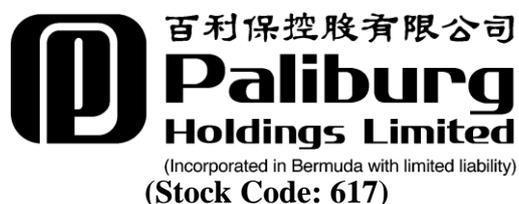


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ANNOUNCEMENT OF 2016 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M	% Change
Revenue	1,502.0	1,265.8	+18.7%
Gross profit	537.8	511.5	+5.1%
Operating profit before depreciation, finance costs and tax	426.5	503.1	-15.2%
Profit for the period attributable to equity holders of the parent	17.2	54.9	-68.7%
Basic earnings per ordinary share attributable to equity holders of the parent	HK1.55 cents	HK4.93 cents	-68.6%
Interim dividend per ordinary share	HK2.3 cents	HK2.3 cents	–
	As at 30th June, 2016 (Unaudited)	As at 31st Dec., 2015 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent	HK\$11.62	HK\$11.69	-0.6%

- **The Group attained for the period an unaudited consolidated profit attributable to shareholders of HK\$17.2 million, as compared to HK\$54.9 million for the corresponding period in 2015. The lower profit attained was primarily attributable to the net fair value loss on financial assets at fair value through profit or loss, while a net fair value gain on such financial assets was recorded in the prior comparative period.**
- **Operating profit before depreciation, finance costs and tax for the period amount to HK\$426.5 million, as compared to HK\$503.1 million for the same period in 2015.**
- **Total depreciation charges on the Group's hotel properties for the period amounted to HK\$257.9 million (6 months ended 30th June, 2015 – HK\$249.1 million), which although having no cash flow impact, have adversely affected the Group's reported profit.**
- **The Group's property development and investment businesses in Hong Kong are currently principally undertaken through P&R Holdings Limited, a joint venture 50:50 held by each of the Company and Regal Hotels International Holdings Limited.**
- **All the Domus apartment units in the completed residential project at Tan Kwai Tsuen Road in Yuen Long have been sold in June 2015. The sale of the Casa Regalia garden houses was first launched in May 2016 and, up to date, 7 houses have been contracted to be sold.**
- **In July 2016, P&R Holdings commenced the presale of the residential units in the commercial/residential joint venture project with the Urban Renewal Authority of Hong Kong at Shun Ning Road, Sham Shui Po, Kowloon. Up to date, 154 of the total 157 residential units in this development project have been contracted to be sold.**
- **The Group's property development businesses in the PRC are undertaken through Cosmopolitan International Holdings Limited, a listed subsidiary of the Group held through P&R Holdings.**

- **Cosmopolitan began to launch the presale of the residential units in its two composite development projects in the Hedong District in Tianjin and the Xindu District in Chengdu, Sichuan Province in October 2015 and in April 2016, respectively. Up to date, the Tianjin development project has secured contracted sales of approximately RMB968 million (equivalent to approximately HK\$1,132 million) and for the Chengdu development project, approximately RMB166 million (equivalent to approximately HK\$194 million).**
- **Detailed information on the business operations of Regal, Regal REIT and Cosmopolitan, the Company's listed subsidiaries, are contained in their separate results announcements released today.**
- **Apart from the residential project at Tan Kwai Tsuen Road in Yuen Long which was completed in 2015, most of the other development projects presently undertaken by the Group in Hong Kong are scheduled for completion within the next few years, which are anticipated to generate substantial cash flows and profit contributions to the Group.**
- **The Group will continue to actively participate in the Government land tenders, with a view to replenishing its land bank.**
- **The Directors are optimistic that the Group as a whole will continue to grow and will bring increasing returns to shareholders.**

FINANCIAL RESULTS

For the six months ended 30th June, 2016, the Group attained an unaudited consolidated profit attributable to shareholders of HK\$17.2 million, as compared to HK\$54.9 million for the corresponding period in 2015.

As explained in the profit warning announcement of the Company dated 17th August, 2016, the lower profit attained for the current period was primarily attributable to the net fair value loss on financial assets at fair-value through profit or loss, while a net fair value gain on such financial assets was recorded in the prior comparative period. Operating profit before depreciation, finance costs and tax for the period amount to HK\$426.5 million, as compared to HK\$503.1 million for the same period in 2015.

As also explained before, the Group's hotel properties in Hong Kong, which constitute the Group's most significant assets, are all owned and operated within the Group. Accordingly, to comply with the currently applicable accounting standards, they are classified in the Group's consolidated financial statements as property, plant and equipment and subject to depreciation charges. Total depreciation charges on the Group's hotel properties for the period amounted to HK\$257.9 million, which although having no cash flow impact, have adversely affected the Group's reported profit.

BUSINESS OVERVIEW

The Group comprises a total of four listed entities, with diversified business interests in properties, hotels, other investments and aircraft ownership and leasing businesses.

As at 30th June, 2016, the Group directly held a controlling shareholding interest of approximately 67.1% in Regal Hotels International Holdings Limited which, in turn, held approximately 74.6% of the outstanding units of Regal Real Estate Investment Trust, a listed subsidiary of Regal which owns all the eight hotels of the Group operating in Hong Kong.

The Group's property development and investment businesses in Hong Kong are principally undertaken through P&R Holdings Limited, a joint venture 50:50 held by each of the Company and Regal. As Regal is a listed subsidiary of the Company, P&R Holdings is effectively also a subsidiary of the Group.

Apart from its property development and investment businesses, P&R Holdings also held as at 30th June, 2016 an effective controlling shareholding interest of approximately 77.0% in

Cosmopolitan International Holdings Limited (comprising interests in its ordinary shares and convertible preference shares) and, in addition, substantial interests in the convertible bonds of Cosmopolitan. Cosmopolitan is consequently also a listed member of the Group, which is principally focused on property development and investment in the People's Republic of China and other investment businesses.

Further information on the latest progress of the Group's property businesses as well as the financial results and operational review of Regal (including Regal REIT) and Cosmopolitan are presented below.

PROPERTIES

The property market in Hong Kong continued to stabilise in the period under review and was mainly dominated by residential sales in the primary market. Property prices generally fell in the first part of 2016 but the residential property prices slightly rebounded in the recent few months. Due to the persistent low interest rate environment and the expectation that any future increase in interest rates will be slow, particularly after Brexit, the underlying demand for residential properties is expected to remain strong. This will provide support to the residential property prices, despite the anticipated increase in the supply of new residential units in the coming years.

The residential project at Tan Kwai Tsuen Road in Yuen Long was completed in the fourth quarter of 2015 and the certificate of compliance was obtained in April 2016. The development consists of one residential block, named Domus, with 134 studio apartment units and 36 garden houses, named Casa Regalia. All the Domus apartment units have been sold in June 2015 and the sale of the garden houses was first launched in May 2016. Up to date, 7 houses have been contracted to be sold. While the remaining houses are presently planned to be disposed of on a gradual basis, some of them may in the meantime be leased out for rental income.

In July 2016, P&R Holdings commenced the presale of the residential units in the commercial/residential joint venture project with the Urban Renewal Authority of Hong Kong

at Shun Ning Road, Sham Shui Po, Kowloon. Up to date, 154 of the total 157 residential units in this development project have been contracted to be sold.

Both P&R Holdings and Cosmopolitan have secured substantial cash flows from the contracted presales of the units in their development projects. Under the currently applicable accounting standards and accounting policies adopted by the Group, the revenues from the contracted presales will not be recognised until in the case of a development project in Hong Kong, when the occupation permit is issued, and in the case of a development project in China, after the relevant units sold have been completed and handed over to the respective purchasers. Accordingly, these contracted and further presales of the units in the ongoing development projects undertaken through P&R Holdings and Cosmopolitan are only expected to record profit contributions to the Group from 2017 onwards. However, the general marketing and promotional expenses spent on the presale programmes are required to be charged to profit or loss as they were incurred, before the sales revenues are recognised, which could have a slight impact on the results of the Group for the current financial year.

Further details on the development projects and properties of P&R Holdings and Cosmopolitan, as well as the Group's construction and building related business and other investments are contained in the section headed "Management Discussion and Analysis" in this announcement.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2016, Regal attained an unaudited consolidated profit attributable to shareholders of HK\$130.3 million, as compared to HK\$123.8 million recorded for the same period in 2015.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, is contained in Regal's announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 2016, Regal REIT achieved an unaudited consolidated profit before distribution to unitholders of HK\$328.6 million, as compared to a loss of HK\$1,376.9 million reported in the corresponding period in 2015.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, is contained in Regal REIT's announcement separately released today.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2016, Cosmopolitan attained an unaudited consolidated profit attributable to shareholders of HK\$40.3 million, as compared to a loss of HK\$164.0 million recorded for the corresponding six months in 2015.

Further information on the principal business operations and outlook of Cosmopolitan, including its Management Discussion and Analysis, is contained in Cosmopolitan's announcement separately released today.

OUTLOOK

The property market in Hong Kong is expected to undergo some further consolidation in the short term. Having regard to the persistent low interest rate environment, the opulent liquidity of the capital market and the strong underlying demands for different types of properties in Hong Kong, particularly the residential sector, the outlook of the property in Hong Kong remains positive. The Hong Kong Government is committed to maintaining a steady supply of development lands, which will provide investment opportunities for real estate developers.

Apart from the residential project at Tan Kwai Tsuen Road in Yuen Long which was completed in the fourth quarter in 2015, most of the other development projects presently

undertaken by the Group in Hong Kong are scheduled for completion within the next few years, including the commercial/residential project at Shun Ning Road in Sham Shui Po, the hotel development projects at Ha Heung Road in To Kwa Wan and at Anchor Street/Fuk Tsun Street in Tai Kok Tsui, the shopping mall development project at Po Tai Street in Ma On Shan and the upscale residential project in Kau To, Sha Tin. These projects are anticipated to generate substantial cash flows and profit contributions to the Group when they are completed and sold, while the shopping mall project in Ma On Shan is presently intended to be retained to boost the Group's recurrent income.

The Group will continue to actively participate in the Government land tenders, with a view to replenishing its land bank. The Directors are optimistic that the Group as a whole will continue to grow and will bring increasing returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing business and other investments including financial assets investments.

The significant investments and business interests of Regal, a principal listed subsidiary of the Group, comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, aircraft ownership and leasing and other investment businesses. Cosmopolitan is a listed subsidiary of the Group held through P&R Holdings. The principal business activities of the Cosmopolitan group comprise property development and investment, mainly focused in the PRC, and financial assets and other investments.

The performance of the Group's property, construction and building related and other investment businesses, and the principal businesses of Regal, Regal REIT as well as those of Cosmopolitan during the period under review, the commentary on the hotel and property sectors in which the Group operates and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the sections headed "Business Overview" and "Outlook" above and in this sub-section as well as in the separate interim results announcements for 2016 released by Regal, Regal REIT and Cosmopolitan.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the above sections headed "Business Overview" and "Outlook" and in this sub-section.

P&R HOLDINGS LIMITED

P&R Holdings is a 50:50 owned joint venture established with Regal, with capital contributions provided by the Company and Regal on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings, and is a subsidiary of the Company. The business scope of P&R Holdings is the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects being undertaken and properties owned by the P&R Holdings group is set out below:

Hong Kong

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon and the Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon, both of which are being undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong, all of the following ongoing development projects and properties are wholly owned by P&R Holdings group.

Domus and Casa Regalia at Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The occupation permit for the project was issued in November 2015 and the certificate of compliance was obtained in April 2016.

As previously reported, all the 134 units in the apartment block, named Domus, were sold in June 2015. The sale programme for the garden houses, named Casa Regalia, which constitute the main component of the development, was first launched in May 2016 and up to date, 7 houses have been contracted to be sold. While the remaining houses are presently planned to be disposed of on a gradual basis, some of them may in the meantime be leased out for rental income.

Nos.8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

The project has an aggregate site area of approximately 700 square metres (7,535 square feet) and is being developed into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The superstructure works have been completed and the occupation permit is expected to be issued in the fourth quarter of 2016.

Sha Tin Town Lot No.482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The

site is planned to be developed into a shopping mall. The foundation works have been completed and the superstructure works are in progress. The project is scheduled to be completed in 2017 and is intended to be retained for rental income.

Sha Tin Town Lot No.578, Area 56A, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) and is planned for a luxurious residential development comprising 7 mid-rise apartment blocks with about 136 units, 24 detached garden houses and 198 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The site formation works and foundation works are expected to be completed and the superstructure works contract scheduled to be awarded in the third quarter of 2016. The completion of this development is presently scheduled for 2018.

Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and is planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 6,420 square metres (69,120 square feet). The foundation works have been completed. Installation of pipe pile works for construction of pile cap is in progress.

The Ascent at No.83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and is planned for a commercial/residential development with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement carpark. The superstructure works are in progress. The development has been named The Ascent and is scheduled to be completed before the end of 2017. The presale of the residential units in this development was launched in July 2016 and, up to date, 154 residential units have been contracted to be sold.

Anchor Street/Fuk Tsun Street, Tai Kok Tsui, Kowloon

This is a hotel development project also awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 2015. The project has a site area of 725.5 square

metres (7,809 square feet) and total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and is planned to be developed into a multi-storey hotel building comprising about 288 guest rooms, with ancillary accommodation. The general building plans have been approved. The foundation works have been commenced and are scheduled to be completed by the end of this year. The development project is presently anticipated to be completed in 2018.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects, all of which are wholly owned, and the 60% owned logistics business currently undertaken by the Cosmopolitan group in the PRC is set out below:

Property Development

Chengdu Project

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of hotel, commercial, office, serviced apartments and residential components, with an overall total gross floor area of approximately 497,000 square metres. The first stage of the development includes a hotel with about 306 hotel rooms and extensive facilities and three residential towers with 339 residential units with car parking spaces and ancillary commercial accommodation. While the business remodeling works in response to the current local market environment continue, the hotel is scheduled to open in phases from 2017. The second stage of the development comprises six residential towers with 957 units, the construction works for which are in progress. The completion of the residential towers in both the first and second stages of the development is expected to be in 2017. The presale of two residential towers in the first stage and one residential tower in the second stage, consisting of a total of 362 units, commenced in April 2016, and there have been contracted sales of approximately RMB 166 million. Presale of the remaining six residential towers with 934 units in both stages is scheduled to be launched in stages commencing from the fourth quarter of 2016. The other components within the development, comprising commercial, office, serviced apartments and residential units, will continue to be developed in stages.

Tianjin Project

Located in the Hedong District in Tianjin, this project entails a development site with total site area of about 31,700 square metres, which is planned for a mixed use development comprising commercial, office and residential components with total gross floor area of about 145,000 square metres. The superstructure works of the four residential towers are progressing and the superstructure works of the commercial complex and the two office towers have already commenced. The presale of three residential towers, comprising 376 units, commenced in October 2015. Up to date, approximately 98% of the available units have been sold, realising contracted sales of approximately RMB 968 million. The remaining residential tower, comprising 136 units, the commercial complex, comprising mainly shops of about 19,000 square metres, and the car parking spaces are expected to be marketed for presale before the end of 2016. The entire development is anticipated to be completed in stages from 2017.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Cosmopolitan group has already taken necessary steps to reorganise the local management team, with a view to restoring normal business operations for the project and carrying out the remedial re-forestation works for inspection by the relevant government authorities. The Cosmopolitan group will also initiate measures to settle the land disputes with the surrounding villagers, with an aim to resume the possession of certain parcels of land within the project site being illegally occupied. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in this re-forestation and land grant contract remain valid and effective. The Cosmopolitan group is planning to have the required remedial re-forestation works carried out as soon as practicable, such that the inspection and measurement of the reforested area by the relevant government authorities can be resumed

and the final procedures leading to the land grant listing and tender of the development land may be concluded.

Logistics Business

Shanghai Logistics Project

With the aim of diversifying and broadening its business portfolio through the expansion and development of the logistics business and capitalising on the increasing demands for logistics services market by e-commerce merchants in Mainland China, the Cosmopolitan group entered into certain agreements to acquire an effective 60% interest in a group of companies (the “Logistics Group”) operating logistics and related businesses in the PRC, details of which were disclosed in the announcements of Cosmopolitan dated 13th January, 2016, 11th March, 2016, 12th April, 2016 and 29th April, 2016. The Cosmopolitan group completed the acquisition on 31st May, 2016 and the acquired Logistics Group companies have since become subsidiaries of the Cosmopolitan group. The Cosmopolitan group recognised a gain on bargain purchase of HK\$30.3 million upon the business combination during the period, which is based on a provisional amount and subject to the finalisation of the fair value estimation of the considerations transferred and identifiable net assets acquired within 12 months from the date of acquisition.

One of the companies within the Logistics Group is a licensed courier services provider in the PRC. It has leased an industrial premises with an aggregate lettable area of about 40,000 square metres in Pudong, Shanghai, the PRC (the “Leased Property”) from an affiliated company of the ultimate 40% shareholder of the Logistics Group to operate the logistics and related businesses. The ultimate 40% shareholder of the Logistics Group has also through his wholly owned subsidiary entered into a consultancy agreement with the Logistics Group to procure the development and expansion of the logistics businesses with an additional business operating area of 120,000 square metres. The shareholders of the company owning the Leased Property (being the ultimate 40% shareholder of the Logistics Group and his family member) have granted a purchase option to the Logistics Group to acquire the aforesaid property owning company owning the Leased Property and its wholly owned subsidiary which has a contractual right to acquire the land parcel adjacent to the Leased

Property. Further details of the above-mentioned acquisition, consultancy agreement, purchase option and other related transactions were disclosed in the related announcements.

Since the completion of the acquisition, the Logistics Group has performed profitably and steadily. The rental occupancy of the Leased Property is about 82% which is based on the occupancy rate of the available area of about 37,000 square metres for sub-letting, with about 77% being rented to e-commerce merchants (who are exclusively using courier services provided by the Logistics Group) and the remaining areas being rented to other tenants with fixed-rate rentals. In light of the positive outlook of the e-commerce market in China and taking into account the planned expansion of the logistics business, it is expected that the Logistics Group would generate satisfactory income to the Cosmopolitan group.

HANG FOK PROPERTIES LIMITED

Hang Fok is an entity that is 50% beneficially owned by each of the Group and the Regal group and is effectively a subsidiary of the Group. Hang Fok holds equity interests in a joint venture project company involved in a development project in the Central Business District in Beijing, the PRC. As previously reported, Hang Fok was engaged in a series of legal actions in the PRC with the other joint venture parties in the Beijing project, some of which were initiated by Hang Fok to protect its equity interests in the Beijing project. Appropriate provisions had been made by Hang Fok in the prior years and the interest held by the Group in the project was carried in the consolidated financial statements at an insignificant amount as at 31st December, 2013. In the process of the legal actions taken, the other joint venture parties have funded the joint venture project company and procured the latter to deposit an amount of approximately RMB195 million into the court in the PRC in August 2014, as repayment proceeds of certain of the shareholder's loans, plus accrued interest thereon, made by Hang Fok to the joint venture project company. Accordingly, Hang Fok had written back loans receivable and recognised related interest income of approximately HK\$159.0 million and HK\$84.2 million respectively, which were reflected in the results of the Group in the financial year ended 31st December, 2014. The aforesaid sum of RMB195 million (net of incidental expenses) had been received by Hang Fok in February 2016 through payment from the PRC court. Hang Fok is pursuing further claims against the joint venture project company

for underpaid interest due. The Group will continue to exercise strenuous efforts with a view to salvaging the value of the Group's interest in this development project.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group's wholly owned construction arm, Chatwin Engineering Limited, was the main contractor for the construction of P&R Holdings' hotel developments at Bonham Strand, Sheung Wan (now operating as the iclub Sheung Wan Hotel) and at Merlin Street, Fortress Hill (now operating as the iclub Fortress Hill Hotel), which were completed in January and May 2014, respectively, as well as the residential project at Tan Kwai Tsuen Road, Yuen Long which was completed in November 2015. Chatwin is presently undertaking the main contract works for P&R Holdings' hotel development project at Ha Heung Road, To Kwa Wan, which was also awarded to Chatwin through competitive tender process. Due to the increasing number of projects undertaken by the Group as whole, the Group's development consultancy division, which provides professional services on architectural, engineering and interior design aspects, is likewise principally supporting the needs of the Group's member companies.

OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, bonds as well as treasury and yield enhancement products.

FINANCIAL REVIEW

ASSETS VALUE

As at 30th June, 2016, the Group's net assets attributable to equity holders of the parent amounted to HK\$12,948.6 million, representing HK\$11.62 per ordinary share.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects in Hong Kong are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date. Property development projects in the PRC are presently financed by internal resources and proceeds from the presale of the units. Project financing may be arranged in local currency on appropriate terms to cover a part of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates, while its senior unsecured notes are denominated in US dollar and Hong Kong dollar with fixed coupon interest rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As the Hong Kong dollar is pegged to the US dollar, the exchange risks are considered to be insignificant and no currency hedging has been deployed. As regards the Group's overseas investments which are based in currencies other than US dollar and Hong Kong dollar, the Group will consider hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$1,123.0 million (2015 – HK\$1.5 million). Net interest payment for the period amounted to HK\$69.6 million (2015 – HK\$134.7 million).

Borrowings and Gearing

As at 30th June, 2016, the Group had cash and bank balances and deposits of HK\$3,123.7 million (31st December, 2015 – HK\$2,500.3 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$10,791.0 million (31st December, 2015 – HK\$11,237.7 million).

As at 30th June, 2016, the gearing ratio of the Group was 28.5% (31st December, 2015 – 30.1%), representing the Group's borrowings net of cash and bank balances and deposits of HK\$10,791.0 million (31st December, 2015 – HK\$11,237.7 million), as compared to the total assets of the Group of HK\$37,907.9 million (31st December, 2015 – HK\$37,293.7 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2016 are shown in the condensed consolidated financial statements ("Interim Financial Statements") contained in the interim report for the six months ended 30th June, 2016 of the Company to be published on or before 30th September, 2016.

Pledge of Assets

As at 30th June, 2016, certain of the Group's property, plant and equipment, investment properties, properties held for sale, properties under development, available-for-sale investments, financial assets at fair value through profit or loss, held-to-maturity investments, bank deposits and bank balances in the total amount of HK\$19,028.6 million (31st December, 2015 – HK\$18,745.8 million) were pledged to secure general banking facilities granted to the Group and, in addition, certain of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK\$324.3 million (31st December, 2015 – HK\$462.1 million) were pledged to secure bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2016, certain ordinary shares in a listed subsidiary with a market value of HK\$333.1 million (31st December, 2015 – HK\$406.5 million) were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2016 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2016 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK2.3 cents (2015 – HK2.3 cents) per ordinary share for the financial year ending 31st December, 2016, absorbing an amount of approximately HK\$25.6 million (2015 – HK\$25.6 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 12th October, 2016.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Friday, 7th October, 2016 to Wednesday, 12th October, 2016, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend declared, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:30 p.m. on Thursday, 6th October, 2016. The relevant dividend warrants are expected to be despatched on or about 24th October, 2016.

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
REVENUE (Notes 2 & 3)	1,502.0	1,265.8
Cost of sales	(964.2)	(754.3)
Gross profit	537.8	511.5
Other income and gains, net (Note 3)	13.5	39.0
Fair value gains on investment properties, net	80.3	42.9
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	(27.0)	68.7
Gain on bargain purchase (Note 11)	30.3	–
Impairment loss on properties held for sale	(7.9)	–
Property selling and marketing expenses	(30.8)	(6.2)
Administrative expenses	(169.7)	(152.8)
OPERATING PROFIT BEFORE DEPRECIATION	426.5	503.1
Depreciation	(302.0)	(282.0)
OPERATING PROFIT (Notes 2 & 4)	124.5	221.1
Finance costs (Note 5)	(120.5)	(116.6)
Share of profits and losses of associates	(2.9)	(13.2)
PROFIT BEFORE TAX	1.1	91.3
Income tax (Note 6)	20.1	(5.7)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	21.2	85.6

Condensed Consolidated Statement of Profit or Loss (Cont'd)

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	17.2	54.9
Non-controlling interests	4.0	30.7
	<hr/> 21.2 <hr/>	<hr/> 85.6 <hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK1.55 cents	HK4.93 cents
	<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	21.2	85.6
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	(1.8)	5.9
Cash flow hedges:		
Changes in fair value of cash flow hedges	–	(0.3)
Transfer from hedge reserve to the statement of profit or loss	–	1.2
	–	0.9
Exchange differences on translating foreign operations	(23.9)	(5.5)
Other comprehensive income/(loss) for the period	(25.7)	1.3
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(4.5)	86.9
Attributable to:		
Equity holders of the parent	(1.0)	55.8
Non-controlling interests	(3.5)	31.1
	(4.5)	86.9

Condensed Consolidated Statement of Financial Position

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	19,768.1	19,993.3
Investment properties	2,243.3	2,101.3
Properties under development	1,296.3	1,297.3
Investments in associates	29.2	20.8
Available-for-sale investments	252.4	173.9
Financial assets at fair value through profit or loss	50.7	1.9
Contingent consideration receivable	11.2	–
Loans receivable	9.2	9.4
Deposits and prepayments	78.7	78.4
Deferred tax assets	93.3	79.1
Goodwill	261.0	261.0
Trademark	610.2	610.2
Other intangible assets	119.6	–
Total non-current assets	<u>24,823.2</u>	<u>24,626.6</u>
CURRENT ASSETS		
Properties under development	6,895.1	6,363.9
Properties held for sale	1,274.6	1,740.2
Inventories	70.4	52.7
Debtors, deposits and prepayments (Note 9)	841.0	974.6
Loans receivable	0.4	0.4
Held-to-maturity investments	419.9	201.2
Financial assets at fair value through profit or loss	457.5	826.0
Derivative financial instruments	–	4.7
Tax recoverable	2.1	3.1
Restricted cash	215.6	177.8
Pledged time deposits and bank balances	235.9	346.3
Time deposits	1,203.8	455.7
Cash and bank balances	<u>1,468.4</u>	<u>1,520.5</u>
Total current assets	<u>13,084.7</u>	<u>12,667.1</u>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(847.8)	(860.8)
Deposits received	(1,062.6)	(343.1)
Interest bearing bank borrowings	(1,186.5)	(1,271.7)
Derivative financial instruments	–	(2.8)
Tax payable	(141.5)	(119.6)
Total current liabilities	<u>(3,238.4)</u>	<u>(2,598.0)</u>
NET CURRENT ASSETS	<u>9,846.3</u>	<u>10,069.1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>34,669.5</u>	<u>34,695.7</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(118.9)	(147.0)
Interest bearing bank borrowings	(8,473.1)	(8,247.6)
Other borrowings	(4,227.5)	(4,218.7)
Convertible bonds	(27.6)	–
Deferred tax liabilities	(2,222.6)	(2,231.2)
Total non-current liabilities	<u>(15,069.7)</u>	<u>(14,844.5)</u>
Net assets	<u>19,599.8</u>	<u>19,851.2</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	111.4	111.4
Reserves	12,837.2	12,918.6
	<u>12,948.6</u>	<u>13,030.0</u>
Non-controlling interests	6,651.2	6,821.2
Total equity	<u>19,599.8</u>	<u>19,851.2</u>

Notes:

1. Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2015, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2016.

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

The adoption of these revised HKFRSs has had no significant financial effect on the Group’s results of operation and financial position.

2. 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:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through Regal REIT;
- (d) the asset management segment engages in the provision of asset management services to Regal REIT;
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (f) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental income; and
- (g) the others segment mainly comprises the provision of financing services, travel agency services, sale of food products, logistics and related services and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

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 certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

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.

The following table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated		
	Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		
	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	
Segment revenue:																			
Sales to external customers	320.7	126.9	7.3	6.4	995.9	1,039.9	-	-	113.7	31.8	50.7	46.6	13.7	14.2	-	-	1,502.0	1,265.8	
Intersegment sales	3.5	3.9	110.5	177.4	-	-	47.3	50.6	-	-	-	-	3.3	0.7	(164.6)	(232.6)	-	-	
Total	<u>324.2</u>	<u>130.8</u>	<u>117.8</u>	<u>183.8</u>	<u>995.9</u>	<u>1,039.9</u>	<u>47.3</u>	<u>50.6</u>	<u>113.7</u>	<u>31.8</u>	<u>50.7</u>	<u>46.6</u>	<u>17.0</u>	<u>14.9</u>	<u>(164.6)</u>	<u>(232.6)</u>	<u>1,502.0</u>	<u>1,265.8</u>	
Segment results before depreciation	(19.3)	8.2	(0.5)	0.2	347.5	381.1	(5.5)	(5.4)	90.8	105.8	44.2	56.0	26.9	(2.9)	-	-	484.1	543.0	
Depreciation	(12.0)	(7.1)	(0.2)	(0.2)	(259.9)	(253.2)	(0.2)	(0.2)	-	-	(27.9)	(20.2)	(1.1)	(0.5)	-	-	(301.3)	(281.4)	
Segment results	<u>(31.3)</u>	<u>1.1</u>	<u>(0.7)</u>	<u>-</u>	<u>87.6</u>	<u>127.9</u>	<u>(5.7)</u>	<u>(5.6)</u>	<u>90.8</u>	<u>105.8</u>	<u>16.3</u>	<u>35.8</u>	<u>25.8</u>	<u>(3.4)</u>	<u>-</u>	<u>-</u>	<u>182.8</u>	<u>261.6</u>	
Unallocated interest income and unallocated non-operating and corporate gains																		12.8	17.2
Unallocated non-operating and corporate expenses																		(71.1)	(57.7)
Operating profit																		124.5	221.1
Finance costs																		(120.5)	(116.6)
Share of profits and losses of associates	-	-	-	-	1.8	-	-	-	-	-	-	-	(4.7)	(13.2)	-	-	(2.9)	(13.2)	
Profit before tax																		1.1	91.3
Income tax																		20.1	(5.7)
Profit for the period before allocation between equity holders of the parent and non-controlling interests																		21.2	85.6
Attributable to:																			
Equity holders of the parent																		17.2	54.9
Non-controlling interests																		4.0	30.7
																		<u>21.2</u>	<u>85.6</u>

3. Revenue, other income and gains, net are analysed as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Revenue</u>		
Rental income:		
Hotel properties	22.6	23.8
Investment properties	6.9	8.9
Properties held for sale	1.3	1.4
Aircraft	50.7	46.6
Construction and construction-related income	5.0	3.9
Proceeds from sale of properties	316.0	120.0
Estate management fees	2.3	2.5
Net gain from sale of financial assets at fair value through profit or loss	103.1	18.0
Net gain on settlement of derivative financial instruments	–	1.7
Interest income from financial assets at fair value through profit or loss	7.7	9.9
Dividend income from listed investments	2.9	2.2
Hotel operations and management services	969.8	1,012.7
Logistics and related services income	3.7	–
Other operations	10.0	14.2
	1,502.0	1,265.8

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	12.0	16.4
Other interest income	6.5	6.7
Dividend income from unlisted investment	0.3	–
Loss on disposal of an investment property	(23.7)	–
Fair value gain upon reclassification of a property, plant and equipment to an investment property	3.7	–
Gain on disposal of items of property, plant and equipment, net	–	14.7
Others	14.7	1.2
	13.5	39.0

4. An analysis of profit/(loss) on sale of investments and properties of the Group is as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit from sale of financial assets at fair value through profit or loss	103.1	18.0
Profit on settlement of derivative financial instruments	–	1.7
Loss on disposal of properties	(51.4)	(6.8)

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest on bank loans	88.3	79.4
Interest on other borrowings	91.1	90.7
Amortisation of debt establishment costs	20.0	18.6
Total interest expenses on financial liabilities not at fair value through profit or loss	199.4	188.7
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	–	1.0
Other loan costs	6.8	7.4
	206.2	197.1
Less: Finance costs capitalised	(85.7)	(80.5)
	120.5	116.6

6. The income tax charge/(credit) for the period arose as follows:

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
Current – Hong Kong		
Charge for the period	44.8	41.1
Current – Overseas		
Charge for the period	0.5	0.4
Overprovision in prior years	(0.3)	(1.7)
Deferred	(65.1)	(34.1)
Total tax charge/(credit) for the period	(20.1)	5.7

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2015 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

No provision for tax was required for the associates as no assessable profits were earned by the associates during the period (2015 – Nil).

7. Dividend:

	For year ending 31st December, 2016 HK\$'M	For year ended 31st December, 2015 HK\$'M
Interim – HK2.3 cents (2015 – HK2.3 cents) per ordinary share	25.6	25.6

8. The calculation of the basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$17.2 million (2015 – HK\$54.9 million) and on the weighted average of 1,114.6 million (2015 – 1,114.6 million) ordinary shares of the Company in issue during the period.

No adjustment has been made to the basic earnings per ordinary share amount presented for the periods ended 30th June, 2016 and 2015 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

9. Included in debtors, deposits and prepayments is an amount of HK\$396.7 million (31st December, 2015 – HK\$165.0 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	382.1	142.3
Between 4 to 6 months	2.8	8.8
Between 7 to 12 months	2.7	5.3
Over 1 year	10.8	10.9
	<hr/> 398.4	<hr/> 167.3
Impairment	(1.7)	(2.3)
	<hr/> 396.7 <hr/>	<hr/> 165.0 <hr/>

Credit terms

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

10. Included in creditors and accruals is an amount of HK\$92.8 million (31st December, 2015 – HK\$97.9 million) representing the trade creditors of the Group. The aged analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	91.5	97.7
Between 4 to 6 months	0.7	0.1
Over 1 year	0.6	0.1
	<hr/> 92.8 <hr/>	<hr/> 97.9 <hr/>

The trade creditors are non-interest bearing and are normally settled within 90 days.

11. Business combination

On 31st May, 2016, the Cosmopolitan group acquired from independent third parties 60% effective interest in a group of companies operating logistics and related businesses in the PRC.

The major assets acquired include, amongst others, property, plant and equipment, financial assets and intangible assets. Accordingly, the Cosmopolitan group has initially recognised identifiable net assets of HK\$80.6 million and gain on bargain purchase of HK\$30.3 million in accordance with HKFRS 3 (Revised) “Business Combinations”. The fair values of the considerations transferred and identifiable net assets acquired of the above business combination as at the date of acquisition are provisional amounts and are subject to the finalisation of the fair value estimation within 12 months from the date of acquisition.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2016.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2016 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2016 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2016, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30th June, 2016, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Bye-laws of the Company, all Directors (including the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman and Managing Director)

Mr. Donald FAN Tung

(Chief Operating Officer)

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP

Mr. NG Siu Chan

Hon Abraham SHEK Lai Him, GBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 23rd August, 2016