HKC (HOLDINGS) LIMITED
香港建設（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 190)

(Warrant Code: 1403)

(website: *www.hkcholdings.com*)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

* *For identification purpose only*

The board of directors (the "Board") of HKC (Holdings) Limited (the "Company" or "HKC") wishes to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2015

		Unaudited Six months ended 30 June	
		2015	2014
	Note	***HK$ Million***	*HK$ Million*
Revenue	*4*	**687.0**	399.7
Cost of sales		**(491.2)**	(243.3)
Gross profit		**195.8**	156.4
Other income	*5*	**51.6**	17.8
Fair value adjustments on investment properties		**(625.9)**	204.7
Provision for impairment losses on assets	*6*	**(136.8)**	(223.5)
Selling and distribution costs		**(15.7)**	(20.9)
Administrative expenses		**(94.8)**	(93.2)
Other and general expenses		**(31.7)**	(47.7)
Operating loss	*7*	**(657.5)**	(6.4)
Finance income	*8*	**20.0**	15.6
Finance costs	*8*	**(77.3)**	(75.7)
Finance costs – net		**(57.3)**	(60.1)
Share of profits less losses of associated companies		**61.7**	46.1
Share of profits less losses of joint ventures		**(284.5)**	(10.8)
Loss before income tax		**(937.6)**	(31.2)
Income tax credit/(expense)	*9*	**91.5**	(86.4)
Loss for the period		**(846.1)**	(117.6)
Attributable to:			
Equity holders of the Company		**(687.4)**	(187.4)
Non-controlling interests		**(158.7)**	69.8
		(846.1)	(117.6)
Loss per share for loss attributable to equity holders of the Company, expressed in HK cents per share	*10*		
Basic		**(5.8)**	(1.7)
Diluted		**(5.9)**	(1.7)
Dividends	*11*	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited Six months ended 30 June	
	2015	2014
	HK$ Million	*HK$ Million*
Loss for the period	**(846.1)**	(117.6)
Other comprehensive loss		
Items reclassifiable to profit or loss		
Translation of financial statements of foreign operations		
– Currency translation differences	**(21.9)**	(371.0)
Investments available for sale		
– Loss in fair value	**–**	(0.4)
Other comprehensive loss for the period, net of tax	**(21.9)**	(371.4)
Total comprehensive loss for the period	**(868.0)**	(489.0)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(706.5)**	(504.1)
Non-controlling interests	**(161.5)**	15.1
	(868.0)	(489.0)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
As at 30 June 2015

	Note	**Unaudited as at 30 June 2015** *HK$ Million*	Audited as at 31 December 2014 *HK$ Million*
ASSETS			
Non-current assets			
Investment properties		**7,690.7**	8,044.1
Prepaid land lease payments		**1,782.1**	1,720.8
Property, plant and equipment			
– Other property, plant and equipment		**1,241.7**	1,282.8
– Construction in progress		**0.5**	0.5
Intangible assets		**1,172.3**	1,183.7
Properties under development		**727.2**	644.8
Interests in associated companies		**1,234.1**	1,223.3
Interests in joint ventures		**1,945.5**	2,225.0
Available-for-sale financial assets		**25.3**	26.8
Prepayments and other receivables	*12*	**177.3**	258.2
Total non-current assets		**15,996.7**	16,610.0
Current assets			
Properties under development		**521.4**	1,554.7
Inventories		**6.2**	6.1
Properties held for sale		**3,353.3**	2,240.9
Financial assets at fair value through profit or loss		**14.2**	14.2
Trade and other receivables	*12*	**187.2**	229.8
Restricted cash		**842.4**	765.0
Short-term bank deposits		**107.1**	–
Cash and cash equivalents		**950.5**	1,102.8
Total current assets		**5,982.3**	5,913.5
Total assets		**21,979.0**	22,523.5

	Note	Unaudited as at 30 June 2015 HK$ Million	Audited as at 31 December 2014 HK$ Million
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**128.4**	116.0
Reserves		**12,082.5**	12,587.4
Equity attributable to equity holders of the Company		**12,210.9**	12,703.4
Non-controlling interests		**2,230.8**	2,392.8
Total equity		**14,441.7**	15,096.2
LIABILITIES			
Non-current liabilities			
Borrowings		**2,737.3**	2,968.4
Other non-current payables		**13.7**	13.7
Deferred income tax liabilities		**1,067.3**	1,198.3
Total non-current liabilities		**3,818.3**	4,180.4
Current liabilities			
Trade and other payables	*13*	**1,943.4**	1,854.0
Borrowings		**1,598.3**	1,211.0
Current income tax liabilities		**177.3**	181.9
Total current liabilities		**3,719.0**	3,246.9
Total liabilities		**7,537.3**	7,427.3
Total equity and liabilities		**21,979.0**	22,523.5
Net current assets		**2,263.3**	2,666.6
Total assets less current liabilities		**18,260.0**	19,276.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

HKC (Holdings) Limited (the "Company" or "HKC") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the business of property development and investment, alternative energy investment and operation and infrastructure. The investments of the Group are mainly located in the Mainland China.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The ultimate holding company is Claudio Holdings Limited, a company incorporated in the British Virgin Islands since 29 January 2015.

This condensed consolidated interim financial information is presented in millions of Hong Kong dollars (HK$ Million), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 24 August 2015.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

For the financial year beginning on 1 January 2015, the Group has adopted the following amendments to standards:

Annual improvements project	Annual improvements to HKFRSs 2010-2012 cycle
Annual improvements project	Annual improvements to HKFRSs 2011-2013 cycle

The Group has assessed the impact for the adoption of these amendments to standards and considered that there was no significant effect on the Group's interim financial information.

The Group has not early adopted the new standards, amendments to standards and interpretations, which have been issued but are not effective for the financial year beginning 1 January 2015. The Group has commenced an assessment of the related impact but is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial information will be resulted.

4. **SEGMENT INFORMATION**

Segment information disclosed in the interim results announcement has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group is organised into the following segments: Properties development (for sale or lease upon completion of construction work), Property investment and leasing, Infrastructure, Alternative energy and Other operations.

The Group's most senior executive management assesses the performance of the operating segments based on operating profit/(loss) after interest income and expenses, taxation and share of profits/(losses) of associated companies and joint ventures. Corporate expenses mainly include the employee expenses of the head office, interest income and expenses arising from the holding companies and other administrative expenses of the head office.

The Group's segment assets exclude financial assets at fair value through profit or loss and available-for-sale financial assets which are managed on a central basis. These are part of the reconciliation to total balance sheet assets. Corporate assets mainly include the cash at bank, property, plant and equipment and other receivables held by the head office. The assets of each reportable segment comprise the inter-segment receivables.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to management is measured in a manner consistent with that in the condensed consolidated interim income statement. Total segment revenue also represents the Group's turnover.

The segment information for the reportable segments for the periods ended 30 June 2015 and 2014 is as follows:

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infra-structure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Six months ended 30 June 2015										
Revenue from external customers	6.9	336.4	126.4	28.9	–	79.0	35.1	74.3	–	687.0
Inter-segment revenue	–	–	–	–	–	0.2	–	–	–	0.2
Total revenue	6.9	336.4	126.4	28.9	–	79.2	35.1	74.3	–	687.2
Operating profit/(loss)	(576.2)	(116.0)	(0.5)	(3.4)	–	15.6	14.8	21.7	26.0	(618.0)
Finance income	1.9	0.5	0.5	0.6	–	0.7	0.1	3.4	1.2	8.9
Finance costs	–	(3.6)	(9.1)	(4.1)	–	(3.8)	(33.2)	(22.2)	(0.5)	(76.5)
Share of profits less losses of associated companies	–	–	–	–	–	15.0	–	46.7	–	61.7
Share of profits less losses of joint ventures	(284.5)	–	–	–	–	–	–	–	–	(284.5)
Profit/(loss) before income tax	(858.8)	(119.1)	(9.1)	(6.9)	–	27.5	(18.3)	49.6	26.7	(908.4)
Income tax (expense)/credit	142.7	(5.9)	(4.0)	(0.5)	–	(3.7)	–	(4.6)	(32.5)	91.5
Profit/(loss) for the period	(716.1)	(125.0)	(13.1)	(7.4)	–	23.8	(18.3)	45.0	(5.8)	(816.9)
Depreciation	(0.1)	(3.1)	(0.1)	(0.1)	–	(0.4)	(0.1)	(36.7)	(0.3)	(40.9)
Amortisation	–	–	(10.5)	–	–	(0.5)	(9.9)	(0.3)	–	(21.2)
Fair value adjustments on investment properties	(574.0)	–	–	–	–	(51.9)	–	–	–	(625.9)
Provision for impairment losses	–	(136.8)	–	–	–	–	–	–	–	(136.8)

	Properties development									
	Shanghai and Zhejiang	Shenyang	Tianjin	Jiangmen	Shenzhen	Property investment and leasing	Infra-structure	Alternative energy	Other operations	Total reportable segments
	HK$ Million	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*	*HK$ Million*
Six months ended 30 June 2014										
Revenue from external customers	3.3	–	239.4	21.6	–	58.8	30.0	46.6	–	399.7
Inter-segment revenue	–	–	–	–	–	0.2	–	–	9.6	9.8
Total revenue	3.3	–	239.4	21.6	–	59.0	30.0	46.6	9.6	409.5
Operating profit/(loss)	206.3	(28.8)	(217.4)	5.1	–	43.8	13.2	7.5	(28.2)	1.5
Finance income	3.6	1.5	2.1	0.5	–	0.6	0.1	1.8	2.0	12.2
Finance costs	–	–	(13.9)	(0.1)	–	(4.3)	(37.6)	(18.5)	(0.5)	(74.9)
Share of profits less losses of associated companies	–	–	–	–	–	9.1	–	37.0	–	46.1
Share of profits less losses of joint ventures	(10.8)	–	–	–	–	–	–	–	–	(10.8)
Profit/(loss) before income tax	199.1	(27.3)	(229.2)	5.5	–	49.2	(24.3)	27.8	(26.7)	(25.9)
Income tax (expense)/credit	(57.6)	–	(12.1)	(2.2)	–	(2.8)	–	(3.0)	(8.7)	(86.4)
Profit/(loss) for the period	141.5	(27.3)	(241.3)	3.3	–	46.4	(24.3)	24.8	(35.4)	(112.3)
Depreciation	(0.6)	(3.1)	(0.1)	(0.2)	–	(0.1)	(0.1)	(28.6)	(0.3)	(33.1)
Amortisation	(0.2)	–	(10.6)	–	–	(0.3)	(8.0)	(0.3)	(0.1)	(19.5)
Fair value adjustments on investment properties	219.7	–	–	–	–	(15.0)	–	–	–	204.7
Provision for impairment losses	–	(16.9)	(206.6)	–	–	–	–	–	–	(223.5)

	Properties development									
	Shanghai and Zhejiang	**Shenyang**	**Tianjin**	**Jiangmen**	**Shenzhen**	**Property investment and leasing**	**Infra-structure**	**Alternative energy**	**Other operations**	**Total reportable segments**
	HK$ Million	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***	***HK$ Million***
As at 30 June 2015										
Total assets	**7,896.7**	**2,409.5**	**3,477.1**	**777.9**	**203.9**	**4,598.0**	**1,182.8**	**2,353.2**	**11.5**	**22,910.6**
Total assets include:										
Interests in associated companies	**–**	**–**	**–**	**–**	**–**	**487.7**	**–**	**746.4**	**–**	**1,234.1**
Interests in joint ventures	**1,945.5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,945.5**
Total liabilities	**2,111.3**	**1,859.4**	**2,540.9**	**503.1**	**–**	**627.8**	**1,704.3**	**746.1**	**51.2**	**10,144.1**
As at 31 December 2014										
Total assets	8,495.6	2,272.4	3,580.1	655.8	204.1	4,646.9	1,194.1	2,354.5	8.5	23,412.0
Total assets include:										
Interests in associated companies	–	–	–	–	–	473.7	–	749.6	–	1,223.3
Interests in joint ventures	2,225.0	–	–	–	–	–	–	–	–	2,225.0
Total liabilities	2,009.4	1,578.2	2,631.1	372.8	–	662.5	1,697.7	791.6	49.9	9,793.2

A reconciliation of loss for the period of reportable segments to loss for the period of the Group is provided as follows:

	Unaudited Six months ended 30 June	
	2015	2014
	HK$ Million	*HK$ Million*
Loss for the period of reportable segments	**(816.9)**	(112.3)
Unallocated amounts:		
Corporate expenses, net	**(27.3)**	(0.4)
Intra group elimination	**(1.9)**	(4.9)
Loss for the period of the Group	**(846.1)**	(117.6)

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2015	As at 31 December 2014
	HK$ Million	*HK$ Million*
Total segment assets	**22,910.6**	23,412.0
Head office assets	**870.0**	863.3
Intra group elimination	**(1,841.1)**	(1,792.8)
Available-for-sale financial assets	**25.3**	26.8
Financial assets at fair value through profit or loss	**14.2**	14.2
Total assets per consolidated balance sheet	**21,979.0**	22,523.5

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 30 June 2015	As at 31 December 2014
	HK$ Million	*HK$ Million*
Total segment liabilities	**10,144.1**	9,793.2
Head office liabilities	**753.8**	758.1
Intra group elimination	**(3,360.6)**	(3,124.0)
Total liabilities per consolidated balance sheet	**7,537.3**	7,427.3

Non-current assets other than available-for-sale financial assets are mainly located in the Mainland China.

For the six months ended 30 June 2015 and 2014, the Group's revenue of HK$687.0 million (Six months ended 30 June 2014: HK$399.7 million) was only attributable to external customers in the Mainland China and there was no revenue derived from a single external customer exceeding 10% of total revenue.

5. OTHER INCOME

	Unaudited Six months ended 30 June 2015 HK$ Million	2014 HK$ Million
Property management fee income	**9.3**	10.4
Rental income generated from properties held for sale	**6.4**	6.2
Gain on disposal of property, plant and equipment – net	**0.2**	0.4
Costs reversal on completed construction contracts	**27.0**	–
Fair value gain on financial assets and financial liabilities at fair value through profit or loss – net	**7.6**	–
Net exchange gain	**0.1**	–
Others	**1.0**	0.8
	51.6	17.8

6. PROVISION FOR IMPAIRMENT LOSSES ON ASSETS

	Unaudited Six months ended 30 June 2015 HK$ Million	2014 HK$ Million
Provision for impairment losses on		
– properties under development	**(58.5)**	(206.6)
– properties held for sale	**(78.3)**	(16.9)
	(136.8)	(223.5)

7. OPERATING LOSS

Operating loss is arrived at after (charging)/crediting the following items:

	Unaudited Six months ended 30 June 2015 HK$ Million	2014 HK$ Million
Employee benefit expenses	**(54.9)**	(60.3)
Employee share options benefits, net	**(1.0)**	(0.7)
Amortisation		
– prepaid land lease payments	**(11.4)**	(11.7)
– intangible assets	**(9.9)**	(8.1)
Depreciation of property, plant and equipment	**(42.0)**	(34.7)
Cost of inventories	**(0.8)**	–
Cost of properties sold	**(432.7)**	(195.3)
Direct operating expenses arising from investment properties that generate rental income	**(2.0)**	(1.9)
Net exchange gain/(loss)	**0.1**	(1.2)
Auditor's remuneration – audit services	**(2.4)**	(3.5)
Operating lease payments	**(3.7)**	(3.9)
Fair value gain/(loss) on financial assets and financial liabilities at fair value through profit or loss – net	**7.6**	(13.8)

8. FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 June	
	2015	2014
	HK$ Million	*HK$ Million*
Interest expenses:		
Bank loans wholly repayable within 5 years	**(78.6)**	(51.9)
Bank loans not wholly repayable within 5 years	**(39.5)**	(55.7)
Other loans wholly repayable within 5 years	**(0.4)**	(0.5)
Other loans not wholly repayable within 5 years	**(10.5)**	(4.3)
	(129.0)	(112.4)
Less: amounts capitalised	**51.7**	36.7
Finance costs	**(77.3)**	(75.7)
Finance income	**20.0**	15.6
Net finance costs	**(57.3)**	(60.1)

9. INCOME TAX CREDIT/(EXPENSE)

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the periods ended 30 June 2015 and 2014. Mainland China income tax includes corporate income tax which has been provided on the estimated assessable profits of subsidiaries operating in the Mainland China at 25% (2014: 25%), and withholding tax which has been provided at 10% (2014: 10%) on income sourced from the Mainland China by the Group's non-tax resident enterprises, including profit on direct or indirect equity transfer transactions, interest and dividend income received and receivable.

Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 40% (2014: 30% to 40%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures (including costs of land use rights and property development expenditures).

	Unaudited Six months ended 30 June	
	2015	2014
	HK$ Million	*HK$ Million*
Current income tax		
Mainland China income tax	**(23.0)**	(25.2)
Mainland China land appreciation tax	**(14.6)**	(15.5)
	(37.6)	(40.7)
Deferred income tax		
Credited/(charged) to the income statement	**129.1**	(45.7)
	91.5	(86.4)

10. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015	2014
Loss attributable to equity holders of the Company *(HK$ Million)*	**(687.4)**	(187.4)
Weighted average number of ordinary shares in issue *(Million)*	**11,833.1**	11,241.9
Basic loss per share *(HK cents per share)*	**(5.8)**	(1.7)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares including the share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2015	2014
Loss attributable to equity holders of the Company *(HK$ Million)*	**(687.4)**	(187.4)
Effect of assumed conversion of convertible preference shares and convertible notes issued by subsidiaries *(HK$ Million)*	**(11.7)**	(0.3)
	(699.1)	(187.7)
Weighted average number of ordinary shares for calculation of diluted loss per share *(Million)*	**11,833.1**	11,241.9
Diluted loss per share *(HK cents per share)*	**(5.9)**	(1.7)

Diluted loss per share for the period ended 30 June 2015 did not assume the exercise of the share options and bonus warrants of the Company and the share options of a subsidiary outstanding during the period since the exercise would have an anti-dilutive effect.

Diluted loss per share for the period ended 30 June 2014 did not assume the exercise of the share options of the Company, the share options, convertible notes and subscription rights for convertible preference shares of subsidiaries outstanding during the period since the exercise would have an anti-dilutive effect.

11. DIVIDENDS

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 and 2015.

12. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 HK$ Million	As at 31 December 2014 HK$ Million
Non-current		
Prepayments and other receivables	**177.3**	258.2
Current		
Trade receivables	**67.6**	94.7
Less: provision for impairment of receivables	**(8.2)**	(8.3)
Trade receivables – net	**59.4**	86.4
Bills receivable	**8.2**	2.1
Retention receivables	**–**	0.7
Prepaid taxes	**22.0**	20.1
Prepayments, other receivables and deposits, net of provisions	**97.6**	120.5
	187.2	229.8
	364.5	488.0

The ageing analysis of trade receivables by the Group's revenue recognition policy at 30 June 2015 and 31 December 2014, net of provision for impairment, was as follows:

	As at 30 June 2015 HK$ Million	As at 31 December 2014 HK$ Million
0 to less than 2 months	**29.8**	39.5
2 to less than 6 months	**16.7**	12.5
6 to less than 12 months	**7.5**	0.6
12 months and more	**5.4**	33.8
	59.4	86.4

The ageing analysis of trade receivables by invoice due date at 30 June 2015 and 31 December 2014, net of provision for impairment, was as follows:

	As at 30 June 2015 HK$ Million	As at 31 December 2014 HK$ Million
0 to less than 2 months	**52.4**	69.3
2 to less than 6 months	**1.6**	0.8
6 to less than 12 months	**–**	0.6
12 months and more	**5.4**	15.7
	59.4	86.4

For alternative energy business, the Group allows a credit period of 30 days to its trade customers. The electricity tariff receivables due from the government have to go through an approval procedure before issuing invoices, which the related receivables of which invoices were not in issued as at 30 June 2015 of HK$36.5 million (31 December 2014: HK$59.0 million) are classified as 0 to less than 2 months in the ageing analysis. Trade receivables that are less than 30 days past due are not considered impaired. As at 30 June 2015, trade receivables of HK$9.3 million (31 December 2014: HK$13.8 million) on alternative energy business were past due but not impaired. These relate to the government subsidies on the electricity tariff which have not been allocated and distributed. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of the sales recognition. The amount included HK$4.2 million (31 December 2014: HK$13.8 million) trade receivables on alternative energy business being past due over 12 months. No impairment has been provided for these receivables as the balances are not in dispute and there is no indication that the amount will not be collectible.

Other than alternative energy business, various group companies have different credit policies depending on the requirements of their markets and the businesses which they operate. Trade receivables that are less than 12 months past due are not considered impaired. As at 30 June 2015, trade receivables of HK$1.2 million (31 December 2014: HK$1.9 million) on other businesses were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2015 *HK$ Million*	As at 31 December 2014 *HK$ Million*
Trade payables	**66.8**	69.0
Retention payables	**203.6**	177.0
Properties sale deposits received	**206.1**	461.6
Other payables and accruals	**1,466.9**	1,146.4
	1,943.4	1,854.0

The ageing analysis of the Group's trade payables at 30 June 2015 and 31 December 2014 was as follows:

	As at 30 June 2015 *HK$ Million*	As at 31 December 2014 *HK$ Million*
0 to less than 2 months	**40.1**	37.9
2 to less than 6 months	**0.5**	0.2
6 to less than 12 months	**0.2**	0.1
12 months and more	**26.0**	30.8
	66.8	69.0

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 June 2015, turnover amounted to HK$687.0 million, an increase of 71.9% over turnover of HK$399.7 million for the same period in 2014, while gross profit for the period of HK$195.8 million also represented an increase of 25.2% over gross profit of HK$156.4 million in the same period last year. Revenue and gross profit increased as the Group began to record revenues from the sales of its Shenyang properties. However, the Group recorded a net loss attributable to the equity holders of HK$687.4 million for the period under review. The net loss attributable to the equity holders in the same period in 2014 was HK$187.4 million. Basic loss per share for the period amounted to HK5.8 cents per share, while basic loss per share for the same period in 2014 was HK1.7 cents per share.

The primary reason for the loss is that during the interim period, analysis of the market in the Hongkou District of Shanghai suggests that due to oversupply, the Group will not be able to achieve its earlier forecasted office and retail rents upon completion. As a result, the Group has recorded a share of fair value loss (net deferred tax) of HK$541.3 million for its two Shanghai developments. In addition, poor homebuyer sentiment resulted in a sharp decline in prices for residential units in Shenyang, particularly for larger units. Accordingly, given the oversupply, the Group recorded impairment losses of HK$136.8 million for its Shenyang project to reflect the current market situation.

Liquidity and Financial Resources

As at 30 June 2015, the Group's total borrowings amounted to HK$4,335.6 million, representing a rise of 3.7% when compared with the equivalent figure of HK$4,179.4 million as at 31 December 2014. Total borrowings as at 30 June 2015 included Hong Kong Dollar borrowings of HK$248.1 million (31 December 2014: HK$323.7 million) and Renminbi borrowings equivalent to HK$4,087.5 million (31 December 2014: HK$3,855.7 million).

The maturity dates for most of the Group's outstanding borrowings are spread over the next five years, with HK$1,598.3 million repayable within one year or on demand, HK$1,858.2 million repayable within two to five years, and HK$879.1 million repayable after five years.

Most of the Group's outstanding borrowings take the form of interest-bearing loans, with floating interest rates.

As at 30 June 2015, the Group had restricted cash of HK$842.4 million (31 December 2014: HK$765.0 million), mainly related to the increase of cash pledge against the facility granted and the drawdown of bank loans ready for designated purposes. Unrestricted cash and cash equivalents (includes short-term bank deposits) amounted to HK$1,057.6 million (31 December 2014: HK$1,102.8 million).

The Group conducts a majority of its business operations in the PRC. A large portion of revenue and expenses are denominated in Renminbi. Fluctuations in the exchange rates of Renminbi would have limited impact on the Group's operations. The Group did not use financial instruments for financial hedging purposes during the period under review.

The Group will continue its efforts to create an optimum financial structure that best reflects the long-term interests of its shareholders, and will actively consider a variety of alternative sources of funding to finance its future investments.

Details of Charges in Group Assets

During the period under review, the Group and certain of its subsidiaries had charged certain assets worth HK$10,971.5 million (31 December 2014: HK$11,519.2 million) as security for bank and other loans.

Gearing Ratio

The Group's gearing ratio, defined as total borrowings divided by total equity, as at 30 June 2015 was 30.0%, compared with 27.7% as at 31 December 2014. The Group's net debt ratio as at 30 June 2015 was 16.9%, compared with 15.3% as at 31 December 2014. This ratio represents total borrowings minus cash and divided by total equity.

Contingent Liabilities

The Group's investment property located in Shenzhen, the PRC is subject to housing facility fund pursuant to <深圳經濟特區住宅區物業管理條例> adopted on 1 November 1994. Contingent liabilities of RMB75.8 million (equivalent to approximately HK$94.7 million) (31 December 2014: RMB75.8 million (equivalent to approximately HK$94.8 million)) arising in this respect have been assessed by management with reference to the legal opinion previously obtained. Management have requested relief from the relevant local government authorities on the grounds that certain amounts of maintenance costs were already spent for purposes as specified under the requirement of housing facility fund, hence no further provision for the fund is considered necessary.

As at 30 June 2015 and 31 December 2014, the Group arranged bank financing for certain property buyers and provided guarantees of HK$271.7 million (31 December 2014: HK$307.6 million) in relation to the repayment obligations for those buyers. The Group had not suffered from any loss resulting from the above guarantees in the past, which was mainly because the guarantees concerned were only a transitional arrangement for property buyers prior to the completion of mortgage registration and were pledged against property rights, in addition to the fact that they will be released once the mortgage registration is completed. Considering the above factors, the Board is of the view that possibility of default by buyers is minimal, thus the financial guarantees measured at fair value is immaterial.

Business Model

The Group is a Hong Kong based property developer focusing on investing and developing property projects in Mainland China, and aims to develop high quality products to create sustainable value for its shareholders.

The Group has a diversified property portfolio model with investments in both residential projects for sale; and commercial projects mainly for rental income. The residential projects currently under development are located in Tianjin, Jiangmen and Shenyang. The Group's commercial projects, which are primarily involved in office buildings and retail malls, are located in prime business areas in Shanghai, Shenzhen, Beijing and Guangzhou.

Over the long term, the Group seeks to maintain a balance between residential development for sale and commercial investment properties for lease in order to create a sustainable model with growth potential. Residential properties for sale generate fast turnover, which should enhance return on equity. Investment properties for lease, on the other hand, create steady recurring income and cash flow as well as long term capital appreciation.

The Group adopts a very prudent financial policy, and given the volatility of the property industry, HKC aims to maintain a conservative net debt/equity ratio. While most of the Group's projects are in the PRC, the Group may consider diversifying by investing in other countries.

The Group has also made an investment in the alternative energy sector, and believes shareholders may benefit from China's need to develop non-polluting sources of energy.

Business Risks

As a China property developer, the Group is subject to Chinese government property policies, development, marketing, and other execution risks.

Environmental Policies

The Group aspires to be a leading sustainable Group, and has therefore invested in the renewable energy sector, and uses sustainable technologies in some of its property developments, such as solar panels and heat pump technology where feasible.

Business Review

The China property sector remained depressed during the first half of 2015 given the tight monetary policy and previous "administrative" measures such as restriction on second home purchases and re-selling. GDP growth slowed to 7.0%, in the first half of 2015 compared to 7.4% for all of 2014. Property sales were particularly slow during the first couple of months of the year.

However, recognizing the slowing economy, the government has begun implementing measures to stimulate the market. Monetary policy has loosened, with several rounds of interest rate cuts. Purchase restrictions have been relaxed, allowing buyers to purchase more than one unit. As a result, the property market has begun to stabilize. House prices have begun to increase in Shanghai and Shenzhen, and are stabilizing in Beijing. While prices in second tier cities remain depressed, the Group is hopeful of an improvement in the second half of the year.

The Group continues to make progress on its North Bund and Sichuan North Road Lot 108 projects, two important commercial projects that account for a significant portion of the Group's investments. These two projects, located in a prime area of Shanghai with good views of the Huangpu River, are scheduled to complete at the end of 2016.

Reflecting the confidence in the Group, Creator Holdings Limited ("Creator"), which is owned by Mr. Oei Kang, Eric and his spouse, purchased from Promontoria Holding XXI B.V. and Cerberus International, Ltd. approximately 13.7% of the total issued shares and 16.8% of the total issued warrants of the Company at HK$0.25 per share and HK$0.08 per warrant. The acquisition was completed on 29 January 2015. In addition, Creator, through a subsequent required general offer, purchased from the public an additional 5.9% of the entire issued share capital and an additional 6.2% of the existing total number of warrants. As at 30 June 2015, Creator and parties acting in concert with it, own 66.87% of the entire issued share capital of the Company.

Investment Properties

The Group's existing property investment portfolio, consisting largely of premium commercial and retail developments in Shenzhen, Beijing and Guangzhou, continued to generate a steady stream of rental revenue for the Group during the period under review, with leasing revenues rising 34.4% year on year to HK$79.0 million.

Tianjin

Tianjin Eka Garden is on a prime location in the Nankai District of Tianjin. The project consists of townhouses and high rise apartments totalling gross floor area ("GFA") of approximately 150,000 square meters. Construction for all three phases has now been completed. During the interim period, the Group sold 7,789 square meters of GFA, resulting in contracted sales of RMB148.8 million, an increase compared to the RMB87.8 million during the same period in 2014.

For the land bank at Tuanbo Lake in Tianjin, the Group is still waiting for the government to release the master plan for the area. The Group anticipates it will be released by the end of 2015.

Jiangmen

Jiangmen Eka Garden is a residential project consisting of GFA of approximately 189,000 square meters of low rise townhouses and high rise apartments. The project is located on an excellent site along a river bank, within walking distance to the Jiangmen/Hong Kong ferry terminal, an international school, and a marina club which will be completed in 2015. The site is also close to the Guangzhu Intercity Railway's Waihai Station connecting Jiangmen to Guangzhou and Zhuhai.

Construction of the first two phases of the project has been completed, and most units have been sold. Construction work has commenced on phase 3. All three blocks of townhouses have been topped out. The high rises are now under construction and currently have reached the twenty-sixth to thirty-third floors, and are expected to top out by the second half of the year. Construction is expected to be completed by the third quarter of 2016.

During the interim period, the Group sold 3,196 square meters of phase 1 and 2 townhouses and apartment units, recording contracted sales of RMB20.4 million, a decrease compared to RMB98.4 million during the same period in 2014 as there were fewer units available for sale. More units will be available for sale during the second half of 2015 when phase 3 units are launched.

Shenyang

Shenyang Eka Garden, located in one of Shenyang's prime residential areas, is adjacent to Shenyang's Nanhu Park in the center of city. The project, subdivided into sites A, B, and C, consists of GFA of approximately 266,000 square meters of townhouses, high rise apartments, and a few commercial shops. For site B (GFA: approximately 133,500 square meters), construction of all four high rise towers have been completed, and handover of sold units of towers B1 and B2 have begun during the interim period.

Site C (GFA: approximately 57,500 square meters) is divided into two portions. One portion consists of two high rise blocks (mainly for housing resettled residents) and a small commercial area. Another portion will be developed into townhouses. Construction of the resettlement flats should be completed by the first half of 2016. Preparation for development of site A, with GFA of approximately 75,000 square meters, is underway. The Group continues to work with the local government to complete the relocation of the residents on site A.

For the interim period, the Group sold 3,243 square meters of GFA, resulting in contracted sales of RMB37.7 million, an increase of 79.5% compared to RMB21.0 million in the same period in 2014. However, the average unit sales price, particularly for larger luxury units, has been disappointing given the large oversupply in the Shenyang market.

Shanghai

The Shanghai commercial market remained stable during the interim period, with the office vacancy rate decreasing to 5.7%. However, in Shanghai, more than 900,000 square meters of new office supply is expected to enter the market in the coming six months, so vacancy rates may increase. With the anticipated supply, the Group is now anticipating that lease rates for its two commercial projects will likely be less than it initially anticipated.

The Group has two commercial projects in the Hongkou District of Shanghai, an area that is benefitting from the improvement in infrastructure, including the completion of the International Cruise Terminal, an underground road connecting to the Bund and a new tunnel linking Hongkou and Pudong.

The Sichuan North Road Lot 108 development project in which the Group has a 60% interest, has a GFA of approximately 161,000 square meters (a GFA of approximately 248,000 square meters including basement) office and retail complex. Both the West and East Tower have topped out. Façade work is in progress. The construction of the podium is in progress. The entire development project is scheduled to be completed by the end of 2016. The Group is now developing a plan for pre-leasing.

The North Bund project, in which the Group has a 25% interest, has a GFA of approximately 259,000 square meters (GFA of approximately 427,000 square meters including basement) of office, hotel, and retail space. The hotel and sixty six floor office towers have topped out. The curtain wall has been substantially completed, and the fitting out is in progress. The podium is now under construction. The hotel is expected to be completed by the end of 2016 with opening scheduled for the second half of 2017, and will be run by the Starwood Group under the W brand. The entire project is expected to be completed by the end of 2016.

Nanxun

The project is a complex of three-story buildings fully completed as a trading center for wooden floor, furniture and other building materials. The GFA of Nanxun International Building Materials City is approximately 180,000 square meters, in which approximately 83,000 square meters are offered for sales and the remaining GFA of approximately 97,000 square meters are for lease. The market opened for business on July 2013. Over 90% of the GFA has been sold or leased out.

Beijing

The Group operates a 17,100 square meters retail complex at Legation Quarters, the former site of the United States diplomatic compound in Beijing, which is situated along the southeast corner of Tiananmen Square. The Group has converted the compound into a high end retail shop and restaurant complex. Operating results for the project were down slightly for the first half of 2015 as a couple of units were vacated. The Group is now negotiating to extend the master lease to more than the current 6 years remaining.

Alternative Energy

All of the Group's alternative energy projects are under its subsidiary, China Renewable Energy Investment Limited ("CRE"). Wind resources for the interim period improved significantly. As a result, revenues increased 59.4% to HK$74.3 million and net profits attributable to equity holders increased 535.1% to HK$36.2 million during the 2015 interim period. The government continues to support the sector in order to reduce pollution, and has accelerated the construction of ultra-high voltage transmission lines. Three 500 KV substations were completed in Zhangbei, and appear to be helping reduce curtailment for the Group's wind operations in the area.

Completion of its phase two 49.5 MW Siziwangqi windfarm in Inner Mongolia has boosted the Group's net wind generating capacity by 17% for 2015, and has helped boost revenues and profits for the interim period.

Please refer to CRE's interim report for more details.

Infrastructure

The Group's Build-Operate-Transfer ("BOT") toll road project in Guilin, which links up with China's Western Expressway, continues to make progress. For 2015, traffic revenue increased 18.7% to RMB29.2 million as toll prices increased though traffic flow dropped.

Prospects

Prospects for the second half of 2015 remain uncertain as homebuyer demand remains fragile, despite the fact that the government is loosening credit. The recent volatility in the PRC stock market has created additional uncertainty. However, the government's attempts to stabilize the situation through cuts in interest rates and other measures provide support.

For the second half of 2015, the Group will continue focusing on sales of its residential properties in Jiangmen, Tianjin, and Shenyang. Sales should be boosted by the launch of phase 3 units in Jiangmen. In Tianjin and Shenyang, the Group will continue selling its high rise apartments and townhouses.

At the same time, the Group intends to maintain its construction progress for Shanghai North Bund and Sichuan North Road Lot 108, with the goal of completion by end of 2016. Both projects have now commenced plans for pre-leasing activities. We expect strong domestic demand in the long term, but new supply could put pressure on office and retail rents.

The Group will continue exploring to sell its non-core properties and projects which no longer match with the growth direction of the Group. Management believes these sales will unlock the value of the Group's assets and strengthen the balance sheet so that the Group will be focused on its core business of property development.

Alternative Energy

The regulatory environment for windpower is expected to remain favourable given the government's desire to reduce pollution. The State Grid has officially approved the construction of twelve high and ultra-high transmission lines. The Group expects continued improvement in curtailment by 2017. The completion of the phase two 50 MW Siziwangqi windfarm will contribute to revenues in 2015.

The Group has recently obtained the rights to develop a 100 MW windfarm in Songxian, near Luoyang in Henan Province. The project has been put into the twelfth five year plan, and the Group is working on completing the feasibility, environmental, and other studies needed to obtain final project approval. CRE is optimistic over this project given the curtailment rate in this region is relatively low and wind tariff rates are relatively high.

Please refer to CRE's interim report for more information.

Employees

As of 30 June 2015, the Group employed approximately 437 employees across its operations in Hong Kong and the Mainland China. All employees are remunerated according to the nature of their jobs, their individual performances, the Group's overall performance and prevailing market conditions.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors with written terms of reference in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and reports to the Board. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015, which has also been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "Code Provisions") and certain recommended best practices as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015, except for the following:

Code Provision A.4.1

Under the Code Provision A.4.1, non-executive directors should be appointed for specific term and subject to re-election. Currently, the non-executive directors (including independent non-executive directors) of the Company were appointed with no specific term, but they are subject to the rotation requirement in the Company's bye-laws, accomplishing the same purpose as being appointed for a specific term.

Code Provision A.6.7

All independent non-executive directors and non-executive director of the Company were encouraged to attend the general meetings to inter-face with shareholders of the Company (the "Shareholders") but one non-executive director and one independent non-executive director were not in a position to attend the annual general meeting held on 27 May 2015 (as provided for in the Code Provision A.6.7) due to overseas commitment and pre-arranged business engagements.

Code Provision E.1.2

The Chief Executive Officer attended the annual general meeting in the absence of the Chairman of the Board. Other members of the Board and the chairmen of the relevant Board Committees are available to attend the annual general meeting to inter-face with, and answer questions from the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, the Company has obtained confirmation from all Directors that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished inside information in relation to the securities of the Group, on no less exacting terms than the Model Code.

PUBLICATION OF INTERIM REPORT

The 2015 interim report will be published on the websites of the Company (www.hkcholdings.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and dispatched to the Shareholders in due course.

By order of the Board
HKC (HOLDINGS) LIMITED
OEI Kang, Eric
Executive Director and Chief Executive Officer

Hong Kong, 24 August 2015

As at the date of this announcement, the Board comprises eight directors, of which Mr. OEI Kang, Eric, Mr. CHAN Kwok Fong, Joseph, Mr. LEE Shiu Yee, Daniel and Mr. WONG Jake Leong, Sammy are executive directors; Mr. OEI Tjie Goan is non-executive director; Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior are independent non-executive directors.