



**中泛控股有限公司**  
**CHINA OCEANWIDE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)  
Stock Code: 715

INTERIM REPORT  
**2015**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

HAN Xiaosheng (*Chairman*)  
LIU Bing  
LIU Hongwei  
LIU Guosheng

### Non-executive Directors

QIN Dingguo (*Deputy Chairman*)  
ZHENG Dong (*Deputy Chairman*)  
ZHAO Yingwei  
QI Zixin

### Independent Non-executive Directors

LIU Jipeng  
CAI Hongping  
YAN Fashan  
LO Wa Kei Roy

### AUDIT COMMITTEE

LIU Jipeng (*Committee Chairman*)  
LO Wa Kei Roy  
ZHAO Yingwei

## REMUNERATION COMMITTEE

CAI Hongping (*Committee Chairman*)  
YAN Fashan  
HAN Xiaosheng

## NOMINATION COMMITTEE

HAN Xiaosheng (*Committee Chairman*)  
LIU Jipeng  
YAN Fashan

## COMPANY SECRETARY

LIANG Yanyu

## AUTHORISED REPRESENTATIVES

HAN Xiaosheng  
LIANG Yanyu

## AUDITOR

PricewaterhouseCoopers

## PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited

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## CHAIRMAN'S STATEMENT

2015 is the first year that China Oceanwide Holdings Limited (the "Company", together with its subsidiaries, the "Group") is formally managed by its new board of directors (the "Board"). By focusing on the stable operation model of the Group as well as its significant cash reserves, the Board and the management initiate the diversified cash management approach and continue to seek development opportunities for its business. For the six months ended 30 June 2015 (the "Period"), the Board's various strategies have become effective, and the results have been substantially improved as compared to the corresponding period of last year.

### FINANCIAL RESULTS

During the Period, the Group's consolidated profit attributable to shareholders increased by 98% from HK\$56.97 million in 2014 to HK\$112.62 million in 2015, and basic earnings per share for the Period was HK1.19 cents (2014: HK0.64 cents). The consolidated profit attributable to shareholders for the Period included gain on initial recognition of available-for-sale financial assets and other net gains of HK\$76.94 million (2014: realised foreign exchange gain of HK\$7.44 million).

Revenue for the Period amounted to HK\$81.50 million (2014 restated: HK\$87.49 million) and earnings before interest expense and tax ("EBIT") for the Period increased by 82% to HK\$130.45 million as compared with HK\$71.85 million for the corresponding period in 2014. Excluding gain on initial recognition of available-for-sale financial assets and other net gains of HK\$76.94 million (2014: realised foreign exchange gain of HK\$7.44 million), the recurring EBIT for the Period was HK\$53.51 million (2014: HK\$64.41 million). The decrease in recurring EBIT was mainly attributable to the decrease in interest income and the increase in operating costs during the Period.

### DIVIDEND

In order to retain cash reserve for future business development of the Group, the Board does not recommend the payment of an interim dividend for the Period (2014: Nil).

### BUSINESS REVIEW

During the Period, the performance of Property Investment Division was stable, and the revenue was HK\$58.14 million, an increase of 2% as compared with HK\$57.21 million (restated) for the corresponding period in 2014. EBIT was HK\$44.85 million, a decrease of 2% as compared with HK\$45.75 million for the corresponding period in 2014. The decrease in EBIT was mainly attributable to the increase in letting commission incurred for searching new tenants to fill up the vacant units. As at 30 June 2015, the average occupancy rate for the Group's two office and commercial properties in Shanghai was over 90%.

During the Period, revenue from the Finance, Investment and Others Division was HK\$23.36 million, a decrease of 23% as compared with HK\$30.28 million (restated) for the corresponding period in 2014. EBIT increased 228% from HK\$26.11 million in 2014 to HK\$85.61 million in 2015, which was benefited from the Group's effective cash management strategies. The increase in EBIT was mainly attributable to the gain on initial recognition of available-for-sale financial assets and other net gains on disposal of available-for-sale financial assets.

In order to manage its current funds effectively and grasp the appreciation opportunities in the capital market, the Group invested in various listed securities during the Period, including China Huiyuan Juice Group Limited (Stock code: 1886) and GF Securities Co., Ltd. (Stock code: 1776). During the Period, the Group recorded total realised gains of HK\$12.69 million. As at 30 June 2015, the fair market value of the listed equity and debt securities investments was HK\$1,824.96 million (31 December 2014: HK\$678.54 million).

# CHAIRMAN'S STATEMENT

## OUTLOOK

As disclosed in the 2014 annual report of the Company, the management intends to continue developing the principal businesses of the Group. In the meantime, the Group also strives to become a conglomerate with businesses in real estate, finance, energy and strategic investment. To achieve this objective, the Group is actively exploring sound investment opportunities as well as certain potential acquisitions. Our goal is to develop the Group as a major listed entity and an overseas integrated development platform of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司) ("Oceanwide Holdings", whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046)) outside Mainland China by fully utilising the solid foundation and strengths of Oceanwide Holdings and its holding company, China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the diversified capital market in Hong Kong and the healthy financial position of the Group, thereby generating long-term and favourable investment returns to our shareholders.

The Group has a healthy balance sheet and liquidity with cash, liquid funds and listed equity and debt securities investments of HK\$5,005.21 million as at 30 June 2015 (31 December 2014: HK\$3,605.05 million). The Group will continue to implement prudent investment and financial management principles, to identify business development opportunities prudently and thoroughly to expand its business fields whilst carrying out effective risk management and financial control measures in all its business fields towards transforming itself into a conglomerate with businesses in real estate, finance, energy and strategic investment.

On behalf of the Board, I would like to express the Board's gratitude to all the staff for their hard work and dedication and to thank all our shareholders, business partners and customers for their continuous support.

**HAN Xiaosheng**

*Chairman*

Hong Kong, 4 August 2015

\* *For identification purposes only*

## CAPITAL RESOURCES AND OTHER INFORMATION

### TREASURY MANAGEMENT

The primary treasury and funding policies of the Group focus on liquidity management and maintaining an optimum level of liquidity, while funding subsidiary operations in a cost-efficient manner. Operating as a centralised service, the treasury function manages the Group's funding needs and monitors financial risks, such as those relating to interest and foreign exchange rates, as well as counterparty.

During the six months ended 30 June 2015, the Group did not enter into any interest or currency swaps or other financial derivatives transactions.

#### Interest rate exposure

The Group has no significant interest-bearing assets except for cash and bank deposits, loan receivable and the listed debt securities included under available-for-sale financial assets. The interest rates for the loan receivable and listed debt securities are fixed.

#### Foreign currency exposure

The Group's revenue and operating costs are denominated in Hong Kong dollars and Renminbi. The Group is exposed to other currency movements, primarily in terms of cash and cash equivalents, bank deposits and available-for-sale financial assets denominated in United States dollars.

#### Credit exposure

Surplus funds are managed in a prudent manner, usually in the form of bank deposits with financial institutions with good credit ratings. Credit ratings of financial institutions are regularly reviewed by the senior management in order to manage counterparty risk.

The Group's available-for-sale financial assets were listed. The majority listed debt securities are listed in Singapore with credit rating of A3/A- as rated by Moody's and Standard & Poor's respectively as at 30 June 2015 and the majority of the listed equity securities are listed in Hong Kong.

### CAPITAL RESOURCES AND LIQUIDITY

As at 30 June 2015, the Group's total cash, liquid funds and listed investments amount to HK\$5,005.21 million (31 December 2014: HK\$3,605.05 million), 44.2% of which were denominated in Hong Kong dollars, 38.9% of which were denominated in United States dollars and 16.8% in Renminbi.

As at 30 June 2015 and 31 December 2014, the Group did not have any borrowings.

## CAPITAL RESOURCES AND OTHER INFORMATION

### CASH FLOWS

The Group has a healthy financial position. During the six months ended 30 June 2015, net cash used in operating activities and investing activities amounted to HK\$60.07 million and HK\$1,251.90 million respectively (30 June 2014: net cash generated from operating activities and investing activities amounted to HK\$68.04 million and HK\$629.05 million respectively). Major inflow of funds during the Period was the net proceeds from issuance of shares of HK\$1,714.93 million (2014: major outflow of funds was the payment of final dividend).

### CHARGES AND CONTINGENT LIABILITIES

The Group has not created any charges on its assets or provided any guarantee to third parties as at 30 June 2015 and 31 December 2014.

### HUMAN RESOURCES

As at 30 June 2015, the Group employed 54 staff members (30 June 2014: 48). Total employee costs for the six months ended 30 June 2015, including Directors' emoluments, amounted to HK\$7.20 million (30 June 2014: HK\$8.40 million). The Group's employment and remuneration policies remain the same as those described in the 2014 annual report of the Company.

### EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2015.

### PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company. In addition, the Company has not redeemed any of its listed securities during the Period.

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2015, the Company had no material acquisition or disposal of its subsidiaries and associated companies.

### REVIEW OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 has been reviewed by the auditor of the Company, 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. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 has also been reviewed by the Audit Committee of the Company.

### CORPORATE STRATEGY

The primary objective of the Group is to enhance long-term total returns for shareholders. To achieve this objective, the strategy of the Group is to deliver sustainable returns with solid financial fundamentals. The Chairman's Statement and the Business Review contained in this interim report contain discussions and analyses of the performance of the Group during the Period, the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

## CAPITAL RESOURCES AND OTHER INFORMATION

### PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group contained within this Interim Report are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained within this Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of directors (the "Directors") of the Company subsequent to the date of the 2014 annual report of the Company are set out below:

<b>Name of Director</b>	<b>Details of changes</b>
Liu Hongwei	Resigned as director of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) ("Oceanwide Holdings") (Note)
Liu Guosheng	Resigned as director of Oceanwide Holdings
Qin Dingguo	Appointed as director of Oceanwide Holdings
Zhao Yingwei	Appointed as director of Oceanwide Holdings
Qi Zixin	Appointed as director of Oceanwide Holdings

*Note:*

A company whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046).

\* For identification purposes only



## DISCLOSURE OF INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Company's own Model Code for Securities Transactions by Directors (the "Securities Code") were as follows:

#### (I) Interests and short positions in the shares, underlying shares and debentures of the Company

*Long positions in the shares of the Company*

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
Liu Jipeng	Beneficial owner	Personal interest	9,900,000	0.09%

#### (II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

*Long positions in the shares of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司) ("Oceanwide Holdings")*

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
Han Xiaosheng	Beneficial owner	Personal interest	2,880,000	0.06%
Zheng Dong	Beneficial owner	Personal interest	2,880,000	0.06%
Liu Hongwei	Beneficial owner	Personal interest	30,000	0.0007%

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company and their respective associates had any other interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Securities Code, to be notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS

### SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and chief executive of the Company, as at 30 June 2015, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

#### (I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

##### *Long positions in the shares of the Company*

Name	Capacity	Number of shares held	Approximate % of shareholding
Lu Zhiqiang	Interest of controlled corporations	6,419,461,847 <sup>(5)</sup>	59.65%
Huang Qiongzi	Interest of controlled corporations	6,419,461,847 <sup>(5)</sup>	59.65%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(4)</sup>	59.65%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(3)</sup>	59.65%
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(2)</sup>	59.65%
Oceanwide Holdings	Interest of controlled corporations	6,419,461,847 <sup>(1)</sup>	59.65%
China Oceanwide Group Limited (中泛集團有限公司) (formerly known as Oceanwide Holdings (Hong Kong) Co., Limited (泛海控股(香港)有限公司))	Interest of controlled corporations	6,419,461,847 <sup>(1)</sup>	59.65%
Oceanwide Holdings International Co., Ltd	Beneficial owner	6,419,461,847 <sup>(1)</sup>	59.65%

##### *Notes:*

- (1) Oceanwide Holdings International Co., Ltd has charged its equity interest in 6,419,461,847 shares of the Company to secure a loan facility and The Ka Wah Bank (Nominees) Limited is the registered owner of such 6,419,461,847 shares of the Company. Oceanwide Holdings International Co., Ltd is a wholly owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly owned subsidiary of Oceanwide Holdings. By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings are deemed to be interested in 6,419,461,847 shares of the Company held by Oceanwide Holdings International Co., Ltd.
- (2) China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) directly and indirectly holds 76.39% interest in the issued share capital of Oceanwide Holdings. By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) is deemed to be interested in all the shares of the Company held by Oceanwide Holdings.

## DISCLOSURE OF INTERESTS

- (3) Oceanwide Group Co., Ltd.\* (泛海集團有限公司) holds 97.44% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.\* (泛海集團有限公司) is deemed to be interested in all the shares of the Company held by China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司).
- (4) Tohigh Holdings Co., Ltd.\* (通海控股有限公司) holds the entire issued share capital of Oceanwide Group Co., Ltd.\* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.\* (通海控股有限公司) is deemed to be interested in all the shares of the Company held by Oceanwide Group Co., Ltd.\* (泛海集團有限公司).
- (5) Mr. Lu Zhiqiang and Ms. Huang Qiongzi (spouse of Mr. Lu Zhiqiang) together holds more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.\* (通海控股有限公司). By virtue of the SFO, Mr. Lu Zhiqiang and Ms. Huang Qiongzi are deemed to be interested in all the shares of the Company held by Oceanwide Group Co., Ltd.\* (泛海集團有限公司).

### (II) Interests and short positions of other persons in the shares and underlying shares of the Company

#### *Long positions in the shares of the Company*

Name	Capacity	Number of shares held	Approximate % of shareholding
Kwok Sau Po	Beneficial owner	820,036,000	7.62%

Save as disclosed above, as at 30 June 2015, there was no other person (other than the Directors and chief executive of the Company) who was recorded in the register of the Company as having an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

### SHARE OPTION SCHEME

At the annual general meeting of the Company held on 19 May 2015, a share option scheme (the "Share Option Scheme") was conditionally adopted by the shareholders of the Company. The Share Option Scheme was valid and effective for a period of ten years from 3 June 2015 (the "Effective Date"). No option has been granted by the Company pursuant to the Share Option Scheme from the Effective Date to 30 June 2015.

\* For identification purposes only

## CORPORATE GOVERNANCE

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality board of directors (the “Board”), effective internal controls, stringent disclosure practices, transparency and accountability. In addition, the Company is committed to continuously improving these practices and inculcating an ethical corporate culture.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied throughout the six months ended 30 June 2015 with all the code provisions (the “Code Provision(s)”) of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the following deviations:

#### Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

Mr. Han Xiaosheng is currently the chairman of the Board and chief executive officer of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership with the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decision of the Board promptly and efficiently.

#### Code Provision A.4.2

Code Provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment.

The existing Directors retired at the annual general meeting of the Company held on 19 May 2015 in accordance with the Company’s Bye-laws and re-elected by shareholders of the Company thereat.

#### Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagement, Mr. Zheng Dong, a Non-executive Director, and Mr. Cai Hongping, an Independent Non-executive Director, did not attend the annual general meeting of the Company held on 19 May 2015. The other Non-executive Directors and Independent Non-executive Directors had been present at the above general meetings to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board adopted the Securities Code (the “Securities Code”) regulating Directors’ dealings in securities (Group and otherwise), on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made by the Company, all the Directors have confirmed that they have complied with the required standard of the Securities Code throughout the six months ended 30 June 2015.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**To the Board of Directors of  
China Oceanwide Holdings Limited**  
*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 31, which comprises the condensed consolidated statement of financial position of China Oceanwide Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 4 August 2015

# INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Unaudited Six month ended 30 June	
		2015 HK\$'000	Restated 2014 HK\$'000
<b>Revenue</b>	4	<b>81,495</b>	87,494
Cost of sales		<b>(8,581)</b>	(8,451)
<b>Gross profit</b>		<b>72,914</b>	79,043
Other net gains	5	<b>76,940</b>	7,440
Administrative expenses		<b>(16,534)</b>	(13,972)
Selling and distribution costs		<b>(2,866)</b>	(658)
<b>Profit before tax</b>	5	<b>130,454</b>	71,853
Income tax expense	6	<b>(13,307)</b>	(10,236)
<b>Profit for the period</b>		<b>117,147</b>	61,617
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>112,616</b>	56,967
Non-controlling interests		<b>4,531</b>	4,650
		<b>117,147</b>	61,617
<b>Basic and diluted earnings per share attributable to shareholders of the Company</b>	8	<b>HK1.19 cents</b>	HK0.64 cents

Details of interim dividend are set out in Note 7.

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six month ended 30 June	
	2015 HK\$'000	2014 HK\$'000
<b>Profit for the period</b>	<b>117,147</b>	61,617
<b>Other comprehensive income/(expenses):</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translating financial statements of foreign operations:		
– Gains/(losses) taken to reserves	<b>716</b>	(46,256)
Available-for-sale financial assets:		
– Net valuation gains taken to reserves	<b>378,264</b>	25,205
– Gains previously in reserves recognised in income statement	<b>(12,688)</b>	(7,440)
<b>Other comprehensive income/(expenses) for the period, net of tax *</b>	<b>366,292</b>	(28,491)
<b>Total comprehensive income for the period</b>	<b>483,439</b>	33,126
<b>Total comprehensive income/(expenses) attributable to:</b>		
Shareholders of the Company	<b>478,686</b>	34,246
Non-controlling interests	<b>4,753</b>	(1,120)
	<b>483,439</b>	33,126

\* There was no tax effect on each component of the other comprehensive income/(expenses) for the six months ended 30 June 2015 and 2014.

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	5,657	6,054
Investment properties	9	1,031,368	1,029,872
Leasehold land and land use rights		1,582	1,610
Available-for-sale financial assets	10	1,824,956	678,536
Other non-current assets		104,129	–
		<b>2,967,692</b>	1,716,072
<b>Current assets</b>			
Loan receivable	11	700,000	–
Trade receivables	12	583	1,764
Deposits, prepayments and other receivables		32,590	25,282
Bank deposits with maturity over three months		171,204	320,931
Cash and cash equivalents		3,009,048	2,605,580
		<b>3,913,425</b>	2,953,557
<b>Total assets</b>		<b>6,881,117</b>	4,669,629



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	13	1,076,177	896,814
Reserves		5,327,228	3,312,980
		<b>6,403,405</b>	4,209,794
<b>Non-controlling interests</b>		<b>167,380</b>	162,627
<b>Total equity</b>		<b>6,570,785</b>	4,372,421
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred income tax liabilities	14	191,749	186,346
<b>Current liabilities</b>			
Deposits received, other payables and accruals		82,300	76,559
Current income tax liabilities		36,283	34,303
		<b>118,583</b>	110,862
<b>Total liabilities</b>		<b>310,332</b>	297,208
<b>Total equity and liabilities</b>		<b>6,881,117</b>	4,669,629
<b>Net current assets</b>		<b>3,794,842</b>	2,842,695
<b>Total assets less current liabilities</b>		<b>6,762,534</b>	4,558,767

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							Non-controlling interests HK\$'000	Total equity HK\$'000
	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other properties revaluation reserve HK\$'000	(Note) Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
Opening balance at 1 January 2015	896,814	2,612,756	258,174	8,883	35,178	397,989	4,209,794	162,627	4,372,421
Gains on translating financial statements of foreign operations:									
– Taken to reserves			490	4	–	–	494	222	716
Available-for-sale financial assets:									
– Net valuation gains taken to reserves			–	–	378,264	–	378,264	–	378,264
– Gains previously in reserve recognised in income statement			–	–	(12,688)	–	(12,688)	–	(12,688)
Net income recognised directly in equity			490	4	365,576	–	366,070	222	366,292
Profit for the period			–	–	–	112,616	112,616	4,531	117,147
<b>Total comprehensive income for the period ended 30 June 2015</b>			<b>490</b>	<b>4</b>	<b>365,576</b>	<b>112,616</b>	<b>478,686</b>	<b>4,753</b>	<b>483,439</b>
Total transactions with shareholders recognised directly in equity:									
Issue of shares (Note 13)	179,363	1,535,562	–	–	–	–	1,714,925	–	1,714,925
Closing balance at 30 June 2015	1,076,177	4,148,318	258,664	8,887	400,754	510,605	6,403,405	167,380	6,570,785

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							Non-controlling interests HK\$'000	Total equity HK\$'000
	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other properties revaluation reserve HK\$'000	(Note) Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
Opening balance at 1 January 2014	896,814	2,612,756	269,021	8,970	12,780	2,300,422	6,100,763	154,753	6,255,516
Losses on translating financial statements of foreign operations:									
– Taken to reserves			(40,205)	(281)	–	–	(40,486)	(5,770)	(46,256)
Available-for-sale financial assets:									
– Net valuation gains taken to reserves			–	–	25,205	–	25,205	–	25,205
– Gains previously in reserve recognised in income statement			–	–	(7,440)	–	(7,440)	–	(7,440)
Net income/(expenses) recognised directly in equity			(40,205)	(281)	17,765	–	(22,721)	(5,770)	(28,491)
Profit for the period			–	–	–	56,967	56,967	4,650	61,617
<b>Total comprehensive income/(expenses) for the period ended 30 June 2014</b>			(40,205)	(281)	17,765	56,967	34,246	(1,120)	33,126
Total transactions with shareholders recognised directly in equity:									
2013 final dividend paid	–	–	–	–	–	(197,299)	(197,299)	–	(197,299)
Closing balance at 30 June 2014	896,814	2,612,756	228,816	8,689	30,545	2,160,090	5,937,710	153,633	6,091,343

Note:

Other reserves comprise investment revaluation reserve, share-based compensation reserve and capital redemption reserve.

	Investment revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 January 2014	9,021	201	3,558	12,780
At 30 June 2014	26,786	201	3,558	30,545
<b>At 1 January 2015</b>	<b>31,620</b>	<b>–</b>	<b>3,558</b>	<b>35,178</b>
<b>At 30 June 2015</b>	<b>397,196</b>	<b>–</b>	<b>3,558</b>	<b>400,754</b>

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six month ended 30 June	
		2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operating activities before finance costs, tax paid and changes in working capital		<b>16,554</b>	23,701
Changes in working capital		<b>(102,102)</b>	(4,989)
		<hr/>	<hr/>
Cash (used in)/generated from operations		<b>(85,548)</b>	18,712
Interest received		<b>31,693</b>	65,872
Tax paid – outside Hong Kong		<b>(6,212)</b>	(16,546)
		<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>		<b>(60,067)</b>	68,038
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Decrease in bank deposits with maturity over three months		<b>149,727</b>	4,710
Additions to property, plant and equipment		<b>(173)</b>	(97)
Additions to investment properties		<b>(1,005)</b>	–
Purchase of available-for-sale financial assets		<b>(804,194)</b>	(490,968)
Proceeds on disposal of available for sales financial assets		<b>103,743</b>	–
Loan to a third party		<b>(700,000)</b>	–
Proceeds from the maturity of listed debt securities		–	1,115,400
		<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,251,902)</b>	629,045
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Net proceeds from issuance of shares	13	<b>1,714,925</b>	–
Dividend paid		–	(197,299)
		<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>		<b>1,714,925</b>	(197,299)
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six month ended 30 June	
		2015 HK\$'000	2014 HK\$'000
<b>Net increase in cash and cash equivalents</b>		<b>402,956</b>	499,784
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,605,580</b>	3,888,476
<b>Exchange gains/(losses)</b>		<b>512</b>	(22,123)
<b>Cash and cash equivalents at the end of the period</b>		<b>3,009,048</b>	4,366,137
<b>Analysis of cash, liquid funds and listed investments</b>			
Bank deposits with maturity of less than three months		<b>2,777,001</b>	4,311,253
Cash at banks and on hand		<b>232,047</b>	54,884
Cash and cash equivalents		<b>3,009,048</b>	4,366,137
Bank deposits with maturity over three months		<b>171,204</b>	284,607
Available-for-sale financial assets, listed investments	10	<b>1,824,956</b>	674,650
<b>Total cash, liquid funds and listed investments</b>		<b>5,005,208</b>	5,325,394

The notes on pages 20 to 31 form an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information (“Interim Financial Statements”) is prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

These Interim Financial Statements have been prepared under the historical cost convention except for investment properties and available-for-sale financial assets which are stated at fair values.

The accounting policies applied and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of the standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for accounting periods beginning 1 January 2015. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position. These Interim Financial Statements are presented in Hong Kong dollars, unless otherwise stated. These Interim Financial Statements were approved for issue on 4 August 2015.

These Interim Financial Statements have been reviewed, not audited.

## 2 ESTIMATES

The preparation of these Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

## 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since 31 December 2014.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### 3.2 Liquidity risk

Compared to the year ended 31 December 2014, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

#### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2015				
Available-for-sale financial assets				
– Equity securities	1,141,241	–	–	1,141,241
– Debt securities with fixed interest rate	683,715	–	–	683,715
Total financial assets	<u>1,824,956</u>	<u>–</u>	<u>–</u>	<u>1,824,956</u>
At 31 December 2014				
Available-for-sale financial assets				
– Debt securities with fixed interest rate	678,536	–	–	678,536
Total financial assets	<u>678,536</u>	<u>–</u>	<u>–</u>	<u>678,536</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### 3.3 Fair value estimation (Continued)

During the six months ended 30 June 2015, there were no transfers between Levels 1, 2, and 3 (31 December 2014: Nil).

There were no other changes in valuation techniques during the period.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- (i) Loan receivables
- (ii) Trade receivables
- (iii) Deposits, prepayments and other receivables
- (iv) Cash and bank deposits
- (v) Deposits received, other payables and accruals

### 4 REVENUE AND SEGMENT INFORMATION

The senior management comprising executive directors and the chief financial officer are the Group's chief operating decision-maker ("CODM"). Management has determined the operating segments for the purposes of allocating resources and assessing performance.

Revenue represented rental and service income, interest income and dividend income. The amount of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2015 HK\$'000	Restated 2014 HK\$'000
Rental and service income from investment properties	46,410	46,483
Interest income	33,111	41,011
Dividend income	1,974	–
	<b>81,495</b>	87,494

The Group has two reportable segments, namely the Property Investment division and the Finance, Investment and Others division.

The segments are managed separately as each business offers different services and each segment is subject to risks and returns that are different from the other.

Earnings before interest expense and tax ("EBIT") are regarded as segment results in respect of the Group's reportable segments as the CODM consider that this can better reflect the performance of each segment. EBIT is used on the Group's internal financial and management reporting to monitor business performances.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4 REVENUE AND SEGMENT INFORMATION (Continued)

During the period, management has started to invest in listed debt and equity securities which is considered as one of the principal activities of the Group. Therefore, the Group changed its presentation on interest income which was previously separately presented in consolidated statement of income. Subsequent to the change in presentation, interest income is included in revenue in the consolidated statement of income. The results from "Corporate Division" were combined with the results from the investments and renamed "Finance, investment and others" division. Management believes that the change in presentation results in providing a more appropriate presentation of financial information of the Group. The effect on the condensed consolidated statement of income for the period ended 30 June 2014 is as follows:

Condensed consolidated statement of income	2014 HK\$'000
Increase in revenue	41,011
Decrease in interest income	(41,011)
	—

#### Segment information:

	Six months ended 30 June 2015		
	Property investment HK\$'000	Finance, investment and others HK\$'000	Total HK\$'000
Segment revenue			
– Company and subsidiaries	<b>58,137</b>	<b>23,358</b>	<b>81,495</b>
Segment results before gain on initial recognition of available-for-sale financial assets and other net gains			
– Company and subsidiaries	<b>44,847</b>	<b>8,667</b>	<b>53,514</b>
Gain on initial recognition of available-for-sale financial assets and other net gains (Note 5)	–	<b>76,940</b>	<b>76,940</b>
Earnings before interest expense and tax	<b>44,847</b>	<b>85,607</b>	<b>130,454</b>
Income tax expense (Note 6)	<b>(10,948)</b>	<b>(2,359)</b>	<b>(13,307)</b>
Profit for the period			<b>117,147</b>
Depreciation of property, plant and equipment (Note 5)	<b>(260)</b>	<b>(311)</b>	<b>(571)</b>
Amortisation of leasehold land and land use rights (Note 5)	<b>(28)</b>	–	<b>(28)</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4 REVENUE AND SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2014 (Restated)		
	Property investment HK\$'000	Finance, investment and others HK\$'000	Total HK\$'000
Segment revenue			
– Company and subsidiaries	57,214	30,280	87,494
Segment results before foreign exchange gain			
– Company and subsidiaries	45,748	18,665	64,413
Foreign exchange gain (Note 5)	–	7,440	7,440
Earnings before interest expense and tax	45,748	26,105	71,853
Income tax expense (Note 6)	(10,236)	–	(10,236)
Profit for the period			61,617
Depreciation of property, plant and equipment (Note 5)	(240)	(31)	(271)
Amortisation of leasehold land and land use rights (Note 5)	(28)	–	(28)

### 5 PROFIT BEFORE TAX

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit before tax is stated after crediting and charging the following:		
<u>Crediting</u>		
Gain on initial recognition of available-for-sale financial assets (Note)	68,700	–
Realised gain on disposal of equity securities (Note)	12,688	–
Foreign exchange gain (Note)	–	7,440
<u>Charging</u>		
Staff costs (including Directors' emoluments)	7,195	8,399
Depreciation of property, plant and equipment	571	271
Amortisation of leasehold land and land use rights	28	28
Operating lease charges in respect of properties	2,391	260
Net foreign exchange losses (Note)	4,448	–

Note:

Other net gains for the period ended 30 June 2015 represented gain on initial recognition of available-for-sale financial assets, being the difference between the fair value at the date of purchase and the purchase costs of HK\$68,700,000, realised gain on disposal of listed equity securities of HK\$12,688,000 and net foreign exchange losses of HK\$4,448,000.

Other net gains for the period ended 30 June 2014 represented gain realised on listed debt securities.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Current income tax		
– Outside Hong Kong	5,684	4,120
– Hong Kong	2,359	–
Deferred income tax charge	5,264	6,116
	<b>13,307</b>	10,236

The Group's subsidiaries in the Mainland China were subject to Enterprise Income Tax of Mainland China at a standard rate of 25% for the six months ended 30 June 2015 (2014: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30 June 2015. No Hong Kong profit tax had been provided as the Group had no estimated assessable profits for the six months ended 30 June 2014.

### 7 INTERIM DIVIDEND

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

No dividend was proposed for the year ended 31 December 2014.

### 8 EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares in issue	9,473,527,602	8,968,140,707
Profit attributable to shareholders of the Company (HK\$'000)	112,616	56,967
Basic earnings per share attributable to shareholders of the Company (HK cent per share)	1.19	0.64

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8 EARNINGS PER SHARE (Continued)

#### (b) Diluted earnings per share

There are no outstanding employee share options at 30 June 2015. The outstanding employee share options at 30 June 2014 had no dilutive effect on earnings per share.

### 9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
<b>Six months ended 30 June 2015</b>		
Net book value or valuation		
Opening balance at 1 January 2015	6,054	1,029,872
Addition	173	1,005
Depreciation	(571)	–
Exchange translation differences	1	491
	<u>5,657</u>	<u>1,031,368</u>
<b>Six months ended 30 June 2014</b>		
Net book value or valuation		
Opening balance at 1 January 2014	4,819	1,039,946
Additions	97	–
Depreciation	(271)	–
Exchange translation differences	(143)	(32,498)
	<u>4,502</u>	<u>1,007,448</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

The valuations of the investment properties at 30 June 2015, 30 June 2014 and 31 December 2014 were carried out by DTZ Debenham Tie Leung Limited, professional valuers.

The fair value measurement information for these investment properties in accordance with Hong Kong Financial Reporting Standard 13 are given below.

	Fair value measurements at 30 June 2015		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements Investment properties	–	–	1,031,368

  

	Fair value measurements at 31 December 2014		
	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements Investment properties	–	–	1,029,872

There were no transfers among Level 1, Level 2 and 3 during the period.

Level 3 valuation is derived using the income capitalisation method. This method is based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties. The most significant inputs into this valuation approach are capitalisation rate and rental rate.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Listed debt securities, at fair value		
– overseas	<b>675,457</b>	678,536
– Hong Kong	<b>8,258</b>	–
Listed equity securities, at fair value		
– overseas	<b>15,529</b>	–
– Hong Kong	<b>1,125,712</b>	–
Non-current portion	<b>1,824,956</b>	678,536

The available-for-sale financial assets are denominated in the following currencies:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Hong Kong dollars	<b>1,125,712</b>	–
United States dollars	<b>699,244</b>	678,536
	<b>1,824,956</b>	678,536

### 11 LOAN RECEIVABLE

On 15 June 2015, the Group entered into a loan agreement with an independent third party. The borrower borrowed HK\$700,000,000 from the Group on 17 June 2015, at a fixed interest rate of 6% per annum, for a term of six months. The loan was secured by 270,000,000 ordinary shares of Simsen International Corporation Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 993).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12 TRADE RECEIVABLES

The Group's trade receivables represented rental receivables for which no credit term has been granted. At 30 June 2015 and 31 December 2014, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
0-30 days	557	1,745
31-60 days	23	19
61-90 days	3	–
	<b>583</b>	1,764

### 13 SHARE CAPITAL

#### Ordinary shares, issued and fully paid

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Opening balance at 1 January 2014 and 1 January 2015	<b>8,968,140,707</b>	<b>896,814</b>
Net proceeds from issuance of shares	<b>1,793,628,000</b>	<b>179,363</b>
Closing balance at 30 June 2015	<b>10,761,768,707</b>	<b>1,076,177</b>

On 11 May 2015, an aggregate of 1,793,628,000 new shares were issued and allotted to six independent third parties for a total consideration of HK\$1,723,676,508 (representing HK\$0.961 per share). Issuance expense of HK\$8,752,000 was netted off against share premium.

### 14 DEFERRED INCOME TAX LIABILITIES

	<b>Six months ended 30 June</b>	
	<b>2015 HK\$'000</b>	2014 HK\$'000
Opening balance at 1 January	<b>186,346</b>	177,860
Exchange translation differences	<b>139</b>	(5,662)
Charge to income statement	<b>5,264</b>	6,116
Closing balance at 30 June	<b>191,749</b>	178,314

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15 CAPITAL COMMITMENTS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Authorised but not contracted for:		
– Property, plant and equipment	<b>89</b>	560
– Leasehold improvement	<b>796</b>	5,500
– Investment properties	<b>2,603</b>	3,022
Contracted but not provided for:		
– Property, plant and equipment	<b>298</b>	–
– Leasehold improvement	<b>4,704</b>	–
– Investment properties	<b>419</b>	1,009

### 16 OPERATING LEASES COMMITMENTS

- (a) At 30 June 2015 and 31 December 2014, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Not later than one year	<b>92,747</b>	75,479
Later than one year and not later than five years	<b>193,419</b>	130,658
Later than five years	<b>127,815</b>	3,214
	<b>413,981</b>	209,351

- (b) At 30 June 2015 and 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Not later than one year	<b>6,420</b>	538
Later than one year and not later than five years	<b>11,235</b>	718
	<b>17,655</b>	1,256



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 MATERIAL RELATED PARTY TRANSACTIONS

No transactions had been entered with the Directors and senior management of the Company during the period other than the emoluments paid or payable to them (being key management personnel compensation) as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	<u>1,132</u>	<u>2,599</u>

### 18 HOLDING COMPANY

The Directors consider the ultimate holding company of the Company to be Tohigh Holdings Co., Ltd \* (通海控股有限公司), a company incorporated in Mainland China, which is ultimately controlled by Mr. Lu Zhiqiang.

\* For identification purpose only

## INFORMATION FOR SHAREHOLDERS

- LISTING** : The ordinary shares of the Company are listed on The Stock Exchange of Hong Kong Limited
- STOCK CODE** : 715
- REGISTERED OFFICE** : Clarendon House, 2 Church Street, Hamilton HM11, Bermuda  
Telephone : +441 295 1422  
Facsimile : +441 292 4720
- HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS** : 64th Floor, Bank of China Tower, 1 Garden Road, Hong Kong  
Telephone : +852 3959 5500  
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