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ANNOUNCEMENT OF 2015 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2015 (Unaudited) HK\$'M	Six months ended 30th June, 2014 (Unaudited) HK\$'M	% Change
Revenue	1,251.6	1,057.3	+18.4%
Gross profit	559.1	511.0	+9.4%
Operating profit before depreciation, finance costs and tax	579.2	573.3	+1.0%
Profit for the period attributable to equity holders of the parent	123.8	167.1	-25.9%
Basic earnings per ordinary share attributable to equity holders of the parent	HK13.40 cents	HK17.89 cents	-25.1%
Interim dividend per ordinary share	HK4.0 cents	HK4.0 cents	–
	As at 30th June, 2015 (Unaudited)	As at 31st Dec., 2014 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$12.94	HK\$12.93	+0.1%
*Adjusted	HK\$18.94	HK\$20.17	-6.1%

* compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio at its market value at 30th June, 2015 with the relevant deferred tax liabilities added back

- **The operating profit before depreciation, finance costs and tax of the Group for the half year amounted to HK\$579.2 million, which slightly exceeded the comparative profit of HK\$573.3 million recorded in 2014.**
- **Depreciation charges on the Group's hotel properties in Hong Kong for the period amounted to HK\$225.7 million (2014 – HK\$202.7 million) which, though having no impact on cash flows, have adversely affected the reported profit.**
- **Adjusted net asset value of HK\$18.94 per share of the Company as at 30th June, 2015, which was lower than its comparative amount of HK\$20.17 as at 31st December, 2014 mainly due to the reduction in the fair values of the hotel properties.**
- **Due to various adverse market factors including the strengthening of the Hong Kong Dollar, the lowering of spending by stay-over visitors, the spill-over effects from the Occupy Central movement and, more recently, the anti-parallel trading activities that have deterred many Mainland travellers from visiting Hong Kong, there has been setback in the local tourism and related business sectors in recent months.**
- **Against this backdrop, the combined average occupancy rate of the five initial Regal Hotels in Hong Kong for the period was 83.0%, with the combined average room rate having also decreased by 3.7% year-on-year.**
- **Although the room business of the five initial Regal Hotels has been adversely affected, their food and beverage businesses for the first half year have conversely achieved substantial improvement, with total revenue increased by 12.4% year-on-year.**
- **The lease agreements for the five initial Regal Hotels have been extended for another 5 years to 31st December, 2020, with the market rental packages for the extended term continuing to be determined annually by a jointly appointed independent professional property valuer.**

- **To combat the competitive environment, the Group will continue to invest resources to enhancing its market network and positioning and, in the meantime, will further streamline its business operations to contain costs.**
- **The Group's property development businesses are presently undertaken through P&R Holdings Limited, a 50:50 joint venture with Paliburg Holdings Limited.**
- **P&R Holdings formally launched in June 2015 the presale of the apartment block, named Domus, in the residential project at Tan Kwai Tsuen Road in Yuen Long, and all the 134 units were sold in one day. Earlier this month, P&R Holdings further launched the sale programme for the ten residential duplex units remaining in Rainbow Lodge in Yuen Long. The market response was equally very favourable and all the ten units were sold within a short period of time.**
- **The Group intends to further expand its aircraft ownership and leasing business and is reviewing from time to time new investment opportunities for the acquisition of additional aircraft.**
- **The Group believes that the recent setback experienced by the tourism market in Hong Kong should be temporary and that the prospects of the hotel businesses in Hong Kong in the long term will remain favourable.**
- **Apart from the strategic controlling interest in Regal Real Estate Investment Trust, the Group has invested substantial resources in P&R Holdings. Many of the projects of P&R Holdings are being gradually completed and it is anticipated that substantial profits and cash flows will be contributed to the Group in the coming few years.**
- **The Directors are optimistic that, with its solid financial strength, the Group will continue to achieve steady progress in the years ahead.**

FINANCIAL RESULTS

For the six months ended 30th June, 2015, the Group attained an unaudited consolidated profit attributable to shareholders of HK\$123.8 million, as compared to HK\$167.1 million recorded for the same period in 2014.

Despite the challenging business environment encountered by the tourism industry in Hong Kong in the period under review, the Group has maintained steady results in respect of its overall business operations. The operating profit before depreciation, finance costs and tax of the Group for the half year amounted to HK\$579.2 million, which slightly exceeded the comparative profit of HK\$573.3 million recorded in 2014. Depreciation charges on the Group's hotel properties in Hong Kong for the period amounted to HK\$225.7 million (2014 – HK\$202.7 million) which, though having no impact on cash flows, have adversely affected the reported profit.

As the Group's operating hotel properties, which are all held through Regal Real Estate Investment Trust, are stated in the Group's consolidated financial statements net of accumulated depreciation, their carrying values are substantially below their market values. Accordingly, shareholders could refer to the paragraph under "Assets Value" in the section headed "Management Discussion and Analysis" in this announcement which showed, for the purpose of reference, the adjusted net asset value per share of the Company, on the basis that all such hotel properties were to be stated at their independent professional valuations as at 30th June, 2015. As at 30th June, 2015, the adjusted net asset value per share of the Company was HK\$18.94, which is lower than its comparative amount of HK\$20.17 as at 31st December, 2014, mainly due to the reduction in the fair values of the hotel properties.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

For the period under review, most of the advanced world economies sustained gradual recoveries. The International Monetary Fund has projected global growth at 3.3% in 2015, which is marginally lower than in 2014, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. While the economy in the United States is expected to continue to strengthen, it is generally believed that the US Dollar interest rate may revert to an upward trend and if its interest rate indeed begins to rise in the not too distant future, it may have a significant impact on the global economy. In the emerging market economies, the continued slowdown reflected several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks, rebalancing in China, and economic distress related to geopolitical factors. Through various accommodative fiscal policies to support domestic demand, China was able to maintain a growth rate of 7% year-on-year in its GDP for both the first and second quarters of 2015. China remains one of the highest growth economies globally and a key economic partner to Hong Kong.

Meanwhile, Hong Kong's economy expanded moderately by 2.6% in the first half of 2015 and the GDP for the whole year is forecast to grow by 2% to 3% in real terms. In the same period, total visitors to Hong Kong amounted to over 29.3 million, representing a modest increase of 2.8% year-on-year, with visitors from Mainland China accounting for about 78% of the total headcount. In this total headcount, overnight visitors amounted to 12.7 million, which actually decreased by 3.8% year-on-year, primarily due to the substantial decline in the number of visitors from Mainland China under the Individual Visit Scheme since March 2015. At the same time, the value of total retail sales in Hong Kong contracted by 1.6% year-on-year, with the adverse change most notable in the high end consumer goods sector.

Against this backdrop, the average hotel room occupancy for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June dropped from 89% in

2014 to 85% in 2015, with the average achieved room rate also shrinking by 8.7% over the same comparative period, based on information published by the Hong Kong Tourism Board.

The setback in Hong Kong's tourism and related business sectors in recent months can be attributed to a number of factors, including the strengthening of the Hong Kong Dollar, the lowering of spending by stay-over visitors, the spill-over effects from the Occupy Central movement and, more recently, the anti-parallel trading activities that have deterred many Mainland travellers from visiting Hong Kong. The implementation of the "one trip per week" policy for Shenzhen residents, who are mostly same day visitors, has, however, had no significant impact on the local hotel market.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

As at 30th June, 2015, the Group held 74.6% of the outstanding units of Regal REIT and Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager.

For the six months ended 30th June, 2015, Regal REIT recorded an unaudited consolidated loss before distribution to unitholders of HK\$1,376.9 million, as compared to the profit of HK\$319.6 million attained in the corresponding period in 2014. When reviewing these comparative results of Regal REIT, it should be noted that the loss incurred by Regal REIT was solely attributable to the reduction of HK\$1,631.4 million in the fair value of Regal REIT's investment properties portfolio based on their independent market valuations as at 30th June, 2015, as compared to those last prevailing as at 31st December, 2014. If the fair value changes are excluded, the core profit before distribution to the unitholders of Regal REIT for the period under review would amount to HK\$254.6 million, an increase of approximately 3.6% over HK\$245.6 million attained for the corresponding period in 2014.

The five initial Regal Hotels, which are operating as full-service hotels under the "Regal" brand name, were initially leased by Regal REIT to a wholly-owned subsidiary of the Group for terms up to 31st December, 2015. At an extraordinary general meeting of Regal REIT held on 14th April, 2015, the independent unitholders approved the extension of the lease

agreements for the five initial Regal Hotels for another 5 years to 31st December, 2020, with the market rental packages for the extended term continuing to be determined annually by a jointly appointed independent professional property valuer. The market rental review for 2016 is being conducted by the independent professional property valuer and will be determined before the end of September 2015.

At that same general meeting, the unitholders of Regal REIT also approved revisions to the trust deed of Regal REIT to align with the amendments to the REIT Code that became effective in August 2014. The objectives of the revisions were principally to provide additional flexibility and discretion to Regal REIT, allowing it to invest in certain financial instruments and to undertake property development activities under certain thresholds. With the widening of its investment boundaries, Regal REIT is placed in a more advantageous position when pursuing investment opportunities in the future.

Apart from the five initial Regal Hotels, Regal REIT also owns the three other hotels in Hong Kong that are operating under the “iclub by Regal” brand name. The “iclub” brand is a new line of hotels developed by the Group, which are typically positioned as upscale select-service hotels, with contemporary and stylish décor, and equipped with tech-savvy facilities.

The first hotel under the “iclub” brand was the iclub Wan Chai Hotel, which has been self-operated by Regal REIT since 2011. This hotel has since its opening been well received by individual and business travellers, but due to the stiff market competition arising as a result of the various market factors mentioned above, its operating performance in the period under review has also been adversely affected. Though this hotel managed to maintain virtually full occupancy during the period, the average achieved room rate retracted by 22.2%. Aggregate net property income (NPI) from this property, including increased lease rentals from the non-hotel portions, amounted to HK\$11.5 million for the first half year, which was a reduction of approximately 20.0% as compared with the same period last year.

The other two iclub hotels, namely, the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel, have also been leased to the same lessee of the Group under initial lease terms up to 31st December, 2019, with an option to Regal REIT to extend the leases for another five years. Rentals for the first three years of the lease terms are fixed, while the rentals for the

remainder of the lease terms will be determined annually through independent market rental reviews.

HOTEL OPERATIONS

Due to the setback encountered by the tourism industry in Hong Kong in the period under review, the five initial Regal Hotels in Hong Kong attained a combined average occupancy rate of 83.0%, a decrease of 9.9 percentage points as compared with the same period last year. Their combined average room rate over the same period also decreased by 3.7%, resulting in a reduction in RevPAR (Revenue per Available Room) of 14.0% year-on-year. Although the room business of these hotels has been adversely affected, the food and beverage businesses for the first half year have conversely achieved substantial improvement and generated total revenue of HK\$302.5 million, reflecting a year-on-year increase of 12.4%. Aggregate NPI for these five hotels for the period amounted to HK\$372.6 million, as compared with HK\$447.2 million attained in the same period in 2014, which is slightly below the prorated base rent of HK\$381.5 million payable to Regal REIT under the leases.

The occupancy levels of the other two new iclub hotels at Sheung Wan and Fortress Hill during the half year under review were 91.2% and 73.6%, respectively. Although these occupancy levels are considered satisfactory for new start-up hotels under the prevailing market conditions, there are still much rooms for improvement. As previously mentioned, any shortfall in the income from the operation of these two hotels below the lease payments payable by the lessee during the first three years of the lease terms will be fully reimbursed by P&R Holdings Limited.

To combat the competitive environment, the Group will continue to invest resources to enhancing its market network and positioning and, in the meantime, will further streamline its business operations to contain costs.

The Group acquired, in October 2014, through a wholly-owned subsidiary the La Mola Hotel & Conference Centre in Spain, which is a 4-star luxury hotel with about 186 rooms situated on the outskirts of Barcelona neighbouring a major category golf course. The hotel is currently self-managed by the Group under an external franchise arrangement. The Group is

determining for this hotel an operating mode that can best suit its market position and, at the same time, is also planning a renovation programme to upgrade this hotel property.

HOTEL MANAGEMENT

Regal Hotels International Limited, the wholly owned management arm of the Group, is the hotel manager providing hotel management services to all the five full-service Regal Hotels and the three select-service iclub Hotels owned by Regal REIT in Hong Kong.

In China, the Group is providing hotel management services to seven operating hotels, including four in Shanghai, one in Xi'an and two in Dezhou, including the latest Regal Kangbo Hotel and Residence in Dezhou which was just opened in early August 2015. Two more hotels to be managed by the Group, namely, the Regal Financial Center Hotel in Foshan and the iclub Yuhong Hotel in Zhengzhou, are scheduled to be opened within the fourth quarter of 2015. Six other hotels are in the pipeline, which are planned to come on stream in 2016 and 2017.

In addition, the Group is also directly managing the La Mola Hotel & Conference Centre in Barcelona, Spain that it acquired in 2014.

PROPERTIES

During the period under review, the property market in Hong Kong overall remained stable, despite the hefty stamp duty levied by the Hong Kong Government to deter speculative activities. Newly built residential apartments, particularly those smaller-sized units that cater to small families, continued to be in very strong demand, with residential property price indices generally reaching new highs.

The Group's property development businesses are presently undertaken through P&R Holdings, a 50:50 joint venture with Paliburg Holdings Limited, the immediate listed holding company of the Group.

P&R Holdings formally launched in June 2015 the presale of the apartment block, named Domus, in the residential project at Tan Kwai Tsuen Road in Yuen Long, and all the 134 units were sold in one day. The 36 luxurious garden houses, which constitute the main component of the project and named Casa Regalia, are planned to be marketed for sale within the next few months.

Earlier this month, P&R Holdings further launched the sale programme for the ten residential duplex units remaining in Rainbow Lodge in Yuen Long. The market response was equally very favourable and all the ten units were sold within a short period of time.

To replenish its land bank after the sale of the two iclub hotel developments in Sheung Wan and Fortress Hill to Regal REIT, P&R Holdings successfully secured from the Urban Renewal Authority in June 2015 the contract for the development of a new hotel project located at Anchor Street/Fuk Tsun Street in Tai Kok Tsui, Kowloon, which is planned to be developed into a multi-storey hotel building comprising about 288 guest rooms, with ancillary accommodation.

Further details on the development projects and properties of P&R Holdings, including those undertaken in China by Cosmopolitan International Holdings Limited, the listed subsidiary of P&R Holdings, are contained in the section headed “Management Discussion and Analysis” in this announcement.

Of the 19 retained luxury garden houses in Regalia Bay, Stanley, one of the houses was recently sold in May 2015, pending completion of the sale and purchase. The Group may lease out some more of these retained houses for rental income, pending their gradual disposals at satisfactory prices.

OTHER INVESTMENTS

The Group maintains a sizable investment portfolio comprising primarily listed securities, investment funds, bonds as well as treasury and yield enhancement products, including the holding of approximately 10% interest in the issued shares of Asia Standard Hotel Group Limited, a company listed in Hong Kong principally engaged in hotel and investment

businesses. This investment portfolio has on the whole appreciated in value during the period under review.

The Group completed the acquisition of a fleet of twelve Embraer aircraft in February 2015 for an aggregate purchase price of US\$34.5 million. One of these Embraer aircraft, an ERJ 170 model aircraft, was sold in June 2015 and generated attractive return as compared to its acquisition cost. Together with the other two aircraft previously acquired, being one Airbus 321-211 which is wholly-owned and another Airbus A321-200 which is effectively 85%-owned, the Group now owns a portfolio of thirteen aircraft, twelve of which are under leases to airline operators operating in different parts of the world, yielding satisfactory rental income. The lease for the one remaining Embraer aircraft expired recently and negotiations are being conducted for its re-lease or sale.

The Group intends to further expand its aircraft ownership and leasing business and is reviewing from time to time new investment opportunities for the acquisition of additional aircraft. The Group is also considering certain restructuring proposals for the holding of these assets, with a view to ultimately establishing this new line of business as an independent operating business unit of the Group.

OUTLOOK

Although the second half of the year is traditionally the high season for the local hotel industry, the outlook of the hotel businesses for the coming few months continues to be full of challenges. The tourism related industries hope that more Mainland cities will be included in the Individual Visit Scheme to open up new sources of overnight visitors to Hong Kong. On the other hand, Hong Kong will need to put in additional resources to expand its tourist attractions and the Hong Kong community as a whole should also work more closely together to re-cultivate a harmonious environment to maintaining Hong Kong's position as one of the most favourite tourist and shopping destinations in Asia as well as in the world, making it worthy of its long-held reputation.

The Group believes that the recent setback experienced by the tourism market in Hong Kong should be temporary and that the prospects of the hotel businesses in Hong Kong in the long term will remain favourable. The REIT Manager will continue to prudently pursue accretive investment opportunities for Regal REIT, both locally and overseas, with a view to further strengthening its recurring income base.

Apart from the strategic controlling interest in Regal REIT, the Group has invested substantial resources in P&R Holdings, through which the property development business of the Group is undertaken. Many of the projects of P&R Holdings are being gradually completed and it is anticipated that substantial profits and cash flows will be contributed to the Group in the coming few years.

The Directors are optimistic that, with its solid financial strength, the Group will continue to achieve steady progress in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly 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 business and other investments including financial assets investments.

The performance of the Group's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the hotel and property sectors and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the above sections headed "Financial Results", "Business Overview" and "Outlook" as well as in this sub-section.

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.

JOINT VENTURE – P&R HOLDINGS LIMITED

P&R Holdings is a 50:50 owned joint venture established with Paliburg, with capital contributions to be provided by the Company and Paliburg on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. 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 latest Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon, 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.

*Lot No.4309 in Demarcation District No.124, 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 will provide 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 superstructure works have been completed and the occupation permit is expected to be issued in the third quarter of 2015. The presale programme for the units in the apartment block, named Domus, was formally launched in June 2015 and all the 134 units were sold in one day. The sale programme for the 36 garden houses, which constitute the main component of the development and named Casa Regalia, is planned to be launched within the next few months.

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 and the technical difficulties encountered in relation to the adjoining building are being resolved. Some further delay in the construction works is anticipated.

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 foundation works have been completed and the superstructure works are progressing smoothly. This hotel development project is scheduled to be completed in the first half 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 and the general building plans have been approved. The foundation works are proceeding and currently expected to be completed in the first quarter of 2016. 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 general building plans for the development have been approved and the site formation works and foundation works are progressing. This development is scheduled to be completed in 2017.

Nos.69-83 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 155 residential units, 2 storeys of shops and 1 storey of basement carpark. The general building plans have been approved and foundation works commenced. The development is scheduled to be completed in 2017.

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 are being finalised and will be submitted to the Building Authority for approval shortly. Further details with regards to this development project are contained in the announcement of the Company dated 17th June, 2015.

Rainbow Lodge, 9 Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories

These properties comprise ten residential duplex units with gross area of approximately 1,832 square metres (19,720 square feet) and 14 car parks in a completed residential development. To prepare for the planned disposals, the tenancies for those units that were previously under lease have been terminated, and the sale programme launched in August 2015. The market response was very favourable and all the ten residential units and 13 car parks were sold

within a short period of time.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects currently undertaken by the Cosmopolitan group in the People's Republic of China, all of which are wholly owned, 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, service 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 306 hotel rooms and extensive facilities and three residential towers with about 340 residential units with car parking spaces and ancillary commercial accommodation. The construction works for these three residential towers are presently expected to be completed in the third quarter of 2016 and units presale is anticipated to be launched within the next few months. Having considered the current local market environment, a series of business remodeling works are being planned for the hotel, which is now anticipated to be completed in phases from late 2016. The second stage of the development comprises six residential towers with about 960 units, the construction works for which have commenced and are expected to be completed in the second quarter of 2017. The other components comprised within the overall development 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 piling works for the project have already been completed and basement excavation works have commenced. Presale of the two residential towers with

about 250 residential units is anticipated to be launched within the next few months. The entire development is now 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 commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the reforested area by the relevant government authorities is still ongoing and certain remedial re-forestation works will be undertaken to meet the requirements of the government authorities. In the meantime, the Cosmopolitan group is working on the design of the master plan to prepare for the land grant procedures. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded as soon as practicable. Should the Cosmopolitan group successfully secure the development land and depending on the permitted land use, the Cosmopolitan group preliminarily plans to develop on the land, in stages, a large scale mixed use development comprising residential, hotel, recreational and commercial properties.

Property Investment

Beijing Tongzhou Project

As previously reported, certain conditions required to be fulfilled by the counterparty with respect to the co-operation agreement entered into in 2014 for the captioned project have not been satisfied and the co-operation agreement has lapsed. The Group has determined that the captioned project will not be further pursued.

ASSOCIATE – HANG FOK PROPERTIES LIMITED

Hang Fok is an entity that is 50% beneficially owned by each of the Paliburg group and 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, which is pending collection by Hang Fok. Accordingly, Hang Fok had recorded a recovery of loans receivable and related interest income of approximately HK\$159.0 million and HK\$84.2 million respectively, and the share attributable to the Group was reflected in the results of the Group in the financial year ended 31st December, 2014. The Group will continue to exercise strenuous efforts with a view to salvaging the value of the Group's interest in this development project.

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties in Hong Kong are owned by Regal REIT and, with the exception of iclub Wan Chai Hotel, iclub Sheung Wan Hotel and iclub Fortress Hill Hotel, were stated in the financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially but have not been reflected in the Group's financial statements. Moreover, the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel were stated in the Group's financial statements at their fair values at the time of acquisition net of the unrealised

gain attributable to the Group and are also subject to depreciation. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio in Hong Kong is restated in the condensed consolidated financial statements at its market value as at 30th June, 2015, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$18.94 per share, as follows:

	As at 30th June, 2015	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	11,957.3	12.94
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	5,542.9	6.00
Unaudited adjusted net assets attributable to equity holders of the parent	17,500.2	18.94

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.

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 were 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

During the period under review, there were net cash flows generated from operating activities of HK\$433.9 million (2014 – HK\$285.5 million). Net interest payment for the period amounted to HK\$100.5 million (2014 – HK\$80.0 million).

Borrowings and Gearing

As at 30th June, 2015, the Group had cash and bank balances and deposits of HK\$1,370.8 million (31st December, 2014 – HK\$1,818.0 million) and the Group's borrowings net of cash and bank balances and deposits amounted to HK\$9,351.6 million (31st December, 2014 – HK\$9,289.3 million).

As at 30th June, 2015, the gearing ratio of the Group was 36.7% (31st December, 2014 – 35.9%), representing the Group's borrowings net of cash and bank balances and deposits of HK\$9,351.6 million (31st December, 2014 – HK\$9,289.3 million) as compared to the total assets of the Group of HK\$25,487.1 million (31st December, 2014 – HK\$25,849.9 million).

On the basis of the adjusted total assets as at 30th June, 2015 of HK\$32,340.3 million (31st December, 2014 – HK\$34,209.2 million) with the Group's hotel portfolio restated at its market value, the gearing ratio would be 28.9% (31st December, 2014 – 27.2%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2015 are shown in the condensed consolidated financial statements ("Interim Financial Statements") contained in the interim report for the six months ended 30th June, 2015 of the Company to be published on or before 30th September, 2015.

Pledge of Assets

As at 30th June, 2015, 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\$458.3 million (31st December, 2014 – HK\$454.6 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, and certain of the Group's property, plant and equipment, investment properties, properties held for sale, available-for-sale investments,

financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances in the total amount of HK\$11,454.8 million (31st December, 2014 – HK\$11,780.0 million) were also pledged to secure other banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2015 are shown in the Interim Financial Statements.

Contingent Liabilities

As at 30th June, 2015, the Group had contingent liabilities not provided for in the financial statements for corporate guarantees provided in respect of attributable share of banking facilities granted to subsidiaries of a joint venture in the amount of HK\$2,697.5 million (31st December, 2014 – HK\$2,363.0 million), of which HK\$1,235.7 million (31st December, 2014 – HK\$1,100.2 million) was utilised.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK4.0 cents (2014 – HK4.0 cents) per ordinary share for the financial year ending 31st December, 2015, absorbing an amount of approximately HK\$37.0 million (2014 – HK\$37.0 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 9th October, 2015.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Wednesday, 7th October, 2015 to Friday, 9th October, 2015, 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, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 6th October, 2015. The relevant dividend warrants are expected to be despatched on or about 23rd October, 2015.

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2015 (Unaudited) HK\$'M	Six months ended 30th June, 2014 (Unaudited) HK\$'M
REVENUE (Notes 2 & 3)	1,251.6	1,057.3
Cost of sales	(692.5)	(546.3)
Gross profit	559.1	511.0
Other income and gain (Note 3)	69.9	105.6
Fair value gains on financial assets at fair value through profit or loss, net	43.5	28.7
Fair value gains/(losses) on investment properties, net	14.3	(10.0)
Fair value gain upon reclassification of a property held for sale to an investment property	–	58.0
Administrative expenses	(107.6)	(120.0)
OPERATING PROFIT BEFORE DEPRECIATION	579.2	573.3
Depreciation	(255.1)	(215.4)
OPERATING PROFIT (Notes 2 & 4)	324.1	357.9
Finance costs (Note 5)	(166.4)	(162.0)
Share of profits and losses of:		
Joint ventures	18.8	(30.9)
Associates	(12.5)	(9.0)
PROFIT BEFORE TAX	164.0	156.0
Income tax (Note 6)	(20.3)	34.2
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	143.7	190.2

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

	Six months ended 30th June, 2015 (Unaudited) HK\$'M	Six months ended 30th June, 2014 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	123.8	167.1
Non-controlling interests	19.9	23.1
	<hr/>	<hr/>
	143.7	190.2
	<hr/>	<hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK13.40 cents	HK17.89 cents
	<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2015	Six months ended 30th June, 2014
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	143.7	190.2
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	5.8	14.8
Cash flow hedges:		
Changes in fair value of cash flow hedges	(0.3)	(4.4)
Transfer from hedge reserve to the statement of profit or loss	1.0	3.1
	<u>0.7</u>	<u>(1.3)</u>
Exchange differences on translating foreign operations	(8.0)	(3.6)
Share of other comprehensive income/(loss) of:		
A joint venture	0.8	(22.6)
An associate	–	(0.2)
	<u>(0.7)</u>	<u>(12.9)</u>
Other comprehensive loss for the period	(0.7)	(12.9)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>143.0</u>	<u>177.3</u>
Attributable to:		
Equity holders of the parent	123.0	154.6
Non-controlling interests	20.0	22.7
	<u>143.0</u>	<u>177.3</u>

Condensed Consolidated Statement of Financial Position

	30th June, 2015 (Unaudited) HK\$'M	31st December, 2014 (Audited) HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	16,010.3	16,052.8
Investment properties	1,089.0	1,074.0
Investments in joint ventures	3,329.9	3,258.5
Investments in associates	128.8	131.1
Available-for-sale investments	116.6	106.8
Financial asset at fair value through profit or loss	1.9	1.9
Debtors and deposits (Note 9)	1,381.5	1,390.0
Deferred tax assets	62.4	62.4
Total non-current assets	<u>22,120.4</u>	<u>22,077.5</u>
CURRENT ASSETS		
Properties held for sale	469.4	533.5
Inventories	34.0	35.7
Debtors, deposits and prepayments (Note 9)	401.2	266.8
Held-to-maturity investments	344.6	378.1
Financial assets at fair value through profit or loss	739.4	727.1
Other loan	6.9	13.2
Derivative financial instruments	0.4	–
Restricted cash	38.1	47.2
Pledged time deposits and bank balances	187.2	327.4
Time deposits	475.6	435.4
Cash and bank balances	669.9	1,008.0
Total current assets	<u>3,366.7</u>	<u>3,772.4</u>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2015	31st December, 2014
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	(409.5)	(426.6)
Interest bearing bank borrowings	(118.6)	(510.9)
Derivative financial instruments	–	(3.4)
Tax payable	(77.5)	(53.1)
Total current liabilities	<u>(605.6)</u>	<u>(994.0)</u>
NET CURRENT ASSETS	<u>2,761.1</u>	<u>2,778.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>24,881.5</u>	<u>24,855.9</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(107.4)	(27.8)
Interest bearing bank borrowings	(6,366.2)	(6,362.1)
Other borrowings	(4,237.6)	(4,234.3)
Deferred tax liabilities	(1,014.1)	(1,034.7)
Total non-current liabilities	<u>(11,725.3)</u>	<u>(11,658.9)</u>
Net assets	<u>13,156.2</u>	<u>13,197.0</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	92.4	92.4
Reserves	11,827.9	11,741.9
Dividends	37.0	110.9
	<u>11,957.3</u>	<u>11,945.2</u>
Non-controlling interests	1,198.9	1,251.8
Total equity	<u><u>13,156.2</u></u>	<u><u>13,197.0</u></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, 2014, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2015.

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

The adoption of these new and 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 six reportable operating segments as follows:

- (a) 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;

- (b) the asset management segment engages in the provision of asset management services to Regal REIT;
- (c) the property development and investment segment includes investments in properties for sale and for rental income, and the provision of property agency and management services;
- (d) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (e) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental income; and
- (f) the others segment mainly comprises travel agency services, sale of food products 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.

Following the acquisition of additional aircraft during the current period, the Group has increased its focus on the aircraft ownership and leasing business. A change on the reporting structure of operating segments was made for facilitating management to make decisions about operating matters, resources allocation and performance assessment. Accordingly, an additional reportable operating segment of “Aircraft ownership and leasing” was separately disclosed and certain comparative amounts previously reported under the reportable operating segment of “Others” have been reclassified and restated to conform with the current period’s presentation.

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

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2015		Six months ended 30th June, 2014		Six months ended 30th June, 2015		Six months ended 30th June, 2014		Six months ended 30th June, 2015		Six months ended 30th June, 2014		Six months ended 30th June, 2015		Six months ended 30th June, 2014	
	(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 and restated) HK\$'M	(Unaudited and restated) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	
Segment revenue:																
Sales to external customers	1,039.9	1,019.1	-	-	126.9	6.6	24.0	3.7	46.6	16.7	14.2	11.2	-	-	1,251.6	1,057.3
Intersegment sales	-	-	50.6	64.2	2.9	2.9	-	-	-	-	0.7	-	(54.2)	(67.1)	-	-
Total	1,039.9	1,019.1	50.6	64.2	129.8	9.5	24.0	3.7	46.6	16.7	14.9	11.2	(54.2)	(67.1)	1,251.6	1,057.3
Segment results before depreciation	380.0	500.9	(5.4)	(5.4)	98.5	78.0	73.1	34.7	56.0	14.7	(2.9)	(3.4)	-	-	599.3	619.5
Depreciation	(231.2)	(206.2)	(0.2)	-	(3.0)	(0.1)	-	-	(20.2)	(8.3)	(0.5)	(0.8)	-	-	(255.1)	(215.4)
Segment operating results	148.8	294.7	(5.6)	(5.4)	95.5	77.9	73.1	34.7	35.8	6.4	(3.4)	(4.2)	-	-	344.2	404.1
Unallocated interest income and unallocated non-operating and corporate gains															9.0	7.6
Unallocated non-operating and corporate expenses, net															(29.1)	(53.8)
Operating profit															324.1	357.9
Finance costs															(166.4)	(162.0)
Share of profits and losses of:																
Joint ventures	-	-	-	-	18.8	(30.9)	-	-	-	-	-	-	-	-	18.8	(30.9)
Associates	-	-	-	-	0.7	(0.2)	-	-	-	-	(13.2)	(8.8)	-	-	(12.5)	(9.0)
Profit before tax															164.0	156.0
Income tax															(20.3)	34.2
Profit for the period before allocation between equity holders of the parent and non-controlling interests															143.7	190.2
Attributable to:																
Equity holders of the parent															123.8	167.1
Non-controlling interests															19.9	23.1
															143.7	190.2

3. Revenue (which is also the Group's turnover), other income and gain are analysed as follows:

	Six months ended 30th June, 2015	Six months ended 30th June, 2014
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Revenue</u>		
Hotel operations and management services	1,012.7	993.8
Other operations, including estate management, estate agency, travel agency and sale of food products	14.9	11.7
Rental income:		
Hotel properties	23.8	23.0
Investment properties	8.3	7.0
Aircraft	46.6	16.7
Others	1.3	1.4
Net gain/(loss) from sale of financial assets at fair value through profit or loss	13.4	(3.2)
Net gain/(loss) on settlement of derivative financial instruments	0.9	(1.0)
Interest income from financial assets at fair value through profit or loss	8.7	5.8
Dividend income from listed investments	1.0	2.1
Sale of a property	120.0	–
	1,251.6	1,057.3
<u>Other income and gain</u>		
Bank interest income	8.2	7.2
Other interest income	46.6	68.8
Gain on disposal of items of property, plant and equipment, net	14.7	–
Others	0.4	29.6
	69.9	105.6

4. An analysis of profit/(loss) on sale of investments and a property of the Group included in the operating profit is as follows:

	Six months ended 30th June, 2015	Six months ended 30th June, 2014
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit/(Loss) from sale of financial assets at fair value through profit or loss	13.4	(3.2)
Profit/(Loss) on settlement of derivative financial instruments	0.9	(1.0)
Profit on disposal of a property	49.6	–
	<hr/> <hr/>	<hr/> <hr/>

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2015	Six months ended 30th June, 2014
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest on bank loans wholly repayable within five years	60.0	54.0
Interest on other borrowings wholly repayable within five years	91.2	91.1
Amortisation of debt establishment costs	11.5	11.3
Total interest expenses on financial liabilities not at fair value through profit or loss	<hr/> 162.7	<hr/> 156.4
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	1.0	3.1
Other loan costs	2.7	2.5
	<hr/> <hr/> 166.4	<hr/> <hr/> 162.0

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

	Six months ended 30th June, 2015	Six months ended 30th June, 2014
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Group:		
Current – Hong Kong		
Charge for the period	41.1	42.1
Overprovision in prior years	(1.7)	–
Current – Overseas		
Charge for the period	0.3	0.3
Deferred	(19.4)	(76.6)
Total tax charge/(credit) for the period	20.3	(34.2)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2014 – 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 joint ventures and associates as no assessable profits were earned by the joint ventures and associates during the period (2014 – Nil).

7. Dividend:

	For year ending 31st December, 2015	For year ended 31st December, 2014
	HK\$'M	HK\$'M
Interim – HK4.0 cents (2014 – HK4.0 cents) per ordinary share	37.0	37.0

8. The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$123.8 million (2014 – HK\$167.1 million), and on the weighted average of 924.1 million (2014 – 934.2 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, 2015 and 2014 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\$1,603.2 million (31st December, 2014 – HK\$1,498.2 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period is as follows:

	30th June, 2015	31st December, 2014
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	212.4	112.0
Between 4 to 6 months	5.4	4.1
Between 7 to 12 months	4.8	2.7
Over 1 year	1,382.9	1,381.7
	<hr/> 1,605.5	<hr/> 1,500.5
Impairment	(2.3)	(2.3)
	<hr/> 1,603.2 <hr/>	<hr/> 1,498.2 <hr/>

Credit terms

Included in the trade debtors of the Group is a sum of HK\$1,372.7 million (31st December, 2014 – HK\$1,372.7 million) due from the Cosmopolitan group in respect of the disposal of properties under development in Tianjin which is scheduled to be settled on or before 13th September, 2016. Other trade debtors generally have credit terms of 30 to 90 days. Trade debtors 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.

10. Included in creditors, deposits received and accruals is an amount of HK\$83.4 million (31st December, 2014 – HK\$93.0 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, 2015	31st December, 2014
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	82.6	92.1
Between 4 to 6 months	0.4	0.2
Between 7 to 12 months	0.1	0.3
Over 1 year	0.3	0.4
	<hr/> 83.4 <hr/>	<hr/> 93.0 <hr/>

The trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms.

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, 2015.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2015 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, 2015 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2015, 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, 2015, 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 Non-Executive Director and 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 Non-Executive Director and 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)

Miss LO Po Man

(Vice Chairman and Managing Director)

Ms. Belinda YEUNG Bik Yiu

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Jimmy LO Chun To

Mr. Kenneth NG Kwai Kai

Mr. Allen WAN Tze Wai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, GBS, JP

(Vice Chairman)

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen

Professor Japhet Sebastian LAW

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 25th August, 2015