

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HARBOUR CENTRE DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 51

Interim Results Announcement for the six months ended 30 June 2014

HIGHLIGHTS

- Investment Properties (IP) and Hotel in Hong Kong reported steady growth.
- As expected, Development Properties (DP) in the Mainland reported a noticeably lower profit margin and contribution on steady turnover.
- The 271-room five-star Marco Polo Hotel in Changzhou, China, is due for grand opening in the fourth quarter of 2014.
- Murray Building is, on full renovation and conversion, due for re-opening as a luxury hotel in Central, Hong Kong, in 2017.
- Suzhou IFS (80%-owned IP) is targeted for completion in 2017 and will include a 129-room luxury sky hotel.
- Internal resources from operations have been earmarked to fund these new investments.

GROUP RESULTS

For the six months ended 30 June 2014, unaudited Group turnover increased by 4% to HK\$2,715 million but profit attributable to equity shareholders declined by 52% to HK\$485 million. Earnings per share were HK\$0.68 (2013: HK\$1.42).

The Group's profit included an investment property revaluation surplus of HK\$25 million (2013: HK\$211 million). Excluding this, profit for the period under review was HK\$460 million (2013: HK\$798 million) representing a decrease of 42%, mainly due to performance of the DP business already outlined in the 2013 Annual Report.

INTERIM DIVIDENDS

The Board has declared an interim dividend of 12 cents (2013: 12 cents for interim dividend and 18 cents for special interim dividend) per share, absorbing a total amount of HK\$85 million (2013: HK\$85 million for interim dividend and HK\$128 million for special interim dividend). The dividend will be payable on 26 September 2014 to Shareholders on record as at 15 September 2014.

BUSINESS REVIEW

The Group's long-standing core businesses, namely Investment Properties ("IP") and Hotel in Hong Kong reported steady growth during the period under review. Development Properties ("DP") in the Mainland, however, reported a noticeably lower profit margin and contribution on steady turnover. Non-operating items were unfavourable during the period. Looking ahead, commercial realization of the Group's investment in the new IP and Hotel assets is expected to begin from 2017. Leveraging on its solid operating and financial foundation, the Group has earmarked primarily internal resources to fund its investment in the new IP and Hotel assets. DP sales are expected to continue to generate cash inflow and to enhance the Group's financial position.

China Portfolio

Development Properties (DP)

While total DP turnover posted a modest increase of 3% to HK\$2,145 million (2013: HK\$2,088 million), lower profit margin reduced operating profit to HK\$336 million during the period (2013: HK\$476 million). Profit recognized mainly included contributions from Suzhou Times City. In the absence of new completion of The U World in Chongqing, contribution from the joint venture decreased to HK\$77 million. China DP's share of Group core profit remained unchanged at 48%.

While the expanding middle class aspiring to modern urban living continued to boost the underlying demand for quality residences, various challenges in the property market have weighed on the Group's DP business.

As at 30 June 2014, the Group had an attributable land bank of 1.7 million square metres at a book value of HK\$12.2 billion, which represented 55% of the Group's business assets.

Sales

Including the attributable share in the joint venture project, nearly 700 residences with a total GFA of 107,200 square metres were contracted for sale for RMB1.3 billion (2013: RMB2.3 billion). The net order book as at the end of June 2014 was RMB3.6 billion for 3,100 residences with a total GFA of 408,600 square metres, with profit margins tighter than those reported for the past two years. Sales order recognition during the period was HK\$2.6 billion.

Suzhou Times City launched additional phases of residential units for pre-sale during the

period. 52,900 square metres were sold or pre-sold at an average price of RMB13,000 per square metre for residential and RMB20,000 per square metre for retail. Total proceeds amounted to RMB745 million. The cumulative GFA sold/ pre-sold represents 51% of the project total.

Additional phases of residential units of Changzhou Times Palace were launched for pre-sale during the period. 47,100 square metres were sold or pre-sold at an average price of RMB7,500 per square metre, generating sales proceeds of RMB355 million. The cumulative GFA sold/pre-sold represents 62% of the project total.

The U World in Chongqing launched additional phases of residential units for pre-sale during the period. On an attributable basis, 7,100 square metres were sold at an average price of RMB18,800 per square metre for residential and RMB55,000 per square metre for retail. Total proceeds amounted to RMB144 million. The cumulative GFA sold/pre-sold represents 50% of the project total.

Development Progress

Changzhou Times Palace comprises residential towers and carparks, semi-detached houses and villas, a Mansion, a five-star Marco Polo Hotel and serviced apartments with a total GFA of 800,000 square metres. Construction of the remaining towers is underway with full completion scheduled for 2016.

The U World in Chongqing, 55%-owned joint venture residential and commercial development with China Overseas Land & Investment Limited, offers an attributable GFA of 235,000 square metres with most of the residences enjoying a panoramic river view from different angles. The development, in close proximity to the future Chongqing International Finance Square, is adjacent to the Grand Theatre, Chongqing Science and Technology Museum and the Central Park. Construction of the remaining residential towers is underway, with full completion scheduled for 2016.

Suzhou Times City, located along the main east-west thoroughfare of Xiandai Da Dao and near a future metro station, is a joint venture owned 80:20 between the Group and a unit of the local government. Additional phases were completed during the period. Construction of the remaining towers is underway with full completion scheduled for 2018.

Shanghai South Station is a 493,000-square-metre commercial development in Xuhui District, in which the Group owns a 27% interest (attributable 133,000 square metres), led by major Mainland developer China Vanke Company Limited with a 51% interest. The development is situated next to Shanghai South Railway Station and well connected to the existing Metro Line 1, Line 3 and future Line 15 stations. Construction is underway with full completion scheduled for 2018.

Investment Properties (IP)

Suzhou International Finance Square (80% attributable to the Group), is a 450-metre landmark commercial development in the new CBD of Suzhou overlooking Jinji Lake, and will be comparable in height to the tallest building in Hong Kong. The development, designed by Kohn Pedersen Fox, consists of international Grade A office, luxurious apartments as well as a

luxury sky hotel with full scenery of Suzhou and is poised to be the leading tower in the emerging new CBD. With a total GFA of 278,000 square metres, the development will be directly connected to the future metro station. Construction is underway with the initial phases targeted for completion by 2017. Total estimated cost amounted to RMB5.4 billion. Bundled with a larger and profitable DP project, Suzhou IFS will be held as IP for recurrent income. Its opportune location and good quality will put the IFS in a competitive position amidst a challenging market. The Group's investment in this new IP asset will start to bear fruit from 2017 which marks the IFS's first revenue and profit contribution.

Hotel

In Changzhou, the 32-suite Mansion, a 271-room five-star hotel and 139-unit serviced apartments are scheduled for completion by end-2014. The hotel is part of the Mansion complex with vast garden space for major events and weddings. Pre-operating expenses continued to weigh on the Hotel segment's results. Post-opening losses are expected in the near term.

In Suzhou, construction of a 129-room luxury sky hotel with full scenery of the city in the Suzhou IFS project is underway. It is expected to make its first revenue contribution from 2017.

Hong Kong Portfolio

Investment Properties (IP)

The IP segment (mainly comprising prime Canton road retail properties) was propelled by resilient local and international consumption demand, with a 16% increase in revenue and a 18% increase in operating profit. The Group's IP portfolio was independently revalued as at 30 June 2014, resulting in a net revaluation surplus of HK\$25 million for the period.

Hotel

Thanks to vibrant inbound tourism, Marco Polo Hongkong Hotel ("MPHK Hotel") continued to perform solidly. Average room rate increased by 3% while average occupancy was maintained at 88%. With its favourable location in Harbour City, MPHK Hotel continued to provide convenience for discerning travelers. Escalating operating costs and higher depreciation charges, however, continued to affect profitability.

Murray Building

Murray Building, a majestic building with towering arches, is a unique, prominent landmark building featuring an intricate design and part of Hong Kong's heritage for nearly 50 years. It guards the intersection of traffic arteries in Central that run east-west and north-south, commands open green views over Hong Kong Park and is well connected to other buildings in the neighborhood, as well as to the Mass Transit Railway.

Situated on a site of 68,136 square feet on Cotton Tree Drive in Central, Murray Building envisages a total GFA of 325,000 square feet. The Group will convert this iconic property to a luxury hotel for a total investment of over HK\$7 billion. Target opening is scheduled for 2017.

This new hotel, together with the much respected MPHK Hotel are the Group's two unique

hotels in Hong Kong that are both distinguished not only in location, but also rich in history and superior in market position.

FINANCIAL REVIEW

(I) Review of 2014 Interim Results

The Group recorded a core profit of HK\$460 million in the first half of 2014. This represents a decrease of 42% from the corresponding period in last year resulting from the anticipated lower profit margin recognised from China DP and a modest non-operating loss against the exceptional large gain in 2013, whereas, IP and Hotel segments reported steady growth.

Including profit from IP revaluation, profit attributable to shareholders amounted to HK\$485 million (2013: HK\$1,009 million), a decrease of 52% from last year.

Revenue

Group revenue for the period increased by 4% to HK\$2,715 million (2013: HK\$2,620 million) with all segments having revenue increase.

DP revenue increased by 3% to HK\$2,145 million (2013: HK\$2,088 million), which was mainly derived from the Suzhou Times City.

IP revenue rose by 16% to HK\$170 million (2013: HK\$146 million) benefitting from higher retail rental, particularly in Marco Polo Hongkong Hotel (“MPHK Hotel”).

Hotel revenue increased by 4% to HK\$314 million (2013: HK\$302 million), reflecting the higher average room rate achieved by MPHK Hotel.

Investment and Other Income, consisting of interest and dividend from the Group’s surplus cash and investments, grew by 2% to HK\$86 million (2013: HK\$84 million).

Operating Profit

Group operating profit decreased by 15% to HK\$660 million (2013: HK\$774 million).

DP profit declined by 30% to HK\$336 million (2013: HK\$476 million) with anticipated lower operating margin of 16% (2013: 23%), mainly recognised from Suzhou Times City.

IP’s operating profit increased by 18% to HK\$154 million (2013: HK\$131 million).

MPHK Hotel in Hong Kong grew operating profit by 3% to HK\$102 million (2013: HK\$99 million). Hotel segment’s profit overall fell by 3% to HK\$91 million (2013: HK\$94 million) primarily due to the pre-operating expenses incurred for the Marco

Polo Changzhou, which will start operation in the fourth quarter of 2014.

Profit contribution from Investment and Others rose by 2% to HK\$86 million (2013: HK\$84 million).

Increase in Fair Value of IP

The Group's completed IP were stated at fair value based on an independent valuation as at 30 June 2014 resulting in a revaluation gain of HK\$25 million (2013: HK\$211 million). IP under development are carried at cost and will not be carried at fair value until the earlier of their fair values first becoming reliably measurable or the dates of completion.

Other Net Loss

Other net loss was HK\$22 million (2013: income HK\$169 million) mainly reflecting a modest foreign exchange loss of HK\$32 million (2013: gain of HK\$147 million) and the absence of profit (2013: HK\$39 million) from disposal of available-for-sale investments for the period.

Finance Costs

Net finance costs amounted to HK\$16 million (2013: HK\$33 million), after capitalisation of HK\$54 million (2013: HK\$2 million) for the Group's projects.

Share of Results after Tax of Joint Ventures

The attributable profit after tax from joint ventures decreased by 47% to HK\$77 million (2013: HK\$146 million) with less profit contribution from The U World in Chongqing development project in the Mainland without new completion during the period.

Income Tax

Taxation charge for the period dropped by 11% to HK\$209 million (2013: HK\$235 million) due to a decrease in taxable profit.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period ended 30 June 2014 amounted to HK\$485 million (2013: HK\$1,009 million), representing a decrease of 52%. Earnings per share were HK\$0.68 (2013: HK\$1.42) based on 708.8 million issued shares.

Excluding the IP revaluation surplus of HK\$25 million (2013: HK\$211 million), the Group's core profit attributable to shareholders for the period was HK\$460 million (2013: HK\$798 million), representing a decrease of 42%. Core earnings per share were

HK\$0.65 (2013: HK\$1.13) based on 708.8 million issued shares.

(II) Liquidity, Financial Resources and Commitments

Shareholders' and Total Equity

As at 30 June 2014, the Group's shareholders' equity increased by 1% to HK\$15,586 million (31/12/2013: HK\$15,381 million), equivalent to HK\$21.99 per share (31/12/2013: HK\$21.70 per share). Including the non-controlling interests, the Group's total equity stood at HK\$16,620 million (31/12/2013: HK\$16,447 million).

MPHK Hotel is stated at cost less accumulated depreciation according to the prevailing Hong Kong Financial Reporting Standards. Restating the hotel property based on the valuation as at 30 June 2014 carried out by an independent valuer would give rise to an additional revaluation surplus of HK\$4,306 million and increase the Group's shareholders' equity as at 30 June 2014 to HK\$19,892 million, equivalent to HK\$28.07 per share.

Assets

The Group's total assets decreased by 5% to HK\$29,579 million (31/12/2013: HK\$31,076 million). Total business assets, excluding bank deposits and cash, available-for-sale investments, deferred tax assets and other derivative financial assets, decreased by 7% to HK\$22,250 million (31/12/2013: HK\$23,858 million).

The Group's IP as at 30 June 2014 amounted to HK\$6,568 million, representing 30% of the Group's total business assets. Hong Kong IP, comprising MPHK Hotel's podium and Star House, maintained at HK\$5,171 million (31/12/2013: HK\$5,146 million), which are valued at HK\$4,600 million and HK\$571 million, respectively. The book value of Mainland IP, mainly Suzhou IFS stated at HK\$1,397 million (31/12/2013: HK\$1,289 million).

The Group's China DP decreased by 23% to HK\$5,675 million (31/12/2013: HK\$7,376 million). Furthermore, DP investments undertaken through associates and joint ventures amounted to HK\$4,026 million (31/12/2013: HK\$4,087 million). Other major business assets included hotel properties and fixed assets of HK\$4,966 million mainly included Murray Building.

Geographically, the Group's business assets in the Mainland decreased by 12% to HK\$12,244 million (31/12/2013: HK\$13,887 million), representing 55% (31/12/2013: 58%) of the Group's total business assets.

Debts and Gearing

The Group's net debt as at 30 June 2014 amounted to HK\$832 million (31/12/2013: HK\$413 million), which was made up of HK\$5,805 million in cash and HK\$6,637

million in bank borrowings in various currencies. The ratio of net debt to total equity was 5.0% (31/12/2013: 2.5%).

Finance and Availability of Facilities and Funds

As at 30 June 2014, the Group's available loan facilities amounting to HK\$9,417 million, of which HK\$6,637 million were utilised. HK\$1,204 million is repayable within one year while the balance is due between two and five years. Certain banking facilities were secured by mortgage over the Group's certain properties under development for sale with total carrying value of HK\$207 million (31/12/2013: HK\$209 million).

The Group's debts were denominated in HKD, USD and RMB. All the Group's borrowing as at 30 June 2014 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 management 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 2014, 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\$1,503 million (31/12/2013: HK\$1,340 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\$79 million (2013: HK\$534 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\$53 million (2013: HK\$739 million), primarily for the Group's hotel development projects, Suzhou IFS and the Chongqing joint venture.

Commitments

As at 30 June 2014, the Group's total authorised and contracted for commitments amounted to HK\$4.5 billion which was chiefly for Mainland development projects. In addition, the Group intends to invest HK\$1.9 billion for the conversion of Murray Building into a hotel. Moreover, the Group intends to invest HK\$7.0 billion mainly for the existing DP in the Mainland, which will be incurred by stages in the forthcoming years.

The above commitments and planned expenditures will be funded by the Group's internal financial resources including cash of HK\$5.8 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 680 employees as at 30 June 2014. 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 2014 - Unaudited

		Six months ended 30 June	
		2014	2013
	Note	HK\$ Million	HK\$ Million
Revenue	2	2,715	2,620
Direct costs and operating expenses		(1,944)	(1,712)
Selling and marketing expenses		(53)	(77)
Administrative and corporate expenses		(30)	(31)
Operating profit before depreciation, interest and tax		688	800
Depreciation		(28)	(26)
Operating profit	3	660	774
Increase in fair value of investment properties		25	211
Other net (loss)/income	4	(22)	169
		663	1,154
Finance costs	5	(16)	(33)
Share of results after tax of:			
Joint ventures		77	146
Associates		(1)	-
Profit before taxation		723	1,267
Income tax	6(a)	(209)	(235)
Profit for the period		514	1,032
Profit attributable to:			
Equity shareholders		485	1,009
Non-controlling interests		29	23
		514	1,032
Earnings per share	7		
Basic		HK\$0.68	HK\$1.42
Diluted		HK\$0.68	HK\$1.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 - Unaudited

	Six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Profit for the period	514	1,032
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the operations of:	(164)	218
- subsidiaries	(143)	180
- joint ventures	(21)	38
Fair value changes on available-for-sale investments:	163	(96)
- surplus/(deficit) on revaluation	163	(62)
- transferred to consolidated income statement on disposal	-	(34)
Other comprehensive income for the period	(1)	122
Total comprehensive income for the period	513	1,154
Total comprehensive income attributable to:		
Equity shareholders	545	1,114
Non-controlling interests	(32)	40
	513	1,154

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 - Unaudited

		30 June 2014	31 December 2013
	Note	HK\$ Million	HK\$ Million
Non-current assets			
Investment properties		6,568	6,435
Fixed assets		4,966	4,764
Interest in associates		1,905	1,925
Interest in joint ventures		2,121	2,162
Available-for-sale investments		1,503	1,340
Deferred tax assets		19	1
Other non-current assets		20	20
		<u>17,102</u>	<u>16,647</u>
Current assets			
Properties for sale		5,675	7,376
Inventories		3	2
Trade and other receivables	9	877	1,066
Prepaid tax		115	108
Derivative financial assets		2	52
Bank deposits and cash		5,805	5,825
		<u>12,477</u>	<u>14,429</u>
Current liabilities			
Trade and other payables	10	(2,097)	(3,116)
Pre-sale deposits and proceeds		(3,973)	(4,998)
Derivative financial liabilities		(13)	-
Taxation payable		(176)	(215)
Bank loans		(1,204)	(500)
		<u>(7,463)</u>	<u>(8,829)</u>
Net current assets		<u>5,014</u>	<u>5,600</u>
Total assets less current liabilities		<u>22,116</u>	<u>22,247</u>
Non-current liabilities			
Derivative financial liabilities		(3)	(4)
Deferred tax liabilities		(60)	(58)
Bank loans		(5,433)	(5,738)
		<u>(5,496)</u>	<u>(5,800)</u>
NET ASSETS		<u>16,620</u>	<u>16,447</u>
Capital and reserves			
Share capital: nominal value		-	354
Other statutory capital reserve		-	3,287
Share capital and other statutory capital reserve	11	<u>3,641</u>	<u>3,641</u>
Other reserves		11,945	11,740
Shareholders' equity		<u>15,586</u>	<u>15,381</u>
Non-controlling interests		1,034	1,066
TOTAL EQUITY		<u>16,620</u>	<u>16,447</u>

Notes to the 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 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 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 2013 except for the changes mentioned below.

With effect from 1 January 2014, the Group has adopted the below amendments which are relevant to the Group’s financial statements:

Amendments to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amounts disclosure for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuance of hedge accounting

Amendments to HKAS 32 clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not have a significant impact on the Group’s financial statements.

Amendments to HKAS 36 modified certain disclosure requirement for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset on cash generating units whose recoverable amount is based on fair value less costs of disposal. The amendments have no significant impact on the Group’s financial statements.

Amendments to HKAS 39 provided relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. It is not expected that these amendments will have a significant impact on the Group’s financial statements.

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

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. It also includes Murray Building and Marco Polo Changzhou, both 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 (loss)/ income HK\$ Million	Finance costs HK\$ Million	Joint ventures HK\$ Million	Associates HK\$ Million	Profit before taxation HK\$ Million
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
30 June 2013								
Development property	2,088	476	-	(6)	-	146	-	616
Investment property	146	131	211	-	-	-	-	342
Hotel	302	94	-	-	(9)	-	-	85
Segment total	2,536	701	211	(6)	(9)	146	-	1,043
Investment and others	84	84	-	175	(24)	-	-	235
Corporate expenses	-	(11)	-	-	-	-	-	(11)
Group total	2,620	774	211	169	(33)	146	-	1,267

- (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	
	2014	2013
	HK\$ Million	HK\$ Million
After charging/(crediting):		
Depreciation	28	26
Staff costs (Note i)	101	108
Auditors' remuneration	1	1
Cost of trading properties sold during the period	1,757	1,532
Rental charges under operating leases	7	10
Rental income less direct outgoings of HK\$9 million (2013: HK\$10 million) (Note ii)	(160)	(135)
Interest income	(62)	(62)
Dividend income from listed investments	(25)	(22)

Notes:

(i) Staff costs included defined contribution pension schemes costs HK\$4 million (2013: HK\$4 million).

(ii) Rental income included contingent rentals of HK\$70 million (2013: HK\$50 million).

4. OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Profit on disposal of available-for-sale investments		
- including revaluation surplus of HK\$Nil (2013: HK\$35 million) transferred from the investments revaluation reserve	-	39
Net exchange (loss)/gain, including the impact of forward foreign exchange contracts	(22)	130
	(22)	169

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Interest on bank borrowings wholly repayable within five years	57	32
Other finance costs	13	12
	70	44
Less: Amount capitalised	(54)	(2)
	16	42
Fair value changes on cross currency interest rate swaps	-	(9)
	16	33

6. INCOME TAX

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

	Six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Current income tax		
Hong Kong		
- provision for the period	41	37
Mainland China		
- provision for the period	136	98
	177	135
Land appreciation tax ("LAT") (Note (d))	47	85
Deferred tax		
Origination and reversal of temporary differences	(18)	5
Withholding tax on undistributed retained profits of Mainland China subsidiaries (Note (e))	3	10
	(15)	15
Total	209	235

(b) The provision for Hong Kong profits tax is at the rate of 16.5% (2013: 16.5%) of the estimated assessable profits for the period.

(c) Income tax on profit assessable in Mainland China are China enterprise 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 2014 of HK\$61 million (2013: HK\$141 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\$485 million (2013: HK\$1,009 million) and the weighted average of 709 million (2013: 709 million) ordinary shares.

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2014 and 2013.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Dividends declared after the end of the reporting period:		
First interim dividend of 12 cents (2013: 12 cents) per share	85	85
Special interim dividend of nil cents (2013: 18 cents) per share	-	128
	85	213

- (a) The first interim dividend declared after the end of the reporting period has not been recognised as liabilities at the end of the reporting period.
- (b) The second interim dividend of HK\$340 million for 2013 was approved and paid in 2014.

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 2014 as follows:

	30 June 2014 HK\$ Million	31 December 2013 HK\$ Million
Trade receivables		
0 - 30 days	86	157
31 - 60 days	1	2
	87	159
Prepayments	361	413
Other receivables	409	480
Amounts due from fellow subsidiaries	20	14
	877	1,066

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 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 2014 as follows:

	30 June 2014 HK\$ Million	31 December 2013 HK\$ Million
Trade payables		
0 - 30 days	13	16
31 - 60 days	-	1
Over 90 days	-	1
	13	18
Other payables and provisions	204	271
Construction costs payable	827	2,053
Amounts due to fellow subsidiaries	38	40
Amounts due to associates	1	1
Amounts due to joint ventures	1,014	733
	2,097	3,116

11. SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	30 June 2014 No. of shares Million	31 December 2013 No. of shares Million	30 June 2014 HK\$ Million	31 December 2013 HK\$ Million
Issued and fully paid Ordinary shares				
At 1 January	709	709	354	354
Transition to no-par value regime	-	-	3,287	-
At 30 June/31 December	709	709	3,641	354

As at 31 December 2013, 1,200,000,000 ordinary shares, with par value of HK\$0.5 each, were authorised for issue. Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concepts of “authorised share capital” and “par value” no longer exist. As part of the transition to the no-par value regime, the amount of the Company’s issued and fully paid capital of HK\$354 million, and the amount of HK\$3,287 million standing to the credit of the share premium account on 3 March 2014 have become part of the Company’s share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

(b) Share premium

Prior to 3 March 2014, the application of the share premium account was governed by section 48B of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the company’s share capital (see note (a)). The use of share capital as from 3 March 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

12. REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the six months ended 30 June 2014 have been reviewed with no disagreement by the Audit Committee of the Company.

CODE ON CORPORATE GOVERNANCE

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 SHARES

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

BOOK CLOSURE

The Register of Members will be closed from Monday, 15 September 2014 to Wednesday, 17 September 2014, 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 Friday, 12 September 2014.

By Order of the Board

H. O. Hung

Company Secretary

Hong Kong, 7 August 2014

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. Kevin K. P. Chan, Mr. Paul Y. C. Tsui and Hon. Frankie C. M. Yick, 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.