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HARBOUR CENTRE DEVELOPMENT LIMITED
(Incorporated in Hong Kong with limited liability)
Stock Code: 51

Interim Results Announcement for the six months ended 30 June 2015

HIGHLIGHTS

- Phased completion of Suzhou Times City in the Mainland lifted Group profit with an above-average margin.
- Contributions from Hotel and Investment Properties in Hong Kong declined amid challenging operating environment for the hospitality and retail sectors.
- Marco Polo Hongkong Hotel will continue to come under pressure in the coming months.
- The Main Contract for Murray Building was awarded in May. Hotel opening is targeted for the second half of 2017.
- Marco Polo Changzhou is operating in a weak market. Pre-stabilisation operating losses will affect the Hotel segment's results.
- The Group's attributable interest in contracted sales increased amid a benign property environment.

GROUP RESULTS

Underlying core profit for the period increased by 24% to HK\$572 million (2014: HK\$460 million).

Group profit attributable to equity shareholders, including investment property revaluation surplus, amounted to HK\$596 million (2014: HK\$485 million) for a 23% increase from 2014. Basic earnings per share were HK\$0.84 (2014: HK\$0.68).

INTERIM DIVIDEND

An interim dividend of 14 HK cents (2014: 12 HK cents) per share will be paid on 17 September 2015 to Shareholders on record as at 2 September 2015. This will absorb a total amount of HK\$99 million (2014: HK\$85 million).

BUSINESS REVIEW

Phased completion of the good-margin Suzhou Times City in the Mainland distorted the Group's performance during the period. Contributions from the core segments, Hotel and Investment Properties in Hong Kong, actually declined as the tourism and retail sectors faced intense operating pressure.

Hong Kong Portfolio

Investment Properties ("IP")

A revamp underway at various areas of Star House and weakened retail consumption overshadowed the Group's IP segment, resulting in a 10% drop in revenue and a 13% decrease in operating profit. Independently valued as at 30 June 2015, the Group's IP portfolio resulted in a net revaluation surplus of HK\$24 million during the period.

Hotel

Weakened hotel room demand adversely affected Marco Polo Hongkong Hotel ("MPHK Hotel"). While average occupancy decreased to 78%, average room rate dropped by 7.1%. Pricing pressure is expected to continue in the coming months.

Murray Building, a prominent 50-year-old iconic landmark with majestic arches, is being converted into a unique urban chic hotel (total investment: over HK\$7 billion). It will feature 336 luxury guestrooms overlooking the heart of Central. The Main Contract was awarded in May and hotel opening is targeted for the second half of 2017.

China Portfolio

Development Properties ("DP")

Phased completion of Suzhou Times City sparked a surge in DP contribution, with a 6% increase in total DP turnover and a 104% increase in operating profit. However, similarly good margin is not expected for the other projects still under development, for which phased completions will continue to be uneven. Lower recognition of The U World in Chongqing decreased contribution from the joint venture to post a loss of HK\$1 million (2014: profit HK\$77 million). China DP's share of Group core profit increased to 59% (2014: 48%).

As at 30 June 2015, the Group had an attributable land bank of 1.2 million square metres at a book value of HK\$11.2 billion (including cumulative development cost of HK\$3.9 billion).

Sales

Amid a benign property environment, the Group's attributable interest in contracted sales (including the JV project) increased by 80% to RMB2.3 billion (2014: RMB1.3 billion). 1,038 residences and retail units (total GFA: 149,000 square metres) across five projects were sold/pre-sold. The net order book as at 30 June 2015 was RMB4.3 billion for 2,728 residences and retail units (total GFA: 351,000 square metres).

Development Progress

Changzhou Times Palace (total GFA: 635,000 square metres), is scheduled for full completion in 2016.

The U World in Chongqing, a 55%-owned joint venture development (attributable GFA: 232,000 square metres), is making good progress. Additional phases were completed during the period. Full completion is scheduled for 2016.

Suzhou Times City, an 80%-owned joint venture development with a local government unit (total GFA: 907,000 square metres), is making good headway. Additional phases were completed during the period. Full completion is scheduled for 2017.

Shanghai South Station project, a 27%-owned joint venture development (attributable GFA: 133,000 square metres) in Xuhui District led by China Vanke Company Limited (51% interest), is located next to Shanghai South Railway Station and is well connected to the existing Metro Line 1 & 3 and future Line 15 stations. Construction is underway, with full completion scheduled for 2020.

Investment Properties

The Group's 80%-owned Suzhou International Financial Square ("IFS"), designed by Kohn Pederson Fox, is a 450-metre commercial landmark (comparable to the tallest building in Hong Kong) in the new CBD overlooking Jinji Lake and is adjacent to Xinghu Street MTR station (Line 1). The development (total GFA: 278,000 square metres) comprises Grade A office, luxurious apartments and a premium boutique hotel. Construction is underway, with completion scheduled for 2017. Bundled with a larger and profitable DP project, Suzhou IFS (total investment: RMB5.4 billion) will be held as IP for recurrent income. Its competitive advantages lie in its favourable location and premium quality.

Hotel

Marco Polo Changzhou, a 302-room five-star Hotel featuring a large garden for sophisticated events and weddings that opened in the second half of 2014, is operating in a weak market. Pre-stabilisation operating losses will weigh on the Hotel segment's results in the near term.

In Suzhou, construction of a 147-room premium boutique hotel with full scenery of the city at the Suzhou IFS is underway. First revenue contribution is set to begin in 2017 or beyond.

FINANCIAL REVIEW

(I) Review of 2015 Interim Results

The Group recorded a core profit of HK\$572 million (2014: HK\$460 million), representing a year-on-year 24% increase that mainly resulting from the large increase in China DP net profit to HK\$338 million, accounting for 59% of the Group's core profit, on more phases completed for Suzhou Times City.

Revenue and Operating Profit

Group revenue rose by 3% to HK\$2,809 million (2014: HK\$2,715 million) and operating profit by 46% to HK\$962 million (2014: HK\$660 million).

DP revenue achieved an increase of 6% to HK\$2,277 million (2014: HK\$2,145 million) and operating profit 104% to HK\$687 million (2014: HK\$336 million). Suzhou Times City contributed over 90% of both revenue and operating profit. Despite the reduction in profit contribution from joint venture and associate, aggregate underlying profit reached HK\$338 million (2014: HK\$221 million), which represented an increase of 53% from the corresponding period last year.

IP revenue declined by 10% to HK\$153 million (2014: HK\$170 million) and operating profit by 13% to HK\$134 million (2014: HK\$154 million), mainly due to the decrease in turnover rent from retail areas in MPMK Hotel and the loss of rental from the revamping of Star House units.

Hotel revenue decreased by 7% to HK\$291 million (2014: HK\$314 million) mainly due to a drop in both average room rate and occupancy rate of MPMK Hotel. Operating profit fell by 36% to HK\$58 million (2014: HK\$91 million) as a result of decline at MPMK Hotel and the operating loss incurred by Marco Polo Changzhou, still in the process of building up business since its soft opening in August 2014.

Operating profit from Investment and Other Income, consisting of interest and dividend from the Group's surplus cash and investments, increased by 2% to HK\$88 million (2014: HK\$86 million).

Contracted DP Sales

Inclusive of joint venture on an attributable basis, the Group achieved contracted property sales totalling RMB2,250 million (2014: RMB1,250 million). The net order book was increased to RMB4,342 million (December 2014: RMB4,064 million) that is available for recognition in stages of completion of various DP projects.

Other Net Income

Other net income HK\$9 million (2014: loss HK\$22 million) was mainly derived from profit on disposal of investments.

Finance Costs

Net finance costs amounted to HK\$19 million (2014: HK\$16 million) after netting off capitalisation of HK\$22 million (2014: HK\$54 million) for the Group's projects (mainly China DP projects).

Share of Results after Tax of Joint Ventures

Joint venture reported a loss of HK\$1 million (2014: profit HK\$77 million) with lower profit contribution from The U World in Chongqing which was unable to cover its operating costs during the period.

Income Tax

Taxation charge for the period increased by 29% to HK\$269 million (2014: HK\$209 million) due to increase in taxable profits.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period ended amounted to HK\$596 million (2014: HK\$485 million), representing an increase of 23%.

Earnings per share (“EPS”) was reported at HK\$0.84 (2014: HK\$0.68) based on 708.8 million issued shares. Excluding IP revaluation surplus, EPS was HK\$0.81 (2014: HK\$0.65).

(II) Liquidity, Financial Resources and Commitments**Shareholders’ and Total Equity**

As at 30 June 2015, the Group’s shareholders’ equity increased by 3% to HK\$16,744 million (31/12/2014: HK\$16,205 million), equivalent to HK\$23.62 per share (31/12/2014: HK\$22.86 per share). Including non-controlling interests, the Group’s total equity stood at HK\$17,893 million (31/12/2014: HK\$17,246 million).

MPHK Hotel and Marco Polo Changzhou are stated at cost less accumulated depreciation in accordance with prevailing Hong Kong Financial Reporting Standards. Restating these hotel properties based on independent valuation as at 30 June 2015 would give rise to an additional revaluation surplus totalling HK\$4,329 million and increase the Group’s shareholders’ equity as at 30 June 2015 to HK\$21,073 million, equivalent to HK\$29.73 per share.

Assets

The Group’s total assets decreased by 4% to HK\$28,385 million (31/12/2014: HK\$29,542 million). Total business assets, excluding bank deposits and cash, available-for-sale investments, deferred tax assets and other derivative financial assets, decreased by 5% to HK\$21,507 million (31/12/2014: HK\$22,704 million).

The Group’s IP as at 30 June 2015 amounted to HK\$7,491 million, representing 35% of the Group’s total business assets. Hong Kong IP amounted to HK\$5,401 million (31/12/2014: HK\$5,377 million), comprising MPHK Hotel’s podium and Star House units, maintained at HK\$4,820 million and HK\$581 million, respectively. The book value of Mainland IP, mainly Suzhou IFS under development, was stated at HK\$2,090 million (31/12/2014: HK\$1,876 million).

The Group’s China DP for sale decreased by 32% to HK\$3,386 million (31/12/2014: HK\$4,979 million). In addition, DP investments undertaken through associates and joint ventures amounted to HK\$4,209 million (31/12/2014: HK\$4,186 million). Other major business assets mainly included hotel properties at MPHK Hotel, Murray Building, Marco Polo Changzhou and other fixed assets totalling HK\$5,461 million.

Geographically, the Group's business assets in the Mainland decreased by 10% to HK\$11,172 million (31/12/2014: HK\$12,350 million), representing 52% of the Group's total business assets.

Net Cash and Gearing

The Group's net cash as at 30 June 2015 amounted to HK\$702 million, consisting of HK\$4,988 million in cash and HK\$4,286 million in bank borrowings in various currencies, slightly decreased from HK\$767 million as at 31 December 2014.

Finance and Availability of Facilities and Funds

As at 30 June 2015, the Group's available loan facilities amounted to HK\$5,506 million, of which HK\$4,286 million were utilised. HK\$500 million is repayable within one year while the balance due between two and five years.

The Group's debts were denominated in HKD and USD. All the Group's borrowing were at floating rate. Further borrowings will be sourced to finance the Group's property and hotel development projects.

The use of derivative financial instruments is strictly controlled. The majority of the derivative financial instruments entered into by the Group are primarily used for hedging of the Group's interest rate and currency exposures.

The Group continued to maintain a reasonable level of surplus cash denominated principally in HKD and RMB to facilitate the Group's business and investment activities. As at 30 June 2015, the Group also maintained a portfolio of available-for-sale investments principally consisting of blue chip listed securities, with an aggregate market value of HK\$1,835 million (31/12/2014: HK\$1,550 million), which is available for liquidation to meet the Group's needs if necessary. The performance of the portfolio was largely in line with the general stock market.

Net Cash Flows for Operating and Investing Activities

For the period under review, the Group generated a net cash inflow from operating activities of HK\$564 million (2014: HK\$79 million), mainly from pre-sales proceeds net of construction cost payment for the Group's Mainland development projects. For investing activities, the Group recorded a net cash outflow of HK\$291 million (2014: HK\$53 million), primarily for the Group's hotel development projects and Suzhou IFS.

Commitments

As at 30 June 2015, the Group's total authorised and contracted for commitments amounted to HK\$5.6 billion, of which HK\$2.2 billion and HK\$3.4 billion respectively will be spent on converting Murray Building into a hotel and on Mainland development projects. In addition, the Group intends to spend HK\$5.9 billion mainly for existing DP in the Mainland, which will be incurred by stages in the forthcoming years.

The above commitments and planned expenditures are for years to be executed and will be funded by the Group's internal financial resources including cash of HK\$5.0 billion and property pre-sales proceeds as well as bank loans. Other available resources include available-for-sale investments.

(III) Human Resources

The Group had approximately 800 employees as at 30 June 2015. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2015 - Unaudited

		Six months ended 30 June	
		2015	2014
	Note	HK\$ Million	HK\$ Million
Revenue	2	2,809	2,715
Direct costs and operating expenses		(1,721)	(1,944)
Selling and marketing expenses		(63)	(53)
Administrative and corporate expenses		(32)	(30)
Operating profit before depreciation, interest and tax		993	688
Depreciation		(31)	(28)
Operating profit	3	962	660
Increase in fair value of investment properties		24	25
Other net income/(loss)	4	9	(22)
Finance costs	5	(19)	(16)
Share of results after tax of:			
Joint ventures		(1)	77
Associates		(2)	(1)
Profit before taxation		973	723
Income tax	6(a)	(269)	(209)
Profit for the period		704	514
Profit attributable to:			
Equity shareholders		596	485
Non-controlling interests		108	29
		704	514
Earnings per share	7		
Basic		HK\$0.84	HK\$0.68
Diluted		HK\$0.84	HK\$0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2015 - Unaudited

	Six months ended 30 June	
	2015	2014
	HK\$ Million	HK\$ Million
Profit for the period	704	514
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation the operations of:	5	(164)
- subsidiaries	4	(143)
- joint ventures	1	(21)
Fair value changes on available-for-sale investments:	278	163
- surplus on revaluation	283	163
- transferred to consolidated income statement on disposal	(5)	-
Other comprehensive income for the period	283	(1)
Total comprehensive income for the period	987	513
Total comprehensive income attributable to:		
Equity shareholders	879	545
Non-controlling interests	108	(32)
	987	513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015 – Unaudited

	Note	30 June 2015 HK\$ Million	31 December 2014 HK\$ Million
Non-current assets			
Investment properties		7,491	7,253
Fixed assets		5,461	5,429
Interest in associates		2,082	2,059
Interest in joint ventures		2,127	2,127
Available-for-sale investments		1,835	1,550
Deferred tax assets		49	19
Derivative financial assets		-	4
Other non-current assets		17	17
		19,062	18,458
Current assets			
Properties for sale		3,386	4,979
Inventories		4	5
Trade and other receivables	9	839	716
Derivative financial assets		6	80
Prepaid tax		100	119
Bank deposits and cash		4,988	5,185
		9,323	11,084
Total assets		28,385	29,542
Non-current liabilities			
Derivative financial liabilities		(2)	(3)
Deferred tax liabilities		(51)	(35)
Bank loans		(3,786)	(4,168)
		(3,839)	(4,206)
Current liabilities			
Trade and other payables	10	(2,218)	(3,303)
Pre-sale deposits and proceeds		(3,782)	(4,373)
Derivative financial liabilities		-	(45)
Taxation payable		(153)	(119)
Bank loans		(500)	(250)
		(6,653)	(8,090)
Total liabilities		(10,492)	(12,296)
NET ASSETS		17,893	17,246
Capital and reserves			
Share capital	11	3,641	3,641
Reserves		13,103	12,564
Shareholders' equity		16,744	16,205
Non-controlling interests		1,149	1,041
TOTAL EQUITY		17,893	17,246

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the changes mentioned below.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective for the current accounting period of the Group. The amendments do not have a significant impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

The interim financial statements contain consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2014. The interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial statements relating to the financial year ended 31 December 2014 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are development property, investment property and hotel. No operating segment has been aggregated to form reportable segments.

Development property (“DP”) segment encompasses activities relating to the acquisition, development, design, marketing and sale of trading properties primarily in Mainland China.

Investment property (“IP”) segment primarily represents the property leasing of the Group’s investment properties in Hong Kong. Some of the Group’s development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Hotel segment represents the operations of Marco Polo Hongkong Hotel and Marco Polo Changzhou. It also includes Murray Building which is under construction.

Management evaluates performance based on operating profit as well as the equity share of results of associates and joint ventures of each segment.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, available-for-sale investments, derivative financial instruments and deferred tax assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

Analysis of segment revenue and results

Six months ended	Revenue HK\$ Million	Operating profit HK\$ Million	Increase in fair value of investment properties HK\$ Million	Other net income/ (loss) HK\$ Million	Finance costs HK\$ Million	Joint ventures HK\$ Million	Associates HK\$ Million	Profit before taxation HK\$ Million
30 June 2015								
Development property	2,277	687	-	(2)	(6)	(1)	(2)	676
Investment property	153	134	24	-	(10)	-	-	148
Hotel	291	58	-	-	(2)	-	-	56
Segment total	2,721	879	24	(2)	(18)	(1)	(2)	880
Investment and others	88	88	-	11	(1)	-	-	98
Corporate expenses	-	(5)	-	-	-	-	-	(5)
Group total	2,809	962	24	9	(19)	(1)	(2)	973
30 June 2014								
Development property	2,145	336	-	7	-	77	(1)	419
Investment property	170	154	25	-	-	-	-	179
Hotel	314	91	-	-	(7)	-	-	84
Segment total	2,629	581	25	7	(7)	77	(1)	682
Investment and others	86	86	-	(29)	(9)	-	-	48
Corporate expenses	-	(7)	-	-	-	-	-	(7)
Group total	2,715	660	25	(22)	(16)	77	(1)	723

- (i) Substantially all depreciation was attributable to the Hotel Segment.
- (ii) No inter-segment revenue has been recorded during the current and prior periods.

3. OPERATING PROFIT

Operating profit is arrived at:

	Six months ended 30 June	
	2015	2014
	HK\$ Million	HK\$ Million
After charging/(crediting) :		
Depreciation	31	28
Staff costs (Note i)	103	101
Cost of trading properties sold during the period	1,541	1,757
Rental charges under operating leases	8	7
Gross rental revenue from investment property (Note ii)	(153)	(170)
Direct operating expenses of investment property	12	9
Interest income	(62)	(62)
Dividend income from listed investments	(26)	(25)

Notes:

- (i) Staff costs included defined contribution pension schemes costs HK\$4 million (2014: HK\$4 million).
- (ii) Rental income included contingent rentals of HK\$56 million (2014: HK\$70 million).

4. OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2015	2014
	HK\$ Million	HK\$ Million
Profit on disposal of available-for-sale investments, including revaluation surplus of HK\$5 million (2014: HK\$Nil) transferred from the investments revaluation reserve	7	-
Net exchange gain/(loss), including the impact of forward foreign exchange contracts	2	(22)
	9	(22)

5. FINANCE COSTS

	Six months ended 30 June 2015 HK\$ Million	2014 HK\$ Million
Interest on bank borrowings	27	57
Other finance costs	14	13
	<u>41</u>	<u>70</u>
Less: Amount capitalised	(22)	(54)
	<u>19</u>	<u>16</u>

6. INCOME TAX

(a) Taxation charged to the consolidated income statement represents:

	Six months ended 30 June 2015 HK\$ Million	2014 HK\$ Million
Current income tax		
Hong Kong		
- provision for the period	35	41
Mainland China		
- provision for the period	189	136
	<u>224</u>	<u>177</u>
Land appreciation tax ("LAT") (Note (d))	<u>59</u>	<u>47</u>
Deferred tax		
Origination and reversal of temporary differences	(32)	(18)
Withholding tax on undistributed retained profits of Mainland China subsidiaries (Note (e))	18	3
	<u>(14)</u>	<u>(15)</u>
Total	<u>269</u>	<u>209</u>

- (b) The provision for Hong Kong profits tax is at the rate of 16.5% (2014: 16.5%) of the estimated assessable profits for the period.
- (c) Income tax on profit assessable in Mainland China are China corporate income tax calculated at a rate of 25% and China withholding income tax at a rate of up to 10%.

- (d) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all development property expenditures.
- (e) The China tax law also imposes a withholding tax at 10% unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China.
- (f) Tax attributable to joint ventures for the six months ended 30 June 2015 of HK\$12 million (2014: HK\$61 million) is included in the share of results of joint ventures.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to equity shareholders of HK\$596 million (2014: HK\$485 million) and the weighted average of 709 million (2014: 709 million) ordinary shares.

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2015 and 2014.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2015 HK\$ Per share	2015 HK\$ Million	2014 HK\$ Per share	2014 HK\$ Million
First interim dividend proposed after the end of the reporting period	0.14	99	0.12	85

- (a) The proposed first interim dividend based on 709 million issued ordinary shares (2014: 709 million shares) has not been recognised as a liability at the end of the reporting period.
- (b) The second interim dividend of HK\$340 million for 2014 was approved and paid in 2015.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with an ageing analysis based on invoice date as at 30 June 2015 as follows:

	30 June 2015	31 December 2014
	HK\$ Million	HK\$ Million
Trade receivables		
0 - 30 days	71	187
Over 60 days	1	1
	72	188
Prepayments	323	348
Other receivables	423	165
Amounts due from fellow subsidiaries	21	15
	839	716

The Group has defined credit policies for each of its core business. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. The amounts due from fellow subsidiaries are unsecured, interest free and recoverable on demand. All the trade and other receivables are expected to be virtually recoverable within one year.

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 30 June 2015 as follows:

	30 June 2015	31 December 2014
	HK\$ Million	HK\$ Million
Trade payables		
0 - 30 days	10	15
31 - 60 days	-	6
Over 90 days	1	-
	11	21
Other payables and provisions	233	268
Construction costs payable	940	1,919
Amounts due to fellow subsidiaries	22	58
Amounts due to associates	1	1
Amounts due to joint ventures	1,011	1,036
	2,218	3,303

11. SHARE CAPITAL

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	No. of shares	No. of shares	HK\$ Million	HK\$ Million
	Million	Million		
Issued and fully paid ordinary shares				
At 1 January	709	709	3,641	354
Transition to no-par value regime on 3 March 2014	-	-	-	3,287
At 30 June/31 December	709	709	3,641	3,641

12. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2015 have been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

During the financial period under review, all 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 of Hong Kong Limited were met by the Company, with one exception as regards Code Provision A.2.1 providing for the roles of chairman and chief executive to be performed by different individuals. Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial period under review.

BOOK CLOSURE

The Register of Members will be closed from Wednesday, 2 September 2015 to Friday, 4 September 2015, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 September 2015.

By Order of the Board

Kevin C. Y. Hui

Director and Company Secretary

Hong Kong, 12 August 2015

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Hon. Frankie C. M. Yick and Mr. Kevin C. Y. Hui, together with five Independent Non-executive Directors, namely, Dr. Joseph M. K. Chow, Mr. H. M. V. de Lacy Staunton, Hon. Andrew K. Y. Leung, Mr. Michael T. P. Sze and Mr. Brian S. K. Tang.