307,533
Investments in associates		1,506,982	1,659,479
Operating concession rights		12,455,192	12,858,007
Receivables under service concession arrangements	10	462,660	463,392
Prepayment and deposits	11	78,708	340,989
Deferred tax assets		43,853	41,104
Total non-current assets		32,687,269	31,606,984
CURRENT ASSETS			
Available-for-sale financial assets		10,807,055	8,207,894
Tax recoverable		242	11,419
Inventories		95,709	94,468
Receivables under service concession arrangements		8,824	8,821
Receivables, prepayments and deposits	11	1,131,877	642,390
Due from a non-controlling shareholder of a subsidiary		41,495	41,478
Cash and cash equivalents		7,367,692	7,001,911
Total current assets		19,452,894	16,008,381
CURRENT LIABILITIES			
Payables, accruals and other liabilities	14	(3,595,784)	(3,163,814)
Tax payable		(459,764)	(528,440)
Due to non-controlling shareholders of subsidiaries		(398,919)	(551,877)
Bank and other borrowings	15	(569,181)	(1,889,431)
Total current liabilities		(5,023,648)	(6,133,562)
NET CURRENT ASSETS		14,429,246	9,874,819
TOTAL ASSETS LESS CURRENT LIABILITIES		47,116,515	41,481,803
– page 7			

Condensed Consolidated Statement of Financial Position

30 June 2015

	<i>Notes</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES – page 6		47,116,515	41,481,803
NON-CURRENT LIABILITIES			
Bank and other borrowings	15	(5,945,779)	(1,975,248)
Other liabilities	16	(1,478,626)	(1,455,797)
Deferred tax liabilities		(2,506,271)	(2,386,607)
Total non-current liabilities		(9,930,676)	(5,817,652)
Net assets		37,185,839	35,664,151
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	5,711,660	5,595,013
Reserves	19	25,677,881	24,671,731
Non-controlling interests		31,389,541	30,266,744
		5,796,298	5,397,407
Total equity		37,185,839	35,664,151

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

Attributable to owners of the Company

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

* These reserve accounts comprise the consolidated reserves of HK\$25,677,881,000 (31 December 2014: HK\$24,671,731,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

Attributable to owners of the Company

	Share capital (Unaudited) HK\$'000	Ordinary share premium account (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Available-for-sale financial assets revaluation reserve (Unaudited) HK\$'000	Expansion fund reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Special reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 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	16,933,353	27,313,322	4,868,196	32,181,518
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,469,295	2,469,295	328,740	2,798,035
Other comprehensive income/(loss) for the period:														
Exchange differences on translation of foreign operations														
- Subsidiaries	-	-	-	-	-	-	-	(93,502)	-	-	-	(93,502)	(40,769)	(134,271)
- Associates	-	-	-	-	-	-	-	(14,076)	-	-	-	(14,076)	(356)	(14,432)
Net gains on available-for-sale financial assets	-	-	-	-	-	11,178	-	-	-	-	-	11,178	-	11,178
Fair value gains on property, plant and equipment, net of tax	-	-	-	29,388	-	-	-	-	-	-	-	29,388	9,235	38,623
Total comprehensive income for the period	-	-	-	29,388	-	11,178	-	(107,578)	-	-	2,469,295	2,402,283	296,850	2,699,133
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	36,235	-	-	36,235	(45,920)	(9,685)
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(57,336)	(57,336)
Share options exercised, net of share issue expenses	633	1,467	(408)	-	-	-	-	-	-	-	-	1,692	-	1,692
Equity-settled share option arrangements	-	-	10,603	-	-	-	-	-	-	-	-	10,603	-	10,603
Share options forfeited/lapsed	-	-	(7,207)	-	-	-	-	-	-	-	7,207	-	-	-
Transfer from retained profits	-	-	-	-	-	-	11,976	-	-	-	(11,976)	-	-	-
Final 2013 dividend	-	-	-	-	-	-	-	-	-	-	(998,445)	(998,445)	-	(998,445)
Transfer to retained profits upon issue of new ordinary shares (note 19)	-	-	-	-	-	-	-	-	-	(1,692)	1,692	-	-	-
Transfer to no-par value regime	2,474,689	(2,474,689)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	5,595,013	-	33,323	43,968	1,495,954	14,045	1,545,568	1,383,324	129,583	123,786	18,401,126	28,765,690	5,061,790	33,827,480

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,166,723	1,971,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in available-for-sale financial assets	(2,495,904)	(3,075,965)
Purchases of items of property, plant and equipment	(610,179)	(86,985)
Additions to investment properties	(259,247)	(174,560)
Acquisitions of subsidiaries	–	(136,528)
Deposits for purchases of items of property, plant and equipment	–	(153,920)
Increase in non-pledged time deposits with original maturity of more than three months when acquired	(970,696)	(94,828)
Cash flows used in other investing activities, net	(40,269)	(44,635)
Net cash flows used in investing activities	(4,376,295)	(3,767,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of new ordinary shares	91,548	1,692
New bank loans	3,980,704	–
Repayments of bank and other loans	(1,330,499)	(87,497)
Capital injection from a non-controlling shareholder of a subsidiary	164,576	–
Increase in an amount due to the ultimate holding company	–	272,310
Dividends paid to shareholders	(1,251,010)	–
Cash flow used in other financing activities, net	(51,428)	(32,580)
Net cash flow from financing activities	1,603,891	153,925
NET DECREASE IN CASH AND CASH EQUIVALENTS	(605,681)	(1,642,283)
Cash and cash equivalents at beginning of period	6,696,200	6,264,637
Effect of foreign exchange rate changes, net	766	(15,996)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,091,285	4,606,358
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,731,585	2,857,387
Non-pledged bank deposits with original maturity of less than three months when acquired	1,359,700	1,748,971
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	6,091,285	4,606,358
Non-pledged time deposits with original maturity of more than three months when acquired	1,276,407	361,927
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	7,367,692	4,968,285

Notes to Interim Financial Information

30 June 2015

1. GENERAL INFORMATION, KEY EVENTS AND ACCOUNTING POLICIES

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

The unaudited interim financial information of the Group for the six months ended 30 June 2015 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 2 to the interim financial information.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's interim financial information.

Amendments to HKAS 19 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i> Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

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

Notes to Interim Financial Information

30 June 2015

3. OPERATING SEGMENT INFORMATION

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

- (i) The property investment and development segment mainly invests in various properties in Hong Kong and Mainland China that are held for rental income purposes and engages in the development of properties in Mainland China. This segment also provides property management services to certain commercial properties;
- (ii) The department store operations 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 and share of profits less losses of associates 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.

Notes to Interim Financial Information

30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department store operations		Water resources	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	589,486	566,934	469,020	427,819	3,078,217	2,744,664
Intersegment sales	55,330	55,167	–	–	–	–
Other revenue from external sources (note)	3,415	913	31,678	24,027	5,313	3,402
Other revenue from intersegment transactions (note)	–	–	–	–	–	–
Exchange differences, net	(2,675)	(1,484)	24	–	28,953	(20,976)
Total	645,556	621,530	500,722	451,846	3,112,483	2,727,090
Segment results	538,541	1,066,301	202,232	163,170	1,930,831	1,707,515
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of associates	–	–	9,978	9,915	3,008	(13,699)
Profit before tax						
Income tax expense						
Profit for the period						

Note: Excluding exchange differences, net

Notes to Interim Financial Information

30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

	Electric power generation		Hotel operations and management		Toll roads and bridges	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	224,331	249,372	324,601	327,178	-	-
Intersegment sales	-	-	-	-	-	-
Other revenue from external sources (note)	6,284	5,571	216	319	-	-
Other revenue from intersegment transactions (note)	-	-	-	-	-	-
Exchange differences, net	(1,845)	(176)	1,696	(1,592)	-	-
Total	228,770	254,767	326,513	325,905	-	-
Segment results	69,332	164,248	53,277	55,985	-	-
Interest income						
Interest income from available-for-sale financial assets						
Investment income from available-for-sale financial assets						
Finance costs						
Share of profits less losses of associates	129,007	164,796	-	-	-	-
Profit before tax						
Income tax expense						
Profit for the period						

Note: Excluding exchange differences, net

Notes to Interim Financial Information

30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

	Others		Eliminations		Consolidated	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	–	–	–	–	4,685,655	4,315,967
Intersegment sales	–	–	(55,330)	(55,167)	–	–
Other revenue from external sources (note)	939	1,714	–	–	47,845	35,946
Other revenue from intersegment transactions (note)	6,364	4,895	(6,364)	(4,895)	–	–
Exchange differences, net	21,673	(2,039)	–	–	47,826	(26,267)
Total	28,976	4,570	(61,694)	(60,062)	4,781,326	4,325,646
Segment results	(26,204)	(45,645)	–	–	2,768,009	3,111,574
Interest income					51,200	29,972
Interest income from available-for-sale financial assets					189,170	153,589
Investment income from available-for-sale financial assets					48,190	43,965
Finance costs					(51,428)	(36,159)
Share of profits less losses of associates	–	–	–	–	141,993	161,012
Profit before tax					3,147,134	3,463,953
Income tax expense					(687,492)	(665,918)
Profit for the period					2,459,642	2,798,035

Note: Excluding exchange differences, net

Notes to Interim Financial Information

30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

	Property investment and development		Department store operations		Water resources		Electric power generation		Hotel operations and management	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Segment assets	13,000,617	12,616,060	108,564	128,556	14,863,437	14,819,020	2,224,549	899,143	2,191,722	2,217,533
Investments in associates	-	-	174,867	164,802	93,386	90,362	1,238,729	1,404,315	-	-
Unallocated assets										
Total assets										
Segment liabilities	1,063,363	981,289	898,686	1,289,881	1,688,819	1,768,122	1,296,286	593,084	124,820	134,973
Unallocated liabilities										
Total liabilities										

	Toll roads and bridges		Others		Eliminations		Consolidated	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Segment assets	-	-	7,363	8,451	-	-	32,396,252	30,688,763
Investments in associates	-	-	-	-	-	-	1,506,982	1,659,479
Unallocated assets							18,236,929	15,267,123
Total assets							52,140,163	47,615,365
Segment liabilities	-	-	58,526	53,071	-	-	5,130,500	4,820,420
Unallocated liabilities							9,823,824	7,130,794
Total liabilities							14,954,324	11,951,214

Notes to Interim Financial Information

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4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank and other borrowings wholly repayable within five years	43,061	28,098
Interest on loans from the ultimate holding company (note 22(a)(v))	8,367	8,061
Total finance costs for the period	51,428	36,159

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest income**	(51,200)	(29,972)
Interest income from available-for-sale financial assets**	(189,170)	(153,589)
Investment income from available-for-sale financial assets**	(48,190)	(43,965)
Cost of inventories sold*	166,806	200,884
Cost of services rendered*	820,086	683,616
Depreciation	133,282	127,899
Recognition of prepaid land lease payments	3,879	2,397
Amortisation of operating concession rights*	403,266	397,906
Reversal of impairment of items of property, plant and equipment^	–	(85,497)

* Included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss

** Included in "Other income" on the face of the condensed consolidated statement of profit or loss

^ Included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss

Notes to Interim Financial Information

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6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current – Hong Kong Charge for the period	10,869	12,241
Current – Mainland China Charge for the period	559,676	444,408
Underprovision in prior years	1,203	2,133
Deferred tax	115,744	207,136
Total tax charge for the period	687,492	665,918

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. DIVIDENDS

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interim – 10.0 HK cents (2014: 8.0 HK cents) per ordinary share	625,505	499,223

At a meeting of the board of directors held on 14 August 2015, the directors resolved to pay to shareholders an interim dividend of 10.0 HK cents (2014: 8.0 HK cents) per ordinary share for the six months ended 30 June 2015.

Notes to Interim Financial Information

30 June 2015

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

The calculations of the basic and diluted earnings per share for the six months ended 30 June 2015 and 2014 are based on:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company used in the basic and diluted earnings per share calculations	2,221,301	2,469,295

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	Number of shares	
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	6,252,763,550	6,240,163,786
Effect of dilution – weighted average number of ordinary shares assumed to have been issued:		
Share options	9,804,331	16,109,830
For the purpose of diluted earnings per share calculation	6,262,567,881	6,256,273,616

9. INVESTMENT PROPERTIES

As at 30 June 2014, one of the Group's investment properties under development which was previously stated at cost as at 31 December 2013 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\$110,085,000 and a related deferred tax of HK\$27,521,000, which were both recognised in the condensed consolidated statement of profit or loss for the period ended 30 June 2014.

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

	30 June 2015	31 December 2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Receivables under service concession arrangements wholly attributable to sewage treatment operations	471,484	472,213
Less: Portion classified as current assets	(8,824)	(8,821)
Non-current portion	462,660	463,392

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

Notes to Interim Financial Information

30 June 2015

11. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<i>Notes</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade receivables, net of impairment		783,783	334,760
Other receivables, prepayments and deposits		331,309	555,237
Due from the ultimate holding company	22(d)	883	1,662
Due from the immediate holding company	22(d)	–	247
Due from fellow subsidiaries	22(d)	6,902	3,777
Loan to an associate	22(d)	87,708	87,696
		1,210,585	983,379
Less: Portion classified as non-current assets		(78,708)	(340,989)
Current portion		1,131,877	642,390

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

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally due within 30 days to 180 days of issue. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The Group has a certain concentration of credit risk whereby 49% (31 December 2014: 8%) of the total trade receivables was due from one customer in the water distribution business (31 December 2014: one customer in electricity supply business). 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:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within 3 months	689,312	264,063
3 months to 6 months	25,106	3,439
6 months to 1 year	14,453	6,761
More than 1 year	66,143	71,257
	795,014	345,520
Less: Impairments	(11,231)	(10,760)
	783,783	334,760

Notes to Interim Financial Information

30 June 2015

12. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

30 June 2015

	Loans and receivables (Unaudited) HK\$'000	Available- for-sale financial assets (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Available-for-sale financial assets	–	10,807,055	10,807,055
Receivables under service concession arrangements	471,484	–	471,484
Financial assets included in receivables, prepayments and deposits	960,957	–	960,957
Loan to an associate	87,708	–	87,708
Due from a non-controlling shareholder of a subsidiary	41,495	–	41,495
Cash and cash equivalents	7,367,692	–	7,367,692
	8,929,336	10,807,055	19,736,391

31 December 2014

	Loans and receivables (Audited) HK\$'000	Available- for-sale financial assets (Audited) HK\$'000	Total (Audited) 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 shareholder 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

Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial liabilities included in payables, accruals and other liabilities	3,798,818	3,283,657
Due to non-controlling shareholders of subsidiaries	398,919	551,877
Bank and other borrowings	6,514,960	3,864,679
	10,712,697	7,700,213

Notes to Interim Financial Information

30 June 2015

13. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Financial assets				
Available-for-sale financial assets	10,807,055	8,207,894	10,807,055	8,207,894

Aside from the non-current portion of receivables under service concession arrangements and bank and other borrowings, management has assessed that the fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts as at 30 June 2015 and 31 December 2014.

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 30 June 2015 assessed to be insignificant.

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>As at 30 June 2015 (Unaudited)</i>				
Available-for-sale financial assets	–	10,807,055	–	10,807,055
<i>As at 31 December 2014 (Audited)</i>				
Available-for-sale financial assets	–	8,207,894	–	8,207,894

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (2014: Nil).

Notes to Interim Financial Information

30 June 2015

14. PAYABLES, ACCRUALS AND OTHER LIABILITIES

	<i>Notes</i>	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade payables		407,116	636,441
Accruals, other payables and other liabilities		4,067,247	3,386,845
Deferred income		179,557	184,511
Due to the ultimate holding company	22(d)	11,557	10,098
Due to the immediate holding company	22(d)	28,887	25,808
Due to fellow subsidiaries	22(d)	46,485	42,478
Loans from the ultimate holding company	22(d)	333,561	333,430
		5,074,410	4,619,611
Less: Portion classified as non-current liabilities		(1,478,626)	(1,455,797)
Current portion		3,595,784	3,163,814

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:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within 3 months	406,916	635,979
3 months to 6 months	151	184
6 months to 1 year	49	278
	407,116	636,441

Notes to Interim Financial Information

30 June 2015

15. BANK AND OTHER BORROWINGS

	Effective interest rate	Maturity	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Current				
Bank loans – unsecured	1.09% to 1.14%	2015	299,967	1,597,570
Bank loans – secured	0.99% to 6.60%	2015	169,067	172,740
Other loans – unsecured	2.33%	2015	12,681	31,690
Other loans – unsecured	–	2015	87,466	87,431
			569,181	1,889,431
Non-current				
Bank loans – unsecured	1.54% to 2.24%	2017–2018	5,565,286	1,594,779
Bank loans – secured	0.99%	2016–2017	320,000	320,000
Other loans – unsecured	6.55%	2019–2021	60,493	60,469
			5,945,779	1,975,248
			6,514,960	3,864,679

16. OTHER LIABILITIES

At 30 June 2015, included in other liabilities was a non-interest-bearing receipt in advance of HK\$945,600,000 (31 December 2014: HK\$945,600,000), in which HK\$827,400,000 (31 December 2014: HK\$827,400,000) was grouped in non-current liabilities. In prior years, the Government of Hong Kong Special Administrative Region ("HKSAR") granted a loan facility with a principal amount of HK\$2,364 million (the "Loan Facility") to the Guangdong Provincial Government (the "GPG") for the purpose of the Dongshen Water Supply Phase IV Renovation Project (the "Phase IV Renovation Project"). Pursuant to the concession agreements, 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.

Notes to Interim Financial Information

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17. SHARE CAPITAL

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Issued and fully paid: 6,255,048,341 (31 December 2014: 6,240,282,571) ordinary shares	5,711,660	5,595,013

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

	<i>Note</i>	Number of ordinary shares in issue (Unaudited)	Share capital (Unaudited) HK\$'000
At 1 January 2015		6,240,282,571	5,595,013
Share option exercised	<i>(i)</i>	14,765,770	91,548
Release of share option reserve	<i>(i)</i>	–	25,099
At 30 June 2015		6,255,048,341	5,711,660

Note:

- (i) During the six months ended 30 June 2015, the subscription rights attaching 14,765,770 share options were exercised at subscription price of HK\$6.20 per ordinary share, resulting in the issue of 14,765,770 ordinary shares for a total proceeds of approximately HK\$91,548,000. The exercise of 14,765,770 share options resulted in the release of share option reserve of HK\$25,099,000 to the share capital.

18. SHARE OPTION SCHEME

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

Notes to Interim Financial Information

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18. SHARE OPTION SCHEME (continued)

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

	2015		2014	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	6.20	37,447,000	4.91	56,014,500
Forfeited/lapsed during the period	6.20	(1,611,630)	2.31	(17,667,500)
Exercised during the period	6.20	(14,765,770)	1.88	(900,000)
At 30 June	6.20	21,069,600	6.20	37,447,000

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2015 was HK\$10.58 (six months ended 30 June 2014: HK\$7.31) per share.

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

30 June 2015

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

31 December 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		

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

** Further details regarding the share options granted under the 2008 Scheme are set out in (i) the "Share Option Scheme adopted on 24 October 2008" in the "Directors' Interests and Short Positions in Securities" section of the interim report on pages 39 and 40; and (ii) the "Share Options of the Company" section of the interim report on page 43.

Notes to Interim Financial Information

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19. RESERVES

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

During the six months ended 30 June 2015, the release of provision as determined above amounted to HK\$3,807,943 (six months ended 30 June 2014: Nil); and no profit (six months ended 30 June 2014: 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\$3,807,943 (six months ended 30 June 2014: Nil).

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

During the six months ended 30 June 2015, the reduction of the Special Reserve and the capitalisation of the same amount to retained profits, resulting from the increase in paid-up share capital due to the issue of the Company's ordinary shares (before any share issue expenses), amounted to HK\$91,547,774 (six months ended 30 June 2014: HK\$1,692,000). In effecting the reduction and capitalisation as aforesaid, the amount transferred from the Special Reserve is kept to be an amount not exceeding the balance of the Special Reserve before such transfer.

The amount credited to the Special Reserve shall not at any time exceed HK\$2,984,676,517 (the "Limit"). The Limit may be reduced by the amount of any increase, after the Effective Date, in the paid-up share capital account of the Company which results from the issue of shares as referred to above. The Limit may also be reduced by the amount of any non-permanent loss of the Company as at 30 June 2003 which subsequently turns into a permanent loss. During the six months ended 30 June 2015, no non-permanent loss was turned into a permanent loss of the Group and the Company (six months ended 30 June 2014: Nil).

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

As at 30 June 2015, 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\$91,547,774 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$1,692,000); and (ii) the amount of non-permanent loss of Nil (six months ended 30 June 2014: Nil) which has turned into a permanent loss for the six months ended 30 June 2015.

The Limit, as adjusted, was HK\$511,798,532 (31 December 2014: HK\$603,346,306) and the amount standing to the credit of the Group's and the Company's Special Reserve was HK\$44,464,389 (31 December 2014: HK\$132,204,220) as at 30 June 2015.

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20. OPERATING LEASE ARRANGEMENTS

The Group leases certain leasehold properties under operating lease arrangements. Leases for properties are negotiated for terms of one to twenty years (31 December 2014: one to twenty years).

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Within one year	89,013	93,104
In the second to fifth years, inclusive	95,445	99,561
After five years	20,569	24,365
	205,027	217,030

In addition to the operating lease arrangements disclosed above, the Group leases certain leasehold properties for the department store operations of subsidiaries of the Group. The rental charge for the six months ended 30 June 2015 of HK\$67,199,000 (six months ended 30 June 2014: HK\$61,678,000) was calculated with reference to the revenue generated by the Group.

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Capital commitments in respect of property, plant and equipment, investment properties and operating concession rights:		
Contracted for	1,943,184	3,421,675
Authorised, but not contracted for	4,487,420	3,085,342
	6,430,604	6,507,017
Capital commitments in respect of contribution payable to an associate:		
Authorised, but not contracted for	188,883	188,809
	6,619,487	6,695,826

Notes to Interim Financial Information

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22. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	For the six months ended 30 June 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Hotel management fees received from fellow subsidiaries	(i)	(3,049)	(2,697)
Rents received from Guangdong Holdings Limited ("Guangdong Holdings"), GDH Limited and certain fellow subsidiaries	(ii)	(13,664)	(11,918)
Water distribution income received from a fellow subsidiary	(iii)	(14,897)	(13,922)
Dividends paid and payable to GDH Limited and certain of its subsidiaries by GH Water Supply (Holdings) Limited	(iv)	7,709	–
Dividends paid to GDH Limited and certain of its subsidiaries by the Company	(iv)	684,113	537,305
Interest expense charged by Guangdong Holdings	(v)	8,367	8,061

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 between the Group's subsidiary and the fellow subsidiary.
- (iv) Dividends paid and payable were made pursuant to the dividend rates proposed and declared at the respective boards of directors and shareholders' meetings.
- (v) Interest 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 (31 December 2014: RMB358,400,000).

Notes to Interim Financial Information

30 June 2015

22. 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 Group (collectively, the "GDH Group") for leasing out several units in Hong Kong and Mainland China as office premises. The total amounts received from the GDH Group for the period were included in note 22(a) to the interim financial information. Details of the Group's commitments with related parties at the end of the reporting period are as follows:

	Year ending 30 June 2016	Year ending 30 June 2017	Year ending 30 June 2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Guangdong Holdings	13,440	13,440	3,360
GDH Limited	3,590	2,722	–
Guangdong Land Holdings Limited	2,722	1,237	–
Guangdong Tannery Limited	492	294	–

(d) Outstanding balances with related parties

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Balances with related parties included in receivables, prepayments and deposits:			
Due from the ultimate holding company	(i)	883	1,662
Due from the immediate holding company	(i)	–	247
Due from fellow subsidiaries	(i)	3,764	1,122
Due from a fellow subsidiary	(ii)	3,138	2,655
Loan to an associate	(iii)	87,708	87,696
Balances with related parties included in payables, accruals and other liabilities:			
Due to the ultimate holding company	(i)	(11,557)	(10,098)
Due to the immediate holding company	(i)	(28,887)	(25,808)
Due to fellow subsidiaries	(i)	(46,485)	(42,478)
Loans from the ultimate holding company	(iv)	(333,561)	(333,430)

Notes:

- (i) The balances are unsecured, non-interest-bearing and have no specific terms of repayment.
- (ii) The balance is unsecured, non-interest-bearing and repayable within 30 days.
- (iii) The balance is a loan to an associate, which is unsecured, interest-bearing at 5% per annum and repayable in 2015.
- (iv) As at 30 June 2015, 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\$60,869,000 (31 December 2014: HK\$60,845,000) and HK\$272,692,000 (31 December 2014: HK\$272,585,000) are repayable in 2016 and 2017, respectively.

Notes to Interim Financial Information

30 June 2015

22. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short term employee benefits	3,575	3,503
Post-employment benefits	199	189
Equity-settled share option benefits	1,421	5,747
Total compensation paid to directors and key management personnel	5,195	9,439

23. CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment and investment properties in aggregate of approximately HK\$1,936,407,000 (2014: HK\$251,725,000).

24. EVENTS AFTER THE REPORTING PERIOD

(a) The RC Acquisition

On 14 August 2015, the Company entered into an agreement (the "RC Sale and Purchase Agreement") with GDH Limited, the immediate holding company of the Company, pursuant to which the Company has conditionally agreed to acquire from GDH Limited the share representing the entire issued share capital of Rosy Canton Limited (the "RC Target Company"), the loan principal and accrued interest owed by a wholly-owned subsidiary of the RC Target Company to GDH Limited and to procure the repayment of certain outstanding payables due from the RC Target Company and its subsidiaries to Guangdong Holdings, the ultimate holding company of the Company, and its fellow subsidiaries for an aggregate amount of approximately RMB2,124,315,000 (equivalent to approximately HK\$2,603,773,000) in cash, subject to adjustment (if any) in accordance with the terms and conditions of the RC Sale and Purchase Agreement.

The RC Target Company is currently wholly-owned by GDH Limited. Upon completion, the RC Target Company will become a wholly-owned subsidiary of the Company. The principal asset of the RC Target Company is its indirect 100% equity interest in 廣西新長江高速公路有限責任公司 (Guangxi Xinchangjiang Gonglu Company Limited), which operates the Xingliu Expressway, a toll road located in Guangxi, the PRC.

Notes to Interim Financial Information

30 June 2015

24. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) The WS Acquisition

On 14 August 2015, Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, entered into an agreement (the "WS Sale and Purchase Agreement") with GDH Limited, pursuant to which Water Group HK has conditionally agreed to acquire from GDH Limited the shares representing the entire issued share capital of China City Water Supply Investment Holding Limited (the "WS Target Company"), the loan principal and accrued interest owed by the WS Target Company and a wholly-owned subsidiary of the WS Target Company to GDH Limited and to procure the repayment of certain outstanding payables due from the WS Target Company and its subsidiaries to GDH Limited and its fellow subsidiaries for an aggregate amount of approximately RMB992,954,000 (equivalent to approximately HK\$1,217,064,000) in cash, subject to adjustment (if any) in accordance with the terms and conditions of the WS Sale and Purchase Agreement.

The WS Target Company is currently wholly-owned by GDH Limited. Upon completion, the WS Target Company will become an indirect wholly-owned subsidiary of the Company. The principal assets of the WS Target Company are its indirect equity interests in certain water operating subsidiaries, which are principally engaged in water distribution business in the PRC.

Further details of the RC Acquisition and the WS Acquisition are included in the Company's discloseable and connected transactions announcement on 14 August 2015. As the above acquisitions are in progress, it is not practicable to disclose further details on the financial impact regarding these acquisitions.

25. COMPARATIVE AMOUNTS

As the applicable sections of the Hong Kong Companies Ordinance (Cap. 622) came into effect during the current financial year, the presentation and disclosure of certain items and balances in the condensed consolidated statement of financial position as at 31 December 2014 have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors of the Company on 14 August 2015.

Business Review, Discussion and Analysis, and Prospects

RESULTS

The Board is pleased to report the results of the Group for the six months ended 30 June 2015 (the "Period"). The Group's unaudited consolidated profit attributable to owners of the Company amounted to HK\$2,221 million (2014: HK\$2,469 million), a decrease of 10.0% as compared with the same period last year. Basic earnings per share decreased by 10.2% over the same period last year to 35.53 HK cents (2014: 39.57 HK cents).

INTERIM DIVIDEND

The Board declares an interim dividend of 10.0 HK cents per share for the Period (2014: 8.0 HK cents).

FINANCIAL REVIEW

The unaudited consolidated revenue of the Group for the Period was HK\$4,686 million (2014: HK\$4,316 million), an increase of 8.6% as compared with the same period last year. The growth was mainly attributable to better performance in water resources and department store operations.

The unaudited consolidated profit attributable to owners of the Company for the Period decreased by 10.0% to HK\$2,221 million (2014: HK\$2,469 million). The profit before tax decreased by 9.2% or HK\$317 million to HK\$3,147 million (2014: HK\$3,464 million) as (i) the net gain arising from fair value adjustments for investment properties decreased by HK\$526 million to HK\$92 million (2014: HK\$618 million); and (ii) the absence of the recovery of impairment on certain electric power plant amounting to HK\$85 million which had been recorded during the same period last year. Save for the above, the Group sustained a growth in water resources and department store operations. Total interest income and finance cost of the Group for the Period amounted to HK\$240 million (2014: HK\$184 million) and HK\$51 million (2014: HK\$36 million), respectively, total interest income net of finance cost of the Group increased by 27.7% to HK\$189 million (2014: HK\$148 million) for the Period.

Basic earnings per share decreased by 10.2% to 35.53 HK cents (2014: 39.57 HK cents), as compared with the same period last year.

BUSINESS REVIEW

A summary of the performance of the Group's major businesses during the Period 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 30 June 2015, the Company's interest in GH Water Supply (Holdings) Limited ("GH Water Holdings") was 96.0%. GH Water Holdings holds a 99.0% interest in Guangdong Yue Gang Water Supply Company Limited, the owner of the Dongshen Water Supply Project.

The designed annual capacity of Dongshen Water Supply Project is 2.423 billion cubic meters. Total water supply to Hong Kong, Shenzhen and Dongguan during the Period amounted to 1.075 billion cubic meters (2014: 0.941 billion cubic meters), an increase of 14.2%, which generated a revenue of HK\$2,941,012,000 (2014: HK\$2,733,513,000), an increase of 7.6% over the same period last year.

Pursuant to the Hong Kong Water Supply Agreement for year 2015 to 2017 entered into between the Government of the Hong Kong Special Administrative Region ("HKG") and the Guangdong Provincial Government ("GPG") in 2015, the annual revenue for water sales to Hong Kong for the three years of 2015, 2016 and 2017 are HK\$4,222.79 million, HK\$4,491.52 million and HK\$4,778.29 million, respectively.

The revenue from water sales to Hong Kong for the Period increased by 6.6% to HK\$2,303 million (2014: HK\$2,160 million). The revenue from water sales to Shenzhen and Dongguan areas for the Period increased by 11.1% to HK\$638 million (2014: HK\$574 million). The profit before tax of the Dongshen Water Supply Project for the Period was HK\$2,021,052,000 (2014: HK\$1,741,583,000), 16.0% higher than that in the same period last year.

Business Review, Discussion and Analysis, and Prospects

Nansha Water Supply

The Group'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 72.00 million cubic meters. The total volume of water supplied to the users during the Period amounted to 32.27 million cubic meters (2014: 30.97 million cubic meters), showing an increase of 4.2%. Revenue for the Period increased by 29.9% to HK\$118,570,000 (2014: HK\$91,268,000). The profit before tax of Nansha Water Co for the Period was HK\$5,692,000 (2014: loss before tax of HK\$28,404,000), improved by 120.0%. During the Period, the Group's share of profit in Nansha Water Co amounted to HK\$3,008,000 (2014: share of loss of HK\$13,699,000), improved by 122.0%.

Water Group HK

Guangdong Water Group (H.K.) Limited ("Water Group HK"), a wholly-owned subsidiary of the Company, holds certain subsidiaries which are principally engaged in water distribution and sewage treatment operations in the PRC, including 100% equity interests in each of 五華粵海環保有限公司 (Wuhua Yuehai Huanbao Co., Ltd.) ("Wuhua Water Co"), 東莞市常平金勝水務有限公司 (Dongguan Changping Jinsheng Water Co., Ltd.) ("Jinsheng Water Co") and 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"), a 54.29% equity interest in 開平粵海水務有限公司 (Kaiping Guangdong Water Co., Ltd.) ("Kaiping Water Co"), as well as 70% equity interests in both 梅州粵海水務有限公司 (Meizhou Guangdong Water Co., Ltd.) (the "Meizhou Water Group") and Super Sino Investment Limited (the "Danzhou Water Group").

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 40,000 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 100.8 million cubic meters and 36.5 million cubic meters, respectively.

Revenue of Water Group HK and its subsidiaries for the Period in aggregate amounted to HK\$137,204,000 (2014: from their respective dates of operation/acquisition in aggregate amounted to HK\$11,152,000). Profit before tax of Water Group HK and its subsidiaries for the Period in aggregate amounted to HK\$28,820,000 (2014: from their respective dates of operation/acquisition in aggregate amounted to HK\$1,994,000).

Property Investment

Mainland China

Teem Plaza

As at 30 June 2015, 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 Period, revenue of Teem Plaza, comprising rental income from both the shopping mall (including rentals from the department stores operated by the Group) and the office building, reached HK\$598,079,000 (2014: HK\$577,902,000), an increase of 3.5%. The profit before tax for the Period, excluding revaluation gain and net interest income, increased by 1.0% to HK\$422,683,000 (2014: HK\$418,589,000).

The shopping mall, known as the Teemall, is one of the most popular shopping malls in the prime area of Guangzhou with 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 Period (2014: 99%). The mall is successful in retaining existing brand-name tenants and attracting new ones. Strong demands for shop spaces in the mall and the open tendering system for selecting new tenants resulted in an increase of rental income during the Period.

The office building, known as Teem Tower (粵海天河城大廈), is a 45-storey Grade A office tower with a total gross floor area and lettable area of approximately 102,000 square meters and 90,000 square meters, respectively. With an average occupancy rate of 98.9% (2014: 98.4%), the total revenue for the Period was HK\$111,359,000 (2014: HK\$106,113,000), an increase of 4.9%. The profit before tax for the Period, excluding revaluation gain, grew by 4.2% to HK\$95,078,000 (2014: HK\$91,245,000).

Business Review, Discussion and Analysis, and Prospects

Tianjin Teem Shopping Mall

The Group owns a parcel of land situated in Tianjin being 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\$1,901 million had been invested as at 30 June 2015.

Panyu Wanbo CBD Project

The Group's effective interest in 廣州市萬亞投資管理有限公司 (Guangzhou City Wanye Investment Management Company Limited) ("Wanye") is 31.06%. 廣州天河城投資有限公司 (Guangzhou Tianhecheng Investment Co., Ltd.) ("Tianhecheng Investco"), a 60%-owned subsidiary of GD Teem, directly holds 68% interest in Wanye. Wanye owns a parcel of land 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 is being developed into a large-scale integrated commercial project with a gross floor area of approximately 260,000 square meters. A total sum of approximately HK\$1,339 million had been invested by Tianhecheng Investco into Wanye in accordance with the cooperation agreement as at 30 June 2015.

Hong Kong

Guangdong Investment Tower

The average occupancy rate of Guangdong Investment Tower for the Period was 100% (2014: 100%). As a result of the increase in average rental, total revenue for the Period was up by 4.3% to HK\$25,384,000 (2014: HK\$24,336,000).

Department Store Operations

As at 30 June 2015, the Group held an effective interest of approximately 85.2% in both 廣東天河城百貨有限公司 (Guangdong Teemall Department Stores Ltd.) ("GDTDS") and 廣州市天河城萬博百貨有限公司 ("天河城萬博"). GDTDS operates the Teemall Store in Teem Plaza. It also operates Teemall Store – Beijing Road Branch ("Ming Sheng Store"), 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 (2014: 133,700 square meters) in aggregate generated a total revenue of HK\$469,020,000 (2014: HK\$427,819,000), an increase of 9.6%. The profit before tax for the Period increased by 23.8% to HK\$233,815,000 (2014: HK\$188,937,000).

Teemall Store offers to sell a wide range of products and is one of the major top-selling department stores in Guangzhou. The revenue of Teemall Store increased by 9.2% to HK\$316,759,000 (2014: HK\$290,166,000) during the Period.

The revenue of the other six stores during the Period recorded various levels of growth due to successful promotional activities. During the Period, (i) the revenue of Ming Sheng Store increased by 5.1% to HK\$34,377,000 (2014: HK\$32,714,000); (ii) the revenue of Ao Ti Store, an outlet mall, increased by 19.2% to HK\$21,864,000 (2014: HK\$18,340,000); (iii) the revenue of Baiyun New Town Store increased by 27.4% to HK\$14,003,000 (2014: HK\$10,992,000); (iv) the revenue of Dong Pu Store increased by 8.2% to HK\$28,366,000 (2014: HK\$26,218,000); (v) Dongguan Store was opened in August 2014 and its revenue for the Period was HK\$2,005,000; (vi) Wan Bo Store, an outlet mall which sells brand-name products at a substantial discount, increased its revenue by 4.6% to HK\$51,646,000 (2014: HK\$49,389,000).

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\$9,978,000 (2014: HK\$9,916,000) during the Period.

Business Review, Discussion and Analysis, and Prospects

Hotel Operations and Management

As at 30 June 2015, our hotel management team managed a total of 40 hotels (31 December 2014: 38 hotels), of which two were located in Hong Kong, one in Macau and 37 in Mainland China. As at 30 June 2015, 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, is managed by Sheraton Overseas Management Corporation.

Among the seven hotels owned or lease-owned, five are star-rated hotels and two are budget hotels. During the Period, the average room rate of Sheraton Guangzhou Hotel was HK\$1,335 (2014: HK\$1,244) whereas the average room rate of the remaining four star-rated hotels and the two budget hotels were HK\$686 (2014: HK\$752) and HK\$224 (2014: HK\$241), respectively. The average occupancy rate of Sheraton Guangzhou Hotel was 86.7% (2014: 79.9%) and that of the other four star-rated hotels was 82.1% (2014: 85.1%) during the Period.

Regarding the hotel operations and management business as a whole, the revenue for the Period decreased by 0.8% to HK\$324,601,000 (2014: HK\$327,178,000). The profit before tax for the Period decreased by 2.7% to HK\$59,477,000 (2014: HK\$61,142,000).

Electric Power Generation

Zhongshan Power Plant

Zhongshan Power (Hong Kong) Limited ("ZPHK"), a subsidiary of the Company, holds a 75% 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 Period amounted to 303 million kwh (2014: 327 million kwh), decreased by 7.3%. As a result of the decrease in electricity sales and electricity tariff, revenue for the Period was down by 11.3% to HK\$187,129,000 (2014: HK\$210,900,000). The profit before tax for the Period was HK\$72,263,000 (2014: HK\$81,098,000), a decrease of 10.9%.

Pursuant to the agreements entered into by ZPHK and 中山興中集團有限公司 (Zhongshan Xingzhong Group Co., Ltd.) ("Xing Zhong") on 22 July 2009, ZPHK and Xing Zhong agreed to make additional capital contribution to ZTP for the construction of two 300 MW heat and electricity supply plants (the "Zhongshan Project"). During the Period, capital contribution made by ZPHK for the Zhongshan Project amounted to HK\$366,125,000 (2014: HK\$226,620,000).

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 30 June 2015, Yudean Jinghai Power had four power generation units with a total installed capacity of 3,200 MW. Sales of electricity for the Period amounted to 5,916 million kwh (2014: 6,985 million kwh), a decrease of 15.3%. Revenue for the Period amounted to HK\$3,131,295,000 (2014: HK\$3,914,730,000), a decrease of 20.0%. The decrease in revenue was mainly due to the temporary suspension of operation of one power generation unit for major overhaul. The profit before tax of Yudean Jinghai Power for the Period decreased by 21.7% to HK\$688,787,000 (2014: HK\$880,193,000). The Group's share of profit in Yudean Jinghai Power amounted to HK\$129,007,000 (2014: HK\$164,796,000) during the Period.

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 Period, no dividend income was received by GD Power Investment from this investment (2014: Nil).

Business Review, Discussion and Analysis, and Prospects

AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2015, the available-for-sale financial assets of the Group increased by HK\$2,599 million to HK\$10,807 million (31 December 2014: HK\$8,208 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 30 June 2015, the cash and bank balances of the Group increased by HK\$366 million to HK\$7,368 million (31 December 2014: HK\$7,002 million), of which 94.9% was denominated in Renminbi, 4.3% in Hong Kong dollars and 0.8% in US dollars.

As at 30 June 2015, the Group's financial borrowings increased by HK\$2,651 million to HK\$7,461 million (31 December 2014: HK\$4,810 million), of which 97.7% was denominated in Hong Kong dollars and 2.3% in Renminbi, including the non-interest-bearing receipt in advance of HK\$946 million. Of the Group's total financial borrowings, HK\$687 million was repayable within one year while the remaining balances of HK\$6,358 million and HK\$416 million are repayable within two to five years and beyond five years from the end of the reporting period, respectively.

The Group did not maintain any credit facility as at 30 June 2015 (31 December 2014: Nil).

The gearing ratio (i.e. net financial indebtedness/net asset value (excluding non-controlling interests)) of the Group as at 30 June 2015 was 3%. As at 31 December 2014, the Group was in a net cash position and hence no gearing ratio was presented. The Group was in a healthy debt servicing position as the EBITDA/finance cost as at 30 June 2015 was 69.9 times (31 December 2014: 87.5 times).

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

PLEDGE OF ASSETS

As at 30 June 2015, certain property, plant and equipment, concession rights for water distribution operations and sewage treatment operations, comprising operating concession rights and receivables under service concession arrangements with net carrying amounts of HK\$4,120,000 (31 December 2014: HK\$4,190,000), HK\$42,428,000 (31 December 2014: HK\$43,472,000) and HK\$332,000 (31 December 2014: HK\$53,687,000), respectively, were pledged to secure certain bank loans granted to the Group.

CAPITAL EXPENDITURE

The Group's capital expenditure during the Period amounted to HK\$1,936 million which was principally related to the construction costs for the Zhongshan Project and the development costs for the investment in property development projects.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE AND INTEREST RATES AND RELATED HEDGES

As at 30 June 2015, total Renminbi borrowings amounted to HK\$170 million (31 December 2014: HK\$192 million). In the current period, the foreign currency risk exposure was considered to be minimal and thus no currency hedging was considered necessary.

As at 30 June 2015, the Group's total floating rate borrowings amounted to HK\$6,345 million (31 December 2014: HK\$3,672 million). In the current period, the interest rate risk exposure was considered to be minimal and thus no interest rate hedging was considered necessary.

Business Review, Discussion and Analysis, and Prospects

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, the Group had a total of 5,152 employees, of which 1,019 were at the managerial level. Among the employees, 4,904 were employed by subsidiaries in Mainland China and 248 were employed by the head office and subsidiaries in Hong Kong. Total remuneration paid for the Period was approximately HK\$395,296,000 (2014: HK\$331,910,000).

In 2015, the Group continued with its effort to enhance its corporate culture of integrity, professionalism, positivity, honesty and cooperation. The Group also further enhanced the establishment of a team of professionals and experts, further optimised the procedures for introducing key personnel; 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 technical talents has been trained to meet the rapid development of the business of the Company. Further, the Group implemented an achievement-oriented appraisal system, regularly reviewing the performance of its senior management to ensure their integrity and efficiency. Remuneration and incentive packages were commensurate with the results of the Group. For further motivation, performance-based incentive policy was introduced. The Group also adopted a share option scheme to attract, reward and retain talents to serve the Group on a long-term basis. In order to advance the integrated proficiency of its employees, the Group actively encouraged its employees to attend continuing education and training programs by providing subsidies as well as providing training on related professional knowledge according to the Company's strategic objectives and working needs on a target-oriented basis. Looking into the future, the Group will focus on regulating internal management, enhance capability of the management team, optimise organisational structure and internal control, and build a corporate culture and working environment emphasising on integrity and honesty. The Group believes that these arrangements will build a solid foundation for the long term development of the Group.

REVIEW

In the first half of 2015, the global economy continued to recover slowly with increasing regional disparities in growth trends. Despite economic slowdown, China's overall growth trends remained steady. Amid such complex economic environment, the Group increased its efforts in industry research of various business segments and actively sought business development opportunities while ensuring steady growth of its core businesses in order to promote sustainable growth. Meanwhile, the Group strived to strengthen its core competitiveness, further optimise its assets composition and has achieved satisfactory results.

PROSPECTS

In the second half of 2015, it is expected that disparities in global economic growth will continue to intensify and the overall economic recovery will face a number of uncertainties. On the other hand, the economy in China is expected to see steady and positive growth, despite certain short-term volatilities in business segments or capital market may pose potential risks to business operations. The Group will closely monitor the macro economy and capital market trends and expand business scale and enhance capital efficiency under prudent risk management.

Looking ahead, the Group will look to grow its business in water resources and infrastructure as part of the Group's strategy to increase profit growth points and overall investment portfolio. The Group will continue to seek investment opportunities in the water resources market to develop its core business. At the same time, it will monitor potential opportunities involving public-private-partnership projects in other sub sectors of infrastructure space, to capture business prospects that may arise due to the government's encouragement of infrastructure spending. The Group will expand its investment portfolio through potential opportunities in an effort to create long-term value for its stakeholders and become a leading infrastructure focused conglomerate.

Directors' Interests and Short Positions in Securities

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

INTERESTS AND SHORT POSITIONS IN THE COMPANY

(i) Interests in ordinary shares

Name of Director	Capacity/ nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held (Note)
Huang Xiaofeng	Personal	1,857,200	Long position	0.030%
Tsang Hon Nam	Personal	502,400	Long position	0.008%
Wu Jianguo	Personal	101,200	Long position	0.002%
Zhang Hui	Personal	1,516,200	Long position	0.024%
Li Wai Keung	Personal	897,200	Long position	0.014%
Chan Cho Chak, John	Personal	5,450,000	Long position	0.087%
Li Kwok Po, David	Personal	11,000,000	Long position	0.176%
Cheng Mo Chi, Moses	Personal	3,150,000	Long position	0.050%

Note: The approximate percentage of interests held was calculated on the basis of 6,255,048,341 ordinary shares of the Company in issue as at 30 June 2015.

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

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

Name of Director	Date of grant of share options* (dd.mm.yyyy)	Number of share options					Total consideration paid for share options granted 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)
		At date of grant	At 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period				
Huang Xiaofeng	22.01.2013	2,693,000	2,693,000	-	(1,077,200)	-	1,615,800	6.20	6.30	10.52
Wen Yinheng	22.01.2013	1,395,000	1,395,000	-	(558,000)	-	837,000	6.20	6.30	10.52
Tsang Hon Nam	22.01.2013	1,256,000	1,256,000	-	(502,400)	-	753,600	6.20	6.30	10.52
Huang Zhenhai	22.01.2013	2,315,000	2,315,000	-	(926,000)	-	1,389,000	6.20	6.30	10.52
Wu Jianguo	22.01.2013	2,268,000	2,268,000	-	(907,200)	-	1,360,800	6.20	6.30	10.52
Zhang Hui	22.01.2013	2,268,000	2,268,000	-	(907,200)	-	1,360,800	6.20	6.30	10.52
Zhao Chunxiao	22.01.2013	2,268,000	2,268,000	-	(907,200)	-	1,360,800	6.20	6.30	10.52
Li Wai Keung	22.01.2013	2,243,000	2,243,000	-	(897,200)	-	1,345,800	6.20	6.30	10.52

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

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

Directors' Interests and Short Positions in Securities

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

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

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

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

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

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

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

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

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)
Huang Xiaofeng	Personal	3,880,000	Long position	0.227%
Zhao Chunxiao	Personal	1,572,000	Long position	0.092%
Cheng Mo Chi, Moses	Personal	600,000	Long position	0.035%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of Guangdong Land Holdings Limited in issue as at 30 June 2015.

Directors' Interests and Short Positions in Securities

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 907,593,285 ordinary shares of Guangnan (Holdings) Limited ("Guangnan Holdings") in issue as at 30 June 2015.

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

Name of Director	Date of grant of share options* (dd.mm.yyyy)	Number of share options					At 30 June 2015	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)
		At 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period							
Tsang Hon Nam	09.03.2006	300,000	-	(300,000)	-	-	1.00	09.06.2006 to 08.03.2016	1.66	1.61	1.95	

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 30 June 2015, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

As at 30 June 2015, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/ nature of interests	Number of ordinary shares held	Long/short position	Approximate percentage of interests held (Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) (Note 2)	Interest in controlled corporation	3,420,563,527	Long position	54.68%
GDH Limited (Note 3)	Beneficial owner/ Interest in controlled corporation	3,420,563,527	Long position	54.68%
Guangdong Trust Ltd.	Beneficial owner/ Interest in controlled corporation	576,404,918	Long position	9.22%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 6,255,048,341 ordinary shares of the Company in issue as at 30 June 2015.
2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) has in the Company is held through its 100% direct interest in GDH Limited.
3. The interests of GDH Limited set out above include attributable interest held through its wholly-owned subsidiary, Guangdong Trust Ltd.

Save as disclosed above, as at 30 June 2015, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Share Options of the Company

As at 30 June 2015, save as disclosed in the section of “Directors’ Interests and Short Positions in Securities” of this report, certain other eligible persons had the following interests in rights to subscribe for the ordinary shares of the Company granted under the 2008 Scheme. Each share option entitled the holder to subscribe for one ordinary share of the Company. Further details are set out in note 18 to the interim financial information.

Category of participants	Date of grant of share options (dd.mm.yyyy)	Number of share options					At 30 June 2015	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)
		At date of grant	At 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period					
Employees	22.01.2013	20,458,000	18,473,000	-	(7,176,170)	(250,830)	11,046,000	-	6.20	6.30	10.32
Ex-Director	22.01.2013	2,268,000	2,268,000	-	(907,200)	(1,360,800)	-	-	6.20	6.30	10.52

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 39 and 40.

Details regarding the reconciliation of share options outstanding during the period are set out in the “Notes to the reconciliation of share options outstanding during the period” in the section headed “Director’s Interests and Short Positions in Securities” of this report on page 40.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2015 and, where appropriate, the applicable recommended best practices of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code throughout the six months ended 30 June 2015.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information are set out below:

- (i) As from 1 January 2015, the remuneration package of Mr. Wen Yinheng comprising salary, allowances, benefits in kind and pension scheme contributions, but excluding any performance related bonus and its corresponding mandatory provident fund contributions, will amount to approximately HK\$1,045,000 per annum.
- (ii) As from 1 January 2015, the remuneration package of Mr. Tsang Hon Nam comprising salary, allowances, benefits in kind and pension scheme contributions, but excluding any performance related bonus and its corresponding mandatory provident fund contributions, will amount to approximately HK\$1,826,000 per annum.
- (iii) Dr. Chan Cho Chak, John ceased to be the Third Vice President and the Chairman of the Public Relations Committee of The Community Chest of Hong Kong.
- (iv) Dr. Li Kwok Po, David ceased to be a member of the International Advisory Council of the Cambridge Commonwealth Trust and Cambridge Overseas Trust. He also ceased to be the Non-Executive Chairman for Edelman Asia-Pacific.
- (v) Dr. Cheng Mo Chi, Moses is currently the Chairman of the Process Review Panel for the Securities and Futures Commission. He retired as the Chairman of the Committee on Free Kindergarten Education.
- (vi) Mr. Wu Ting Yuk, Anthony was appointed as a member of the Expert Advisory Committee of the Leading Group on Deepening the Reform of the Medical and Health Care System of the State Council, PRC. He ceased to be an Independent Non-Executive Director of Agricultural Bank of China Limited.

Save for the changes in Directors' information during the period from 1 January 2015 to the date of this report as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance and Other Information

REVIEW OF INTERIM RESULTS

The unaudited interim financial information of the Group and the Company's interim report for the six months ended 30 June 2015 have been reviewed by the Audit Committee of the Company and Messrs. Ernst & Young, the auditors of the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, the Company issued the following new ordinary shares to certain option holders pursuant to the share option scheme adopted by the Company on 24 October 2008:

Total number of new ordinary shares issued	Exercise price per ordinary share HK\$	Total cash consideration HK\$
14,765,770	6.20	91,547,774

Save as disclosed above, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited for the six months ended 30 June 2015.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 21 November 2012

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

- (i) GDH Limited ("GDH") or the Company does not or ceases to beneficially own, directly or indirectly, at least 51% interest in GH Water Holdings; 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, 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 GH Water Holdings 2012 Facility Lenders may, and shall if so directed by the GH Water Holdings 2012 Facility Lenders whose lending commitments aggregate 66 $\frac{2}{3}$ % or more of all the loans then outstanding, by notice to GH Water Holdings:

- (i) cancel the total commitments under the GH Water Holdings 2012 Facility whereupon they shall immediately be cancelled;
- (ii) declare that the whole or any part of the principal amount outstanding, together with accrued interest, and all other amounts accrued or outstanding under the GH Water Holdings 2012 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 GH Water Holdings 2012 Facility Lenders.

The GH Water Holdings 2012 Facility was fully repaid during the six months ended 30 June 2015.

Corporate Governance and Other Information

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 30 June 2015 amounted to HK\$1,800 million. The GDI 2014 Facility shall be repaid by the Company on the date 36 months from the date of the GDI 2014 Facility Agreement.

Facility Agreement dated 6 May 2015

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

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

On and at any time after the occurrence of any of the aforementioned events which is continuing, the agent of the GH Water Holdings 2015 Facility Lenders may, and shall if so directed by the GH Water Holdings 2015 Facility Lenders whose lending commitments or participations aggregate 66 $\frac{2}{3}$ % or more of the total commitments or participations under the GH Water Holdings 2015 Facility (the "Majority Lenders"), by notice to GH Water Holdings:

- (i) cancel the total commitments under the GH Water Holdings 2015 Facility whereupon they shall immediately be cancelled;
- (ii) declare that the whole or any part of the principal amount outstanding, together with accrued interest, and all other amounts accrued or outstanding under the GH Water Holdings 2015 Facility Agreement and related finance documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
- (iii) declare that the whole or any part of the principal amount outstanding be payable on demand, whereupon it shall immediately become payable on demand by the agent on the instructions of the Majority Lenders.

The outstanding principal of the GH Water Holdings 2015 Facility as at 30 June 2015 amounted to HK\$1,300 million. The GH Water Holdings 2015 Facility shall be repaid by GH Water Holdings on the date 36 months from the date on which the GH Water Holdings 2015 Facility was made.

Corporate Governance and Other Information

Facility Agreement dated 22 May 2015

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

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

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

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

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

Facility Agreement dated 23 June 2015

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

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

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

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

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

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board has resolved to declare the payment of an interim dividend of 10.0 HK cents (2014: 8.0 HK cents) per ordinary share for the six months ended 30 June 2015 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 29 September 2015. The interim dividend is expected to be paid on Friday, 30 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Tuesday, 29 September 2015 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 25 September 2015.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 14 August 2015

