



九龍建業有限公司  
KOWLOON DEVELOPMENT COMPANY LIMITED

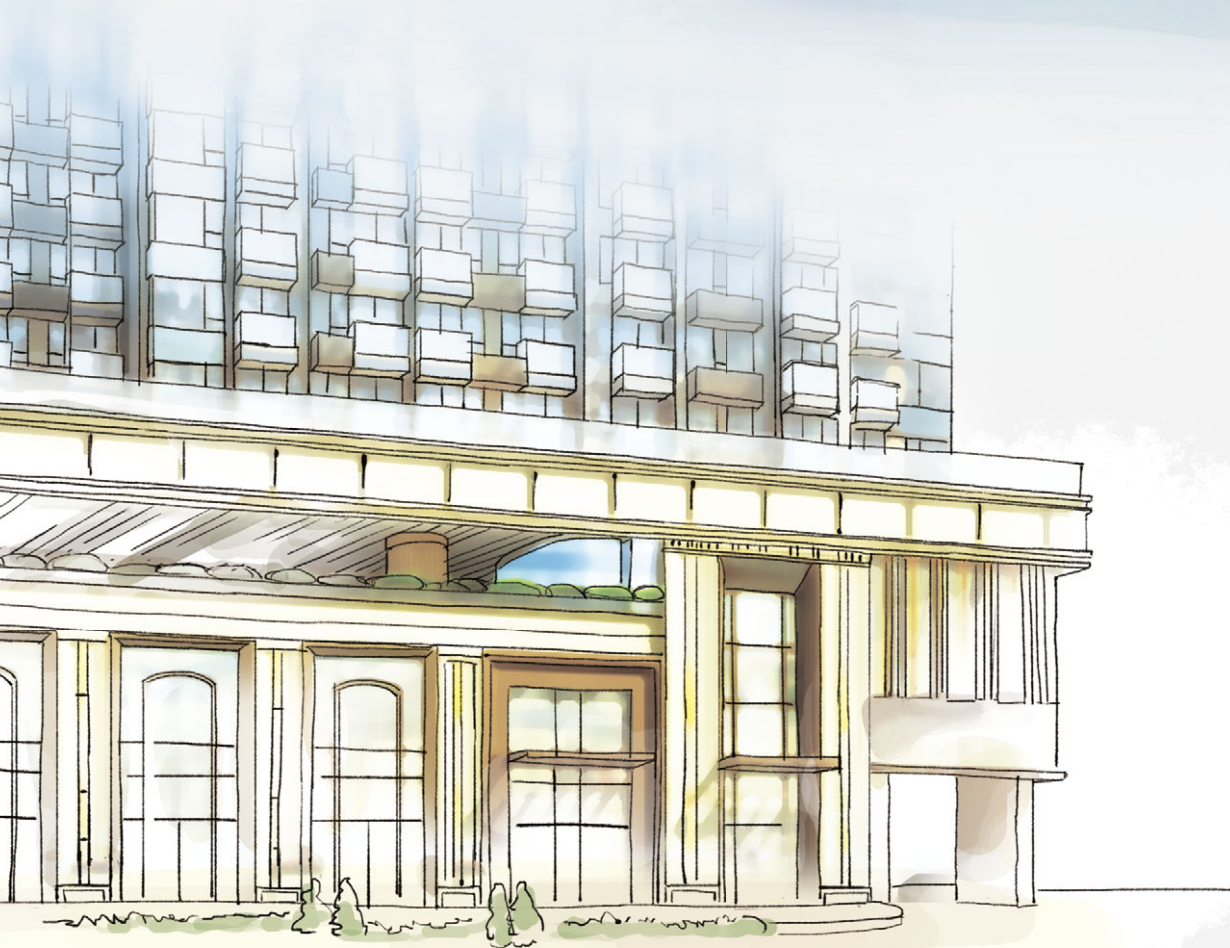
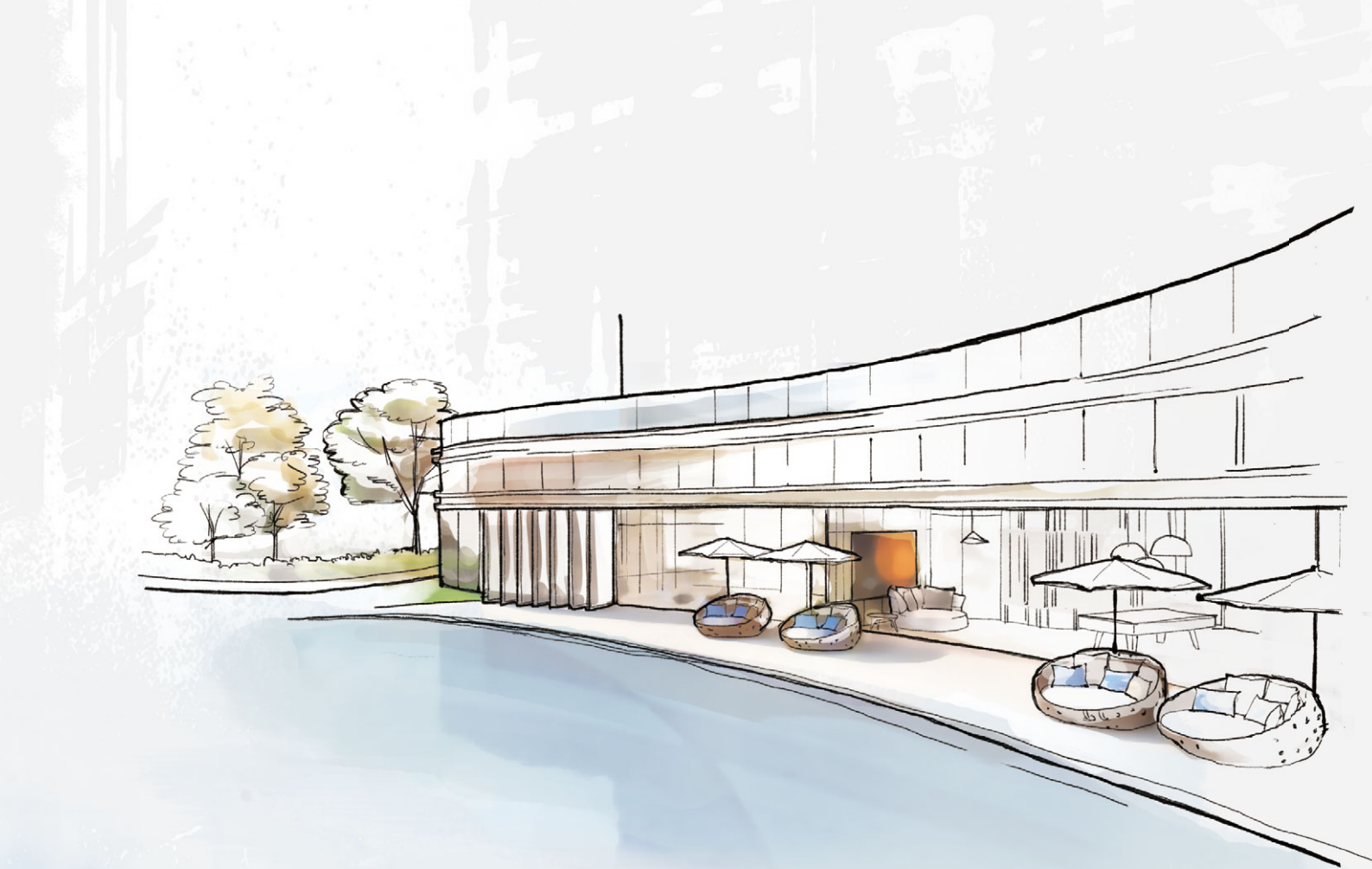
Stock Code 股份代號: 34

*interim report*  
中期報告

2015

*It is committed to  
and to be  
Hong to have capacity  
ment Company  
logy in  
ng Hong an*





Artist's Impression  
of Upper East (Hong Kong)  
環海·東岸(香港)之構想圖



# *Kowloon Development Company Limited*

Kowloon Development Company Limited (Stock Code: 34) has been pursuing a three-tier development strategy in the Greater China region, with its core property business in the Hong Kong and Mainland China markets, and carrying out its Macau property business through its 73.4%-owned listed subsidiary, Polytec Asset Holdings Limited (Stock Code: 208). The Group is now well positioned in all three markets, with its attributable landbank exceeding 5 million sq m. It is committed to enhance its competitive advantages and to become one of the few listed companies in Hong Kong to have capacity to grow significantly in all three markets.

## *Contents*

|           |   |
|-----------|---|
| <i>2</i>  | Corporate Information                           |
| <i>4</i>  | Group's Business Structure                      |
| <i>5</i>  | Highlights                                      |
| <i>6</i>  | Chairman's Statement                            |
| <i>10</i> | Financial Review                                |
| <i>12</i> | Consolidated Income Statement                   |
| <i>13</i> | Consolidated Statement of Comprehensive Income  |
| <i>14</i> | Consolidated Statement of Financial Position    |
| <i>16</i> | Consolidated Statement of Changes in Equity     |
| <i>17</i> | Condensed Consolidated Cash Flow Statement      |
| <i>18</i> | Notes on the Unaudited Interim Financial Report |
| <i>32</i> | Independent Review Report of the Auditor        |
| <i>33</i> | Other Information                               |



*Artist's Impression  
of Upper East (Hong Kong)*

# Corporate Information

## BOARD OF DIRECTORS AND COMMITTEES

### Board of Directors

#### Executive Directors

Or Wai Sheun (*Chairman*)

Lai Ka Fai

Or Pui Kwan

#### Non-executive Directors

Ng Chi Man

Yeung Kwok Kwong

#### Independent Non-executive Directors

Li Kwok Sing, Aubrey

Lok Kung Chin, Hardy

Seto Gin Chung, John

David John Shaw

### Committees

#### Executive Committee

Or Wai Sheun (*Chairman*)

Lai Ka Fai

Or Pui Kwan

Yeung Kwok Kwong

#### Audit Committee

Li Kwok Sing, Aubrey (*Chairman*)

Lok Kung Chin, Hardy

Seto Gin Chung, John

Yeung Kwok Kwong

#### Nomination Committee

Or Wai Sheun (*Chairman*)

Lok Kung Chin, Hardy

David John Shaw

#### Remuneration Committee

Seto Gin Chung, John (*Chairman*)

Lai Ka Fai

Li Kwok Sing, Aubrey

Lok Kung Chin, Hardy

## CORPORATE AND SHAREHOLDERS' INFORMATION

### Company Secretary

Lee Kuen Chiu

### Independent Auditor

KPMG

*Certified Public Accountants*

### Authorised Representatives

Lai Ka Fai

Lee Kuen Chiu

### Legal Advisers

Sidley Austin

### Share Registrar

Computershare Hong Kong Investor Services Limited

Rooms 1712–1716, 17th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

### Registered Office

23rd Floor, Pioneer Centre, 750 Nathan Road,

Kowloon, Hong Kong

Telephone : (852) 2396 2112

Facsimile : (852) 2789 1370

Website : [www.kdc.com.hk](http://www.kdc.com.hk)

E-mail : [enquiry@kdc.com.hk](mailto:enquiry@kdc.com.hk)

### Stock Code

The Stock Exchange of Hong Kong Limited: 34

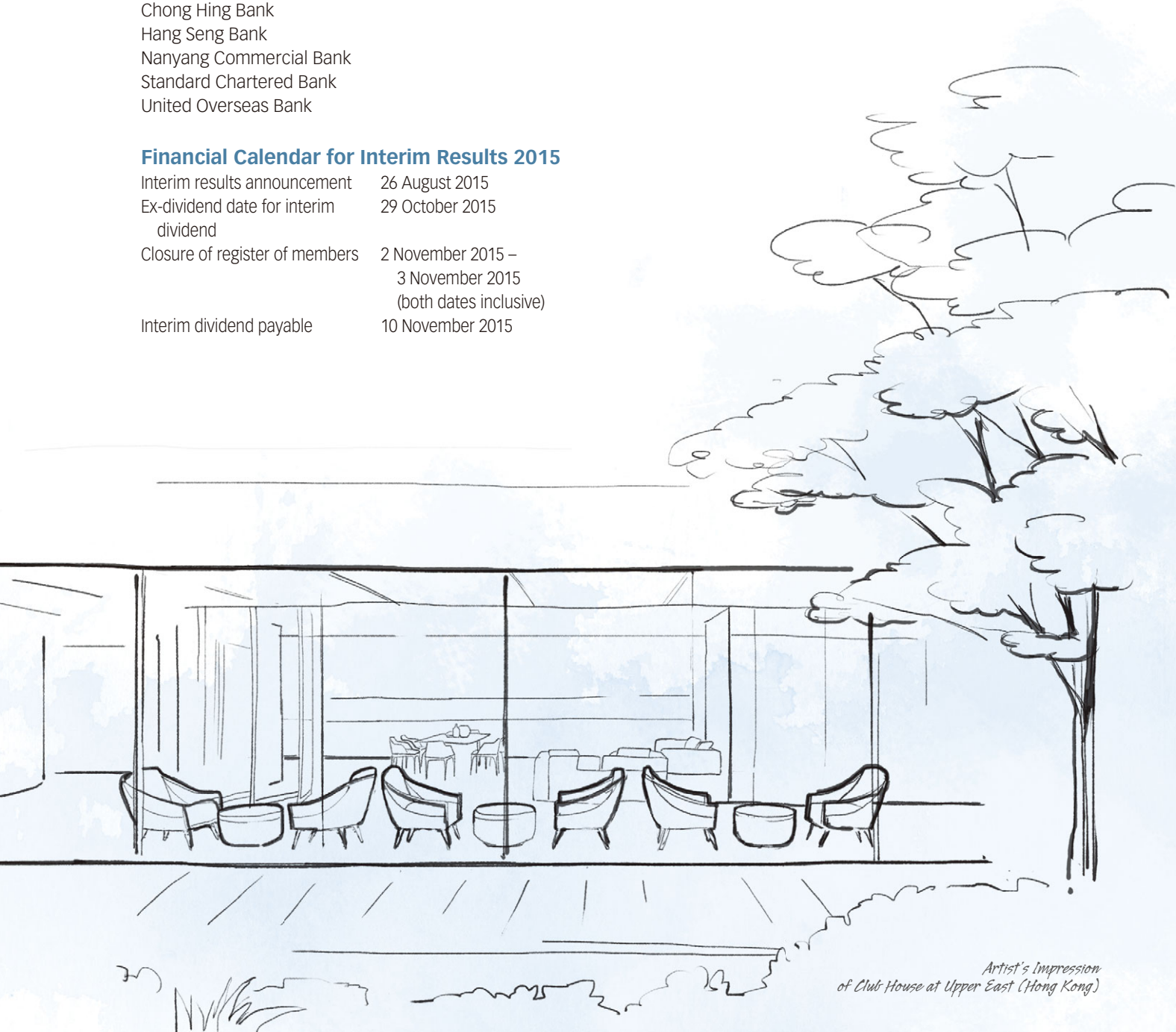
## CORPORATE AND SHAREHOLDERS' INFORMATION *(CONTINUED)*

### Principal Bankers

ANZ Bank  
Bank of China  
Bank of Communications  
China Construction Bank  
Chiyu Banking Corporation  
Chong Hing Bank  
Hang Seng Bank  
Nanyang Commercial Bank  
Standard Chartered Bank  
United Overseas Bank

### Financial Calendar for Interim Results 2015

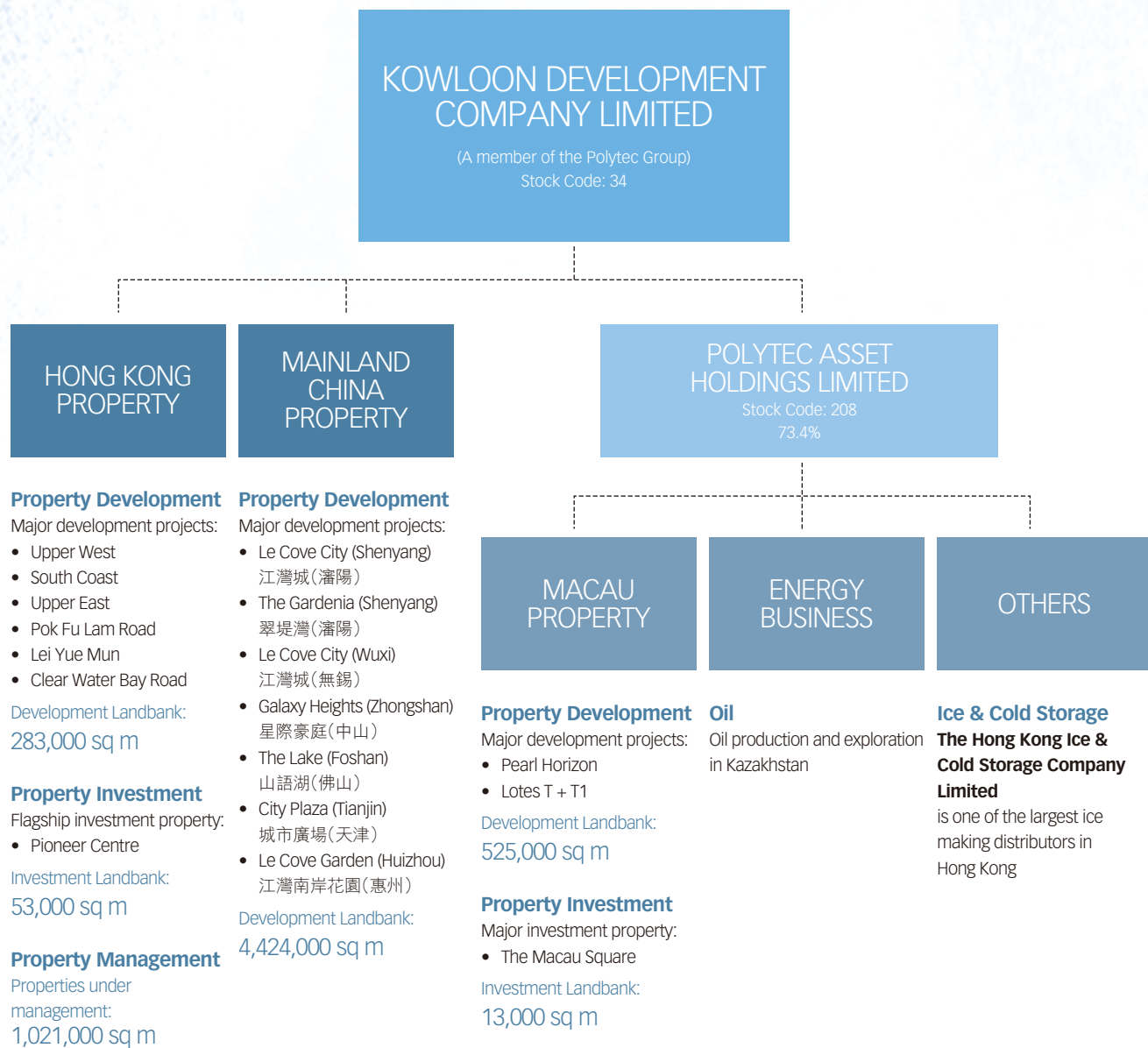
|                                       |  |
|---------------------------------------|--|
| Interim results announcement          | 26 August 2015   |
| Ex-dividend date for interim dividend | 29 October 2015  |
| Closure of register of members        | 2 November 2015 –<br>3 November 2015<br>(both dates inclusive) |
| Interim dividend payable              | 10 November 2015   |



*Artist's Impression  
of Club House at Upper East (Hong Kong)*



# Group's Business Structure



# Highlights

- For the six months ended 30 June 2015, the Group's unaudited net profit attributable to shareholders of the Company amounted to HK\$476 million compared to HK\$299 million for the corresponding period in 2014, an increase of 59.2%.
- Excluding revaluation gains from the Group's investment properties, underlying net profit for the first half of 2015 rose to HK\$253 million, an increase of 40.6% over the same period in 2014. The underlying net interim earnings per share for 2015 were HK\$0.22 compared to HK\$0.16 for 2014.
- Interim dividend per share for 2015 amounted to HK\$0.21 (2014: HK\$0.21).



# Chairman's Statement

## INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2015, the Group's unaudited net profit attributable to shareholders of the Company amounted to HK\$476 million compared to HK\$299 million for the corresponding period in 2014, an increase of 59.2%. The interim earnings per share for 2015 amounted to HK\$0.41 compared to HK\$0.26 for the same period in 2014.

Excluding revaluation gains from the Group's investment properties, underlying net profit for the first half of 2015 rose to HK\$253 million, an increase of 40.6% over the same period in 2014. The underlying net interim earnings per share for 2015 were HK\$0.22 compared to HK\$0.16 for 2014.

The Board of Directors has declared an interim dividend per share for 2015 of HK\$0.21 (2014: HK\$0.21). The interim dividend will be payable on Tuesday, 10 November 2015 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 3 November 2015.

## BUSINESS REVIEW

The strong momentum in the primary residential market in Hong Kong, which has largely been driven by persistently-low mortgage interest rates and solid latent demand, continued into the first half of 2015. Overall transaction volumes in the primary residential market remained resilient during the first six months of 2015 despite various restrictive measures remained in place and further credit tightening for properties imposed by the Hong Kong Monetary Authority in February 2015.

Following four interest rate cuts by the central bank and a number of home purchase restrictions being eased recently in most cities across the nation, the property market sentiment in Mainland China appears to be improving considerably in the first-tier and some individual cities where both sales volume and prices have been rising throughout the first half of 2015. However, other cities continued to face challenges from the oversupply problem and a slowing economy.

In Macau, the recession deepened, with real gross domestic product contracting over 24% year-on-year in the first quarter of 2015 after falling approximately 10% in the second half of 2014. The economic downturn was largely attributable to the badly hit gaming industry, with gaming revenue posting persistent declines and it also continued to weigh heavily on the performance of the property market, with sales activity remaining sluggish throughout the first half of 2015.

### Development Property Sales

For the period under review, a majority of the Group's recognised property development profit was generated from two residential development projects in Hong Kong, namely MacPherson Residence and Cadogan. Total sales combined from these two development projects amounted to approximately HK\$1.3 billion for the first six months of 2015.

In Mainland China, total presales/sales of the Group's two 100%-owned residential and commercial projects in Shenyang, namely The Gardenia and Le Cove City, amounted to RMB663 million in the first half of 2015. Together with the presale of various properties in Mainland China, including the Group's joint venture project in Foshan, a 40%-owned project in Dongguan and a 60% interest project in Huizhou, the Group's total attributable presales/sales amounted to approximately RMB1.5 billion for the first six months of 2015.



**BUSINESS REVIEW** (CONTINUED)**Property Development**

As announced on 24 July 2015, the Company entered into a letter of intent with Fulleagle Limited, a connected person, regarding the possible acquisition of the proposed new lot to be known as Tseung Kwan O Town Lot No. 121. This acquisition, if it proceeds, will enhance the Group's landbank in Hong Kong.

As of 30 June 2015, the Group's landbank for development exceeded 5 million sq m of attributable gross floor area ("GFA"). The Group's major property projects under planning and development are set out as follows:

**Major Property Projects under Planning and Development**

| Property Project     | District/City           | Usage                    | Approx. Total Site Area (sq m) | Approx. Total GFA (sq m) | Approx. Remaining GFA* (sq m) | Group's Interest | Status  | Expected Date of Completion |
|----------------------|-------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|------------------|---|-----------------------------|
| <b>Hong Kong</b>     |                         |                          |                                |                          |                               |                  |   |                             |
| Upper West           | Tai Kok Tsui, Kowloon   | Residential & retail     | 780                            | 6,600                    | 6,600                         | 100%             | Superstructure work in progress               | 2015/2016                   |
| South Coast          | Aberdeen, Hong Kong     | Residential              | 723                            | 5,900                    | 5,900                         | 100%             | Superstructure work in progress               | 2016/2017                   |
| Upper East           | Hung Hom, Kowloon       | Residential & commercial | 4,038                          | 34,100                   | 34,100                        | 100%             | Foundation work in progress                   | 2018/2019                   |
| Pok Fu Lam Road      | Sai Ying Pun, Hong Kong | Residential & retail     | 1,388                          | 11,100                   | 11,100                        | 100%             | Foundation work in progress                   | 2019/2020                   |
| Lei Yue Mun          | Lei Yue Mun, Kowloon    | Residential & commercial | 3,240                          | 29,200                   | 29,200                        | 100%             | Preparing for commencement of foundation work | 2019                        |
| Clear Water Bay Road | Ngau Chi Wan, Kowloon   | Residential & commercial | 19,335                         | 196,400                  | 196,400                       | 100%             | Land premium negotiation in progress          | To be determined            |

## BUSINESS REVIEW (CONTINUED)

## Property Development (Continued)

## Major Property Projects under Planning and Development (Continued)

| Property Project                       | District/City                  | Usage                    | Approx. Total Site Area (sq m) | Approx. Total GFA (sq m) | Approx. Remaining GFA* (sq m) | Group's Interest | Status  | Expected Date of Completion                      |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------------|------------------|---|--|
| <b>Mainland China</b>                  |                                |                          |                                |                          |                               |                  |   |  |
| Le Cove City (Shenyang)<br>江灣城(瀋陽)     | Hun Nan Xin District, Shenyang | Residential & commercial | 165,303                        | 712,000                  | 544,800                       | 100%             | Construction work for the third and the fourth phases in progress                                     | Third phase 2015;<br>Fourth phase 2018           |
| The Gardenia (Shenyang)<br>翠堤灣(瀋陽)     | Shenhe District, Shenyang      | Residential & commercial | 1,100,000                      | 2,000,000                | 2,000,000                     | 100%             | Construction work for the second phase in progress  | Second phase: IIA 2015<br>IIB 2016/2017          |
| Le Cove City (Wuxi)<br>江灣城(無錫)         | Chong An District, Wuxi        | Residential & commercial | 68,833                         | 404,400                  | 400,500                       | 80%              | Construction work for the second phase in progress  | Second phase 2017                                |
| Galaxy Heights (Zhongshan)<br>星際豪庭(中山) | Shiqi District, Zhongshan      | Residential & commercial | 18,334                         | 129,000                  | 129,000                       | 70%              | Fitting-out work in progress  | 2015   |
| The Lake (Foshan)<br>山語湖(佛山)           | Nanhai District, Foshan        | Residential & commercial | 4,020,743                      | 1,600,000                | 1,158,400                     | 50%              | Construction work for the third phase of high rise residential towers in progress                     | Third phase of high rise residential towers 2016 |
| City Plaza (Tianjin)<br>城市廣場(天津)       | Hedong District, Tianjin       | Residential & commercial | 135,540                        | 850,000*                 | 850,000*                      | 49%              | Construction work for the first and the second phases in progress                                     | First phase 2015/2016;<br>Second phase 2017      |
| Le Cove Garden (Huizhou)<br>江灣南岸花園(惠州) | Huicheng District, Huizhou     | Residential & commercial | 146,056                        | 519,900                  | 519,900                       | 60%              | Superstructure work for the first phase in progress; foundation work for the second phase in progress | First phase 2016;<br>Second phase 2017/2018      |
| <b>Macau</b>                           |                                |                          |                                |                          |                               |                  |   |  |
| Pearl Horizon                          | Novos Aterros da Areia Preta   | Residential & commercial | 68,000                         | 697,600                  | 697,600                       | 58.8%            | Foundation work in progress   | End-December 2018                                |
| Lotes T + T1                           | Novos Aterros da Areia Preta   | Residential & commercial | 17,900                         | 195,600                  | 195,600                       | 58.8%            | Foundation work in progress   | End-December 2018                                |

\* Refers to approx. total GFA less GFA sold and recognised in the accounts.

\* With additional underground GFA of approximately 35,000 sq m for the commercial portion.



## BUSINESS REVIEW *(CONTINUED)*

### Property Investment

Gross rental income generated from the Group's property investment portfolio in Hong Kong for the first six months of 2015 rose to HK\$177 million, an increase of 6.9% over the corresponding period in 2014. Gross rental income generated from Pioneer Centre, the Group's wholly-owned flagship and core investment property in Hong Kong, rose 6.1% to HK\$152 million; both retail spaces and offices were nearly fully let as of 30 June 2015.

### Oil Business

For the six months ended 30 June 2015, the segment recorded a profit of HK\$8.1 million. Excluding a reversal of provision for property taxes for the Group's oilfield in Kazakhstan, the sector registered a net loss of HK\$6.6 million from its operations in the first half of 2015 compared to an operating loss of HK\$15.2 million for the same period in 2014. While the Group resumed normal oil production in Kazakhstan in late September 2014, the net segment operating loss for the period under review was due to the persistently low oil prices in the first half of 2015. As previously mentioned, Management has been taking all necessary steps to seek a long-term solution for the gas flaring requirements for its South Alibek Oilfield in Kazakhstan. While various options are currently under consideration, the Group has submitted the application for renewal of its current gas flaring permit which will expire on 31 August 2015.

The Group's exposure to the oil business is through its 73.4%-owned listed subsidiary, Polytec Asset Holdings Limited ("Polytec Asset").

## PROSPECTS

As there has been growing demand for small-sized residential units in Hong Kong, the Group is accelerating the pace for launching such type of residential projects. It will launch the presale of Upper East, its wholly-owned high-end residential development project in Hung Hom shortly, with total residential units amounting to 1,008 units and the average saleable area of approximately 25 sq m per unit. The Group will then launch the presale of its residential project in Aberdeen, namely South Coast, with total residential units of 150 units and the average saleable area of approximately 30 sq m per unit.

In Mainland China, the slowing economy will likely further postpone the recovery of its overall property markets. Although the Group is facing an increasingly challenging market environment, its overall property sales are rising steadily. The Group intends to explore good development projects in the first-tier cities.

In Macau, as the current downturn in the gaming industry will likely persist in the second half of 2015, the Macau economy is expected to stay weak and hence the property market is unlikely to recover in the short term. Nevertheless, as previously mentioned, the Group has presold over 3,000 residential units of its two major high-end residential development projects in the Orient Pearl District over the past few years, with contracted presales exceeding HK\$20 billion. Therefore, the short-term fluctuations in the residential property market do not adversely affect the Group's two development projects under construction. The Group will continue to expedite construction work of its two development projects, aiming for completion and handover to home buyers in 2018.

Looking ahead, the Group's operating income for the second half of 2015 will be mainly generated from its various development projects in Hong Kong. In addition, the Group expects its property investment portfolios in Hong Kong and Macau, as well as its cold storage and ice manufacturing business operated by Polytec Asset, will continue to provide stable income to the Group in the second half of 2015. The Group's oil business in Kazakhstan is expected to record a slight net operating loss for 2015 as oil prices will likely stay at the current exceptionally low levels for the remaining of 2015.

I would like to take this opportunity to express my gratitude to my fellow directors for their support and all staff for their dedication and hard work.



**Or Wai Sheun**  
Chairman

Hong Kong, 26 August 2015

# Financial Review

## FINANCIAL RESOURCES AND BANK BORROWINGS

As at 30 June 2015, the Group had total bank borrowings of HK\$7,900 million (31 December 2014: HK\$7,918 million), with HK\$213 million being repayable within one year and HK\$7,687 million being repayable after one year. After taking into account cash and cash equivalents of HK\$443 million, the Group's net borrowings position was HK\$7,457 million as at 30 June 2015, which increased by HK\$696 million compared to 31 December 2014. Loans from ultimate holding company increased by HK\$416 million since 31 December 2014 and amounted to HK\$7,195 million as at 30 June 2015.

The Group's gearing ratio (calculated on the basis of net bank borrowings and loans from ultimate holding company over equity attributable to shareholders of the Company) was 64.0% as at 30 June 2015 (31 December 2014: 59.3%).

During the period under review, the Group continued to boost the sale of two completed projects in Hong Kong, namely MacPherson Residence and Cadogan, which contributed substantial cash inflows to the Group. For the six months ended 30 June 2015, the Group has recorded cash inflows mainly from sales/presales from various development projects in Hong Kong and Mainland China of approximately HK\$937 million and HK\$781 million respectively.

The Group continued to actively engage in the development projects in Hong Kong and Mainland China and expended a total of HK\$856 million for construction costs during the period. Furthermore, the Group has settled the remaining balance of the land premium of HK\$1,557 million for the successful tender of the land situated at Lei Yue Mun, Hong Kong. The handover of the land was completed in mid-January 2015 which has further enhanced the land portfolio of the Group in Hong Kong.

All the Group's borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging in relevant hedging arrangements when considered appropriate.

With the investments in Mainland China, the Group is exposed to exchange fluctuations in Renminbi ("RMB"). By using external borrowings in RMB together with revenue and cash generated from the development projects in Mainland China, this can serve as a natural hedge against the exchange rate risk of RMB.

In respect of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in KZT, while a significant portion of its revenue is denominated in United States dollars. However, the recent significant depreciation of KZT, which was allowed to float freely on 20 August 2015, and hence a possible reduction of local expenses may help partially offset the expected loss incurred during the year. As at 30 June 2015, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group is closely monitoring its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimise the relevant exposures when necessary.

With the financing facilities in place, recurrent rental income from investment properties, cash inflows from presale/sale of the Group's development projects and the financial support from the ultimate holding company, the Group has sufficient financial resources to satisfy its commitments and future funding requirements.



## CAPITAL COMMITMENTS

As at 30 June 2015, the Group had commitments in connection with the Group's fixed assets amounting to HK\$70 million.

## PLEDGE OF ASSETS

As at 30 June 2015, properties having a value of HK\$12,143 million and bank deposits of HK\$15 million were pledged to financial institutions mainly to secure credit facilities extended to the Group.

## CONTINGENT LIABILITIES

The Group has given several guarantees in respect of banking facilities granted to a joint venture in Mainland China. Guarantees have been provided to the joint venture amounting to HK\$722 million, representing a 50% proportional guarantee in respect of HK\$1,444 million term loan facilities. The facilities were utilised to the extent of HK\$1,316 million as at 30 June 2015.



# Consolidated Income Statement

(Expressed in Hong Kong dollars)

|   | Note | Six months ended 30 June      |                               |
|---|------|-------------------------------|-------------------------------|
|   |      | 2015<br>\$'000<br>(unaudited) | 2014<br>\$'000<br>(unaudited) |
| <b>Turnover</b>                                   | 3    | <b>1,759,214</b>              | 906,713                       |
| Cost of sales                                     |      | <b>(1,092,163)</b>            | (452,373)                     |
| Other revenue                                     |      | <b>10,091</b>                 | 20,281                        |
| Other net loss                                    | 4(a) | <b>–</b>                      | (4,533)                       |
| Depreciation and amortisation                     |      | <b>(8,969)</b>                | (8,480)                       |
| Staff costs                                       |      | <b>(95,465)</b>               | (84,560)                      |
| Selling, marketing and distribution expenses      |      | <b>(186,416)</b>              | (67,867)                      |
| Other operating expenses                          |      | <b>(38,473)</b>               | (44,092)                      |
| Fair value changes on investment properties       | 8    | <b>301,389</b>                | 106,163                       |
| <b>Profit from operations</b>                     |      | <b>649,208</b>                | 371,252                       |
| Finance costs                                     | 4(b) | <b>(85,308)</b>               | (73,029)                      |
| Share of profits/(losses) of associated companies | 4(d) | <b>12,723</b>                 | (4,940)                       |
| Share of profits of joint ventures                | 4(e) | <b>59,690</b>                 | 67,828                        |
| <b>Profit before taxation</b>                     | 4    | <b>636,313</b>                | 361,111                       |
| Income tax  | 5    | <b>(145,361)</b>              | (58,604)                      |
| <b>Profit for the period</b>                      |      | <b>490,952</b>                | 302,507                       |
| <b>Attributable to :</b>                          |      |                               |                               |
| Shareholders of the Company                       |      | <b>476,046</b>                | 298,753                       |
| Non-controlling interests                         |      | <b>14,906</b>                 | 3,754                         |
| <b>Profit for the period</b>                      |      | <b>490,952</b>                | 302,507                       |
| <b>Earnings per share – Basic/Diluted</b>         | 6    | <b>\$0.41</b>                 | \$0.26                        |

The notes on pages 18 to 31 form part of the interim financial report.



# Consolidated Statement of Comprehensive Income

(Expressed in Hong Kong dollars)

|  | Six months ended 30 June      |                               |
|--|-------------------------------|-------------------------------|
|  | 2015<br>\$'000<br>(unaudited) | 2014<br>\$'000<br>(unaudited) |
| <b>Profit for the period</b>   | <b>490,952</b>                | 302,507                       |
| <b>Other comprehensive income for the period</b>                               |                               |                               |
| Items that may be reclassified subsequently to profit or loss:                 |                               |                               |
| Exchange differences on translation of accounts of overseas subsidiaries       | <b>1,258</b>                  | (37,269)                      |
| Changes in fair value of available-for-sale investments                        | –                             | (1,589)                       |
| Changes in fair value of interests in property development                     | <b>95</b>                     | 313,903                       |
| Share of other comprehensive income of joint ventures and associated companies | <b>1,282</b>                  | (36,458)                      |
|  | <b>2,635</b>                  | 238,587                       |
| <b>Total comprehensive income for the period</b>                               | <b>493,587</b>                | 541,094                       |
| <b>Attributable to :</b>   |                               |                               |
| Shareholders of the Company  | <b>476,343</b>                | 459,381                       |
| Non-controlling interests  | <b>17,244</b>                 | 81,713                        |
| <b>Total comprehensive income for the period</b>                               | <b>493,587</b>                | 541,094                       |

The notes on pages 18 to 31 form part of the interim financial report.

# Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

|  | Note | At 30 June 2015<br>\$'000<br>(unaudited) | At 31 December 2014<br>\$'000<br>(audited) |
|--|------|--|--|
| <b>Non-current assets</b>                    |      |  |  |
| Fixed assets                                 |      |  |  |
| – Investment properties                      | 8    | 10,971,969                               | 10,646,498                                 |
| – Leasehold land held for own use            |      | 206,582                                  | 209,884                                    |
| – Other property, plant and equipment        |      | 802,340                                  | 837,103                                    |
|  |      | <b>11,980,891</b>                        | 11,693,485                                 |
| Oil exploitation assets                      |      | 64,093                                   | 66,257                                     |
| Interests in property development            | 9    | 12,227,515                               | 12,227,420                                 |
| Interest in joint ventures                   |      | 2,991,308                                | 2,953,007                                  |
| Interest in associated companies             |      | 2,289,389                                | 2,282,764                                  |
| Loans and advances                           |      | 94,106                                   | 54,221                                     |
| Deferred tax assets                          |      | 112,630                                  | 109,309                                    |
|  |      | <b>29,759,932</b>                        | 29,386,463                                 |
| <b>Current assets</b>                        |      |  |  |
| Inventories                                  | 10   | 16,925,020                               | 17,079,825                                 |
| Trade and other receivables                  | 11   | 1,202,933                                | 744,482                                    |
| Loans and advances                           |      | 15,973                                   | 15,985                                     |
| Amount due from a joint venture              |      | 48,042                                   | 40,009                                     |
| Financial investments                        |      | –  | 21,945                                     |
| Pledged bank deposit                         |      | 15,000                                   | 15,000                                     |
| Cash and cash equivalents                    |      | 443,320                                  | 1,157,340                                  |
|  |      | <b>18,650,288</b>                        | 19,074,586                                 |
| <b>Current liabilities</b>                   |      |  |  |
| Trade and other payables                     | 12   | 4,729,239                                | 5,375,265                                  |
| Amounts due to non-controlling interests     |      | 200,000                                  | 200,000                                    |
| Amount due to a joint venture                |      | 788,093                                  | 787,838                                    |
| Bank loans                                   |      | 213,400                                  | 1,343,400                                  |
| Current taxation                             |      | 377,331                                  | 332,703                                    |
|  |      | <b>6,308,063</b>                         | 8,039,206                                  |
| <b>Net current assets</b>                    |      | <b>12,342,225</b>                        | 11,035,380                                 |
| <b>Total assets less current liabilities</b> |      | <b>42,102,157</b>                        | 40,421,843                                 |



## Consolidated Statement of Financial Position

(Expressed in Hong Kong dollars)

|   | Note | At 30 June 2015<br>\$'000<br>(unaudited) | At 31 December 2014<br>\$'000<br>(audited) |
|---|------|--|--|
| <b>Non-current liabilities</b>                                      |      |  |  |
| Loans from ultimate holding company                                 | 13   | 7,194,605                                | 6,778,980                                  |
| Bank loans  |      | 7,687,344                                | 6,574,346                                  |
| Other payables  |      | 37,075                                   | 38,679                                     |
| Deferred tax liabilities  |      | 1,030,499                                | 950,651                                    |
|   |      | 15,949,523                               | 14,342,656                                 |
| <b>NET ASSETS</b>   |      | <b>26,152,634</b>                        | <b>26,079,187</b>                          |
| <b>Capital and reserves</b>   |      |  |  |
| Share capital   |      | 8,417,472                                | 8,417,472                                  |
| Reserves  |      | 14,483,199                               | 14,421,101                                 |
| <b>Total equity attributable to the shareholders of the Company</b> |      | <b>22,900,671</b>                        | <b>22,838,573</b>                          |
| <b>Non-controlling interests</b>                                    |      | <b>3,251,963</b>                         | <b>3,240,614</b>                           |
| <b>TOTAL EQUITY</b>   |      | <b>26,152,634</b>                        | <b>26,079,187</b>                          |

Approved and authorised for issue by the board of directors on 26 August 2015.

The notes on pages 18 to 31 form part of the interim financial report.

# Consolidated Statement of Changes in Equity

(Expressed in Hong Kong dollars)

|  | Attributable to shareholders of the Company |                         |                           |                               |                             |                            |                   | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|--|---|-------------------------|---------------------------|-------------------------------|-----------------------------|----------------------------|-------------------|-------------------------------------|------------------------|
|  | Share capital<br>\$'000                     | Share premium<br>\$'000 | Capital reserve<br>\$'000 | Fair value reserves<br>\$'000 | Exchange reserves<br>\$'000 | Retained profits<br>\$'000 | Total<br>\$'000   |                                     |                        |
| At 1 January 2014  | 115,068                                     | 8,302,404               | 1,673                     | 2,031,198                     | 955,288                     | 10,845,078                 | 22,250,709        | 3,183,159                           | 25,433,868             |
| Changes in equity for the six months ended 30 June 2014        |   |                         |                           |                               |                             |                            |                   |                                     |                        |
| Profit for the period  | -   | -                       | -                         | -                             | -                           | 298,753                    | 298,753           | 3,754                               | 302,507                |
| Other comprehensive income                                     | -   | -                       | -                         | 231,006                       | (70,378)                    | -                          | 160,628           | 77,959                              | 238,587                |
| Total comprehensive income                                     | -   | -                       | -                         | 231,006                       | (70,378)                    | 298,753                    | 459,381           | 81,713                              | 541,094                |
| Dividends approved in respect of the previous year             | -   | -                       | -                         | -                             | -                           | (414,245)                  | (414,245)         | -                                   | (414,245)              |
| Dividend paid/payable to non-controlling interests             | -   | -                       | -                         | -                             | -                           | -                          | -                 | (32,976)                            | (32,976)               |
| Transition to no-par value regime on 3 March 2014              | 8,302,404                                   | (8,302,404)             | -                         | -                             | -                           | -                          | -                 | -                                   | -                      |
| At 30 June and 1 July 2014                                     | 8,417,472                                   | -                       | 1,673                     | 2,262,204                     | 884,910                     | 10,729,586                 | 22,295,845        | 3,231,896                           | 25,527,741             |
| Changes in equity for the six months ended 31 December 2014    |   |                         |                           |                               |                             |                            |                   |                                     |                        |
| Profit for the period  | -   | -                       | -                         | -                             | -                           | 741,964                    | 741,964           | 8,607                               | 750,571                |
| Other comprehensive income                                     | -   | -                       | -                         | (2,897)                       | 46,561                      | -                          | 43,664            | 2,469                               | 46,133                 |
| Total comprehensive income                                     | -   | -                       | -                         | (2,897)                       | 46,561                      | 741,964                    | 785,628           | 11,076                              | 796,704                |
| Dividends approved in respect of the current year              | -   | -                       | -                         | -                             | -                           | (241,643)                  | (241,643)         | -                                   | (241,643)              |
| Dividend paid/payable to non-controlling interests             | -   | -                       | -                         | -                             | -                           | -                          | -                 | (2,358)                             | (2,358)                |
| Disposal of subsidiaries                                       | -   | -                       | (1,257)                   | -                             | -                           | -                          | (1,257)           | -                                   | (1,257)                |
| At 31 December 2014  | 8,417,472                                   | -                       | 416                       | 2,259,307                     | 931,471                     | 11,229,907                 | 22,838,573        | 3,240,614                           | 26,079,187             |
| <b>(unaudited)</b>   |   |                         |                           |                               |                             |                            |                   |                                     |                        |
| <b>At 1 January 2015</b>                                       | <b>8,417,472</b>                            | <b>-</b>                | <b>416</b>                | <b>2,259,307</b>              | <b>931,471</b>              | <b>11,229,907</b>          | <b>22,838,573</b> | <b>3,240,614</b>                    | <b>26,079,187</b>      |
| <b>Changes in equity for the six months ended 30 June 2015</b> |   |                         |                           |                               |                             |                            |                   |                                     |                        |
| Profit for the period  | -   | -                       | -                         | -                             | -                           | 476,046                    | 476,046           | 14,906                              | 490,952                |
| Other comprehensive income                                     | -   | -                       | -                         | (2,125)                       | 2,422                       | -                          | 297               | 2,338                               | 2,635                  |
| Total comprehensive income                                     | -   | -                       | -                         | (2,125)                       | 2,422                       | 476,046                    | 476,343           | 17,244                              | 493,587                |
| Dividends approved in respect of the previous year             | -   | -                       | -                         | -                             | -                           | (414,245)                  | (414,245)         | -                                   | (414,245)              |
| Dividend paid/payable to non-controlling interests             | -   | -                       | -                         | -                             | -                           | -                          | -                 | (5,895)                             | (5,895)                |
| <b>At 30 June 2015</b>   | <b>8,417,472</b>                            | <b>-</b>                | <b>416</b>                | <b>2,257,182</b>              | <b>933,893</b>              | <b>11,291,708</b>          | <b>22,900,671</b> | <b>3,251,963</b>                    | <b>26,152,634</b>      |

As at 30 June 2015, loans from non-controlling interests of \$2,522,000 (at 31 December 2014: \$2,523,000) are classified as equity being the capital contributions on subsidiaries by the non-controlling interests.

The notes on pages 18 to 31 form part of the interim financial report.

# Condensed Consolidated Cash Flow Statement

(Expressed in Hong Kong dollars)

|   | Six months ended 30 June      |                               |
|---|-------------------------------|-------------------------------|
|   | 2015<br>\$'000<br>(unaudited) | 2014<br>\$'000<br>(unaudited) |
| <b>Net cash (used in)/generated from operating activities</b> | <b>(689,222)</b>              | 236,914                       |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(4,573)</b>                | 24,443                        |
| <b>Net cash used in financing activities</b>                  | <b>(20,267)</b>               | (162,160)                     |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(714,062)</b>              | 99,197                        |
| <b>Cash and cash equivalents at 1 January</b>                 | <b>1,157,340</b>              | 623,966                       |
| <b>Effect of foreign exchange rate changes</b>                | <b>42</b>                     | (1,236)                       |
| <b>Cash and cash equivalents at 30 June</b>                   | <b>443,320</b>                | 721,927                       |

The notes on pages 18 to 31 form part of the interim financial report.



# Notes on the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

## 1 Basis of preparation

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2015 annual accounts. Details of these changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated accounts and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for full set of accounts prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2 Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 Segment reporting

The Group manages its business by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified the following six reportable segments.

- Property development segment (Hong Kong/Mainland China/Macau): the development and sale of properties and interests in property development. Given the importance of the property development division to the Group, the Group's property development business is segregated further into three reportable segments on a geographical basis.
- Property investment segment: the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term.
- Oil segment: oil exploration and production.
- Other businesses segment: mainly includes financial investments, the provision of finance services, income from the sale of ice and the provision of cold storage services and treasury operations.

Turnover comprises mainly rental income from properties, gross proceeds from sale of properties and crude oil and interest income.

Reporting segment profit represents profit before taxation after excluding fair value changes on investment properties, finance costs, exceptional items and head office and corporate income/expenses.

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets.

### 3 Segment reporting *(Continued)*

Information regarding the Group's reportable segments as provided to the Group's top management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

|   | Six months ended 30 June 2015 |                      |                             |                 |         |                                  |               |                  |
|---|-------------------------------|----------------------|-----------------------------|-----------------|---------|----------------------------------|---------------|------------------|
|   | Consolidated<br>\$'000        | Property development |                             |                 |         | Property<br>investment<br>\$'000 | Oil<br>\$'000 | Others<br>\$'000 |
|   |                               | Hong Kong<br>\$'000  | Mainland<br>China<br>\$'000 | Macau<br>\$'000 |         |                                  |               |                  |
| Turnover  | 1,759,214                     | 1,261,101            | 91,658                      | -               | 177,349 | 132,002                          | 97,104        |                  |
| Reportable segment profit   | 446,900                       | 247,668              | (28,495)                    | 2,317           | 194,790 | 8,096                            | 22,524        |                  |
| Fair value changes on investment properties                             | 301,389                       | -                    | -                           | -               | 301,389 | -                                | -             |                  |
| Share of fair value changes on investment properties of a joint venture | 19,360                        | -                    | -                           | -               | 19,360  | -                                | -             |                  |
| Head office and corporate expenses                                      | (46,028)                      |                      |                             |                 |         |                                  |               |                  |
| Finance costs   | (85,308)                      |                      |                             |                 |         |                                  |               |                  |
| Profit before taxation  | 636,313                       |                      |                             |                 |         |                                  |               |                  |
| Share of profits of associated companies                                | 12,723                        | -                    | 12,558                      | -               | -       | -                                | 165           |                  |
| Share of profits of joint ventures                                      | 59,690                        | -                    | 14,461                      | -               | 45,229  | -                                | -             |                  |

|   | Six months ended 30 June 2014 |                      |                             |                 |         |                                  |               |                  |
|---|-------------------------------|----------------------|-----------------------------|-----------------|---------|----------------------------------|---------------|------------------|
|   | Consolidated<br>\$'000        | Property development |                             |                 |         | Property<br>investment<br>\$'000 | Oil<br>\$'000 | Others<br>\$'000 |
|   |                               | Hong Kong<br>\$'000  | Mainland<br>China<br>\$'000 | Macau<br>\$'000 |         |                                  |               |                  |
| Turnover  | 906,713                       | 439,122              | 190,767                     | 12,000          | 165,836 | 35,209                           | 63,779        |                  |
| Reportable segment profit   | 357,396                       | 129,911              | 34,866                      | 11,533          | 180,787 | (15,161)                         | 15,460        |                  |
| Fair value changes on investment properties                             | 106,163                       | -                    | -                           | -               | 106,163 | -                                | -             |                  |
| Share of fair value changes on investment properties of a joint venture | 18,920                        | -                    | -                           | -               | 18,920  | -                                | -             |                  |
| Head office and corporate expenses                                      | (48,339)                      |                      |                             |                 |         |                                  |               |                  |
| Finance costs   | (73,029)                      |                      |                             |                 |         |                                  |               |                  |
| Profit before taxation  | 361,111                       |                      |                             |                 |         |                                  |               |                  |
| Share of losses of associated companies                                 | (4,940)                       | -                    | (5,514)                     | -               | -       | -                                | 574           |                  |
| Share of profits of joint ventures                                      | 67,828                        | -                    | 27,150                      | -               | 40,678  | -                                | -             |                  |



### 3 Segment reporting *(Continued)*

|  | At 30 June 2015        |                      |                             |                 |                                  |               |                  |
|--|------------------------|----------------------|-----------------------------|-----------------|----------------------------------|---------------|------------------|
|  | Consolidated<br>\$'000 | Property development |                             |                 | Property<br>investment<br>\$'000 | Oil<br>\$'000 | Others<br>\$'000 |
|  |                        | Hong Kong<br>\$'000  | Mainland<br>China<br>\$'000 | Macau<br>\$'000 |                                  |               |                  |
| Reportable segment assets                      | 47,811,390             | 8,782,854            | 14,510,303                  | 10,994,751      | 12,229,960                       | 880,278       | 413,244          |
| Deferred tax assets                            | 112,630                |                      |                             |                 |                                  |               |                  |
| Pledged bank deposit                           | 15,000                 |                      |                             |                 |                                  |               |                  |
| Cash and cash equivalents                      | 443,320                |                      |                             |                 |                                  |               |                  |
| Head office and corporate assets               | 27,880                 |                      |                             |                 |                                  |               |                  |
| <b>Consolidated total assets</b>               | <b>48,410,220</b>      |                      |                             |                 |                                  |               |                  |
| Interest in associated companies               | 2,289,389              | -                    | 2,262,617                   | -               | -                                | -             | 26,772           |
| Interest in and amount due from joint ventures | 3,039,350              | -                    | 1,798,119                   | -               | 1,241,231                        | -             | -                |
|  |                        |                      |                             |                 |                                  |               |                  |
|  | At 31 December 2014    |                      |                             |                 |                                  |               |                  |
|  | Consolidated<br>\$'000 | Property development |                             |                 | Property<br>investment<br>\$'000 | Oil<br>\$'000 | Others<br>\$'000 |
|  |                        | Hong Kong<br>\$'000  | Mainland<br>China<br>\$'000 | Macau<br>\$'000 |                                  |               |                  |
| Reportable segment assets                      | 47,153,636             | 9,115,172            | 13,867,599                  | 10,985,703      | 11,882,063                       | 910,064       | 393,035          |
| Deferred tax assets                            | 109,309                |                      |                             |                 |                                  |               |                  |
| Pledged bank deposit                           | 15,000                 |                      |                             |                 |                                  |               |                  |
| Cash and cash equivalents                      | 1,157,340              |                      |                             |                 |                                  |               |                  |
| Head office and corporate assets               | 25,764                 |                      |                             |                 |                                  |               |                  |
| <b>Consolidated total assets</b>               | <b>48,461,049</b>      |                      |                             |                 |                                  |               |                  |
| Interest in associated companies               | 2,282,764              | -                    | 2,256,158                   | -               | -                                | -             | 26,606           |
| Interest in and amount due from joint ventures | 2,993,016              | -                    | 1,775,101                   | -               | 1,217,915                        | -             | -                |

## 4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

- (a) Other net loss for the six months ended 30 June 2014 represented a fair value loss on held for trading listed investments of \$4,533,000.

### (b) Finance costs

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2015<br>\$'000           | 2014<br>\$'000 |
| Interest on bank loans and overdrafts           | 67,334                   | 53,702         |
| Interest on loans from ultimate holding company | 57,418                   | 71,707         |
| Less: Amount capitalised (Remark)               | (39,444)                 | (52,380)       |
|   | <b>85,308</b>            | 73,029         |

Remark: Borrowing costs were capitalised at rates of 1.46% – 1.64% (six months ended 30 June 2014: 1.35% – 1.77%) per annum in Hong Kong and 6.00% – 6.77% (six months ended 30 June 2014: 6.27% – 7.04%) per annum in Mainland China.

### (c) Other items

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2015<br>\$'000           | 2014<br>\$'000 |
| Rentals receivable under operating leases less outgoings | (165,682)                | (157,041)      |
| Rental income  | (177,349)                | (165,836)      |
| Less: Outgoings  | 11,667                   | 8,795          |
| Depreciation and amortisation (Remark)                   | 50,404                   | 15,952         |
| Interest income  | (14,366)                 | (12,852)       |

Remark: Cost of sales includes \$41,435,000 (six months ended 30 June 2014: \$7,472,000) relating to depreciation and amortisation expenses.

- (d) The Group's share of profits of associated companies for the period, after non-controlling interests, dividends and taxation, attributable to shareholders of the Company was \$12,723,000 (six months ended 30 June 2014: losses of \$4,940,000).
- (e) The Group's share of profits of joint ventures for the period, after non-controlling interest, dividends and taxation, attributable to shareholders of the Company was \$31,585,000 (six months ended 30 June 2014: \$57,024,000).

## 5 Income tax

Taxation in the consolidated income statement represents:

|                               | Six months ended 30 June |                |
|-------------------------------|--------------------------|----------------|
|                               | 2015<br>\$'000           | 2014<br>\$'000 |
| Current tax                   |                          |                |
| Provision for profits tax     |                          |                |
| – Hong Kong                   | <b>65,448</b>            | 42,568         |
| – Outside Hong Kong           | <b>2,380</b>             | 14,647         |
| Land appreciation tax ("LAT") | <b>67,828</b>            | 57,215         |
| Deferred tax                  | <b>1,068</b>             | 2,395          |
|                               | <b>76,465</b>            | (1,006)        |
|                               | <b>145,361</b>           | 58,604         |

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015. Tax levied in jurisdictions outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Under the Provisional Regulations on LAT in Mainland China, all gains arising from the transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditure including cost of land use rights, borrowings costs and all property development expenditure.



## 6 Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of \$476,046,000 (six months ended 30 June 2014: \$298,753,000) and the weighted average number of ordinary shares in issue during the period of 1,150,681,275 (six months ended 30 June 2014: 1,150,681,275).

### (b) Diluted earnings per share

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

## 7 Dividends

### (a) Dividends attributable to the interim period

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2015<br>\$'000           | 2014<br>\$'000 |
| Interim dividend declared after the interim period of \$0.21<br>(six months ended 30 June 2014: \$0.21) per share | <b>241,643</b>           | 241,643        |

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

### (b) Dividends attributable to the previous financial year and approved during the interim period

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2015<br>\$'000           | 2014<br>\$'000 |
| Final dividend in respect of the previous financial year,<br>approved during the interim period, of \$0.36<br>(six months ended 30 June 2014: \$0.36) per share | <b>414,245</b>           | 414,245        |

## 8 Investment properties

The investment properties of the Group were revalued at 30 June 2015 by Vigers Appraisal and Consulting Limited, an independent qualified professional valuer, who has appropriate qualifications and experience in the valuation of similar properties in the relevant locations. The Group's investment properties are valued semi-annually by using the income capitalisation approach with reference to sales transactions as convertible in the market. The income capitalisation approach is the sum of the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the existing lease period; and the sum of average unit market rent at the capitalisation rate after the existing lease period. The Group's investment properties under development are valued semi-annually by estimating the fair value of such properties as if they were completed in accordance with relevant development plan, which makes reference to the average selling prices based on certain comparable sales transactions in the market and adjusted for differences such as location, size, timing and other factors collectively, and then deducting the estimated cost to complete the construction.

The Group's investment properties under development are stated at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. At 30 June 2015, investment properties under development stated at fair value amounted to \$2,614,229,000 (at 31 December 2014: \$2,416,258,000).

A revaluation gain of \$301,389,000 (six months ended 30 June 2014: \$106,163,000) and deferred tax thereon of \$84,326,000 (six months ended 30 June 2014: \$1,546,000) were recognised in the consolidated income statement for the six months ended 30 June 2015.

## 9 Interests in property development

Interests in property development represent the Group's interests in the development of various properties in Macau and Mainland China under the co-investment agreements with the ultimate holding company, Polytec Holdings International Limited ("Polytec Holdings") and two of its wholly owned subsidiaries. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the development projects which is subject to an aggregate maximum amount. In return, Polytec Holdings and its two wholly owned subsidiaries will pay to the Group cash flows from the development projects according to the formulas set out in the co-investment agreements. Interests in property development are stated at fair value at the end of reporting period.

## 10 Inventories

|                                  | At 30 June<br>2015<br>\$'000 | At 31 December<br>2014<br>\$'000 |
|----------------------------------|------------------------------|----------------------------------|
| Land held for future development | 12,915                       | 1,594,915                        |
| Properties under development     | 14,099,681                   | 12,923,957                       |
| Properties held for sale         | 2,795,252                    | 2,544,470                        |
| Trading goods and consumables    | 17,172                       | 16,483                           |
|                                  | <b>16,925,020</b>            | 17,079,825                       |

The amount of properties held for future development and under development expected to be recovered after more than one year is \$12,915,000 (at 31 December 2014: \$1,594,915,000) and \$9,550,628,000 (at 31 December 2014: \$8,275,653,000) respectively. All of the other inventories are expected to be recovered within one year.

## 11 Trade and other receivables

The following is an ageing analysis of trade receivables:

|                                   | At 30 June<br>2015<br>\$'000 | At 31 December<br>2014<br>\$'000 |
|-----------------------------------|------------------------------|----------------------------------|
| Current and less than 3 months    | 786,120                      | 426,592                          |
| 3 months to 6 months              | 19                           | 178                              |
| More than 6 months                | 7,420                        | 6,239                            |
| Trade receivables                 | 793,559                      | 433,009                          |
| Utility and other deposits        | 41,255                       | 42,527                           |
| Other receivables and prepayments | 368,119                      | 268,946                          |
|                                   | <b>1,202,933</b>             | 744,482                          |

The Group maintains a defined credit policy. An ageing analysis of trade receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.



## 12 Trade and other payables

The following is an ageing analysis of trade payables:

|   | At 30 June<br>2015<br>\$'000 | At 31 December<br>2014<br>\$'000 |
|---|------------------------------|----------------------------------|
| Not yet due or on demand                | <b>1,196,549</b>             | 2,576,310                        |
| Within 3 months                         | <b>22,074</b>                | 35,308                           |
| 3 months to 6 months                    | <b>315</b>                   | 226                              |
| More than 6 months                      | <b>28,752</b>                | 28,743                           |
| Trade payables                          | <b>1,247,690</b>             | 2,640,587                        |
| Rental and other deposits               | <b>79,179</b>                | 78,268                           |
| Other payables and accrued expenses     | <b>613,531</b>               | 559,018                          |
| Deposits received on sale of properties | <b>2,788,839</b>             | 2,097,392                        |
|   | <b>4,729,239</b>             | 5,375,265                        |

## 13 Loans from ultimate holding company

Loans from ultimate holding company are unsecured, interest bearing at Hong Kong Interbank Offer Rate plus a margin per annum and is not expected to be repaid within one year.

## 14 Fair values measurement of financial instruments

### Financial assets and liabilities measured at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, "Fair value measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

|                                   | At 30 June 2015   |                   |                   | Total<br>\$'000 |
|-----------------------------------|-------------------|-------------------|-------------------|-----------------|
|                                   | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 |                 |
| Assets                            |                   |                   |                   |                 |
| Interests in property development | –                 | –                 | 12,227,515        | 12,227,515      |
|                                   | –                 | –                 | 12,227,515        | 12,227,515      |

|                                   | At 31 December 2014 |                   |                   | Total<br>\$'000 |
|-----------------------------------|---------------------|-------------------|-------------------|-----------------|
|                                   | Level 1<br>\$'000   | Level 2<br>\$'000 | Level 3<br>\$'000 |                 |
| Assets                            |                     |                   |                   |                 |
| Financial investments             | 21,945              | –                 | –                 | 21,945          |
| Interests in property development | –                   | –                 | 12,227,420        | 12,227,420      |
|                                   | 21,945              | –                 | 12,227,420        | 12,249,365      |

During the period there were no significant transfers between financial instruments in Level 1 and Level 2.

## 14 Fair values measurement of financial instruments *(Continued)*

### Financial assets and liabilities measured at fair value *(Continued)*

The movement during the period in the balance of Level 3 fair value measurements is as follows:

|   | At 30 June<br>2015<br>\$'000 | At 31 December<br>2014<br>\$'000 |
|---|------------------------------|----------------------------------|
| At 1 January                                      | 12,227,420                   | 11,920,103                       |
| Net gain recognised in other comprehensive income | 95                           | 309,601                          |
| Distributions                                     | –                            | (695)                            |
| Disposal  | –                            | (1,589)                          |
| At 30 June / 31 December                          | <b>12,227,515</b>            | 12,227,420                       |

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements. Any adverse change in the key assumption could decrease the fair value.

The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financing reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the valuation model include estimated selling prices of the underlying properties which are derived from observable market data, including the average market price of residential properties in Macau and Mainland China, with certain adjustments to reflect the impacts of those factors on the development. The adjustments to the selling price range from -10% to +10%. The fair value measurement is positively correlated to adjustments to the selling price of the underlying properties. As at 30 June 2015, it is estimated that an increase/decrease of 5% in the selling price of the underlying properties of the Group's interests in property development classified as non-current assets, with all other variables held constant, would have increased/decreased the Group's fair value reserve by \$1,087,617,000/\$1,088,423,000 (at 31 December 2014: \$1,095,471,000/\$1,099,204,000).

## 15 Capital commitments

Capital commitments outstanding at the end of reporting period not provided but contracted for in the accounts amounted to \$69,693,000 (at 31 December 2014: \$70,056,000).

## 16 Contingent liabilities

As at 30 June 2015, the Group has provided guarantees of \$721,520,000 (at 31 December 2014: \$570,438,000) representing a 50% proportional guarantee in respect of an aggregate of \$1,443,041,000 (at 31 December 2014: \$1,140,876,000) term loan facilities to a joint venture in Mainland China. The facilities were utilised to the extent of \$1,316,236,000 (at 31 December 2014: \$671,849,000) at 30 June 2015.

## 17 Pledge of assets

As at 30 June 2015, properties of the Group with an aggregate carrying value of approximately \$12,142,828,000 (at 31 December 2014: \$10,984,521,000) and bank deposits of \$15,000,000 (at 31 December 2014: \$15,000,000) were pledged to banks under fixed charges mainly to secure general banking facilities granted to the Group.

## 18 Material related party transactions

In addition to the transactions and balances disclosed above, the Group also entered into the following material related party transactions:

- (a) Polytec Holdings has guaranteed the due performance of the Company in respect of its obligations in the property development project in Tianjin, Mainland China.
- (b) As at 30 June 2015, the Group has given guarantees to insurance companies in respect of performance bonds entered into by associated companies to the extent of \$15,084,000 (at 31 December 2014: \$16,388,000).
- (c) As at 30 June 2015, loan to a joint venture of \$219,500,000 (at 31 December 2014: \$219,500,000) is unsecured, interest bearing at fixed rate with reference to bank lending rate and is not expected to be repaid within one year. As at 30 June 2015, amount due from a joint venture of \$48,042,000 (at 31 December 2014: \$40,009,000) and amount due to a joint venture of \$788,093,000 (at 31 December 2014: \$787,838,000) are unsecured, interest free and repayable on demand.
- (d) As at 30 June 2015, loan to associated companies of \$1,861,258,000 (at 31 December 2014: \$1,868,102,000) are unsecured, interest free and are not expected to be repaid within one year, except for an amount of approximately RMB1,620,000,000 (at 31 December 2014: RMB1,540,000,000) which is interest bearing at a rate determined by the shareholders. As at 30 June 2015, accumulated accrued interest income of approximately RMB800,000,000 (at 31 December 2014: RMB703,000,000) due from an associate has not been recognised as the Group considers it is not probable that the economic benefits will flow to the Group as at the end of the reporting period.



## 19 Oil production assets and oil exploitation assets

As at 30 June 2015, the Group has oil production assets of \$747,391,000 (at 31 December 2014: \$778,116,000) (included in fixed assets) and oil exploitation assets of \$64,093,000 (at 31 December 2014: \$66,257,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

Oil production and exploitation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may exceed the recoverable amounts, which is considered to be the higher of the fair value less costs of disposal and value in use. The fair value of oil production and exploitation assets is determined based on the present value of estimated future cash flows arising from the continued use of the assets. Cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the assets. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future crude oil price, discount rate used in discounting the projected cash flows and production profile. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan and on the assumptions that all relevant licences and permits are obtained. However, the business environment, such as the crude oil price, is affected by a wide range of global and domestic factors, which are all beyond the control of the Group. Any adverse change in the key assumptions could increase the impairment provision.

As at 30 June 2015, the Group reassessed the operation and the risk exposures of its oil exploration and production business as a whole. As the recoverable amounts of the oil production and exploitation assets exceeded their carrying values, no impairment loss is considered necessary for the period ended 30 June 2015. The recoverable amount of oil production and exploitation assets was determined based on the value in use calculations applying a discount rate of 12.5% (31 December 2014: 12.5%).

Crude oil price assumptions were based on market expectations. At 30 June 2015, it is estimated that an increase/decrease of 20% (31 December 2014: 20%) in the estimated crude oil price used in the assessment, with all other variables held constant would have increased/decreased the carrying amounts of the oil production and exploitation assets by \$354,154,000/\$468,302,000 (31 December 2014: \$391,618,000/\$495,854,000). The discount rate used represents the rate to reflect the time value of money and the risks specific to the assets. It is estimated that an increase/decrease of 200 basis points (31 December 2014: 50 basis points) in the discount rate used in the assessment, with all other variables held constant would have decreased/increased the carrying amounts of the oil production and exploitation assets by \$76,079,000/\$85,483,000 (31 December 2014: \$19,877,000/\$20,462,000).

The gas flaring permit to flare associated gas for conducting normal crude oil production in the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of Polytec Asset Holdings Limited (73.4% owned by the Group) in Kazakhstan will expire on 31 August 2015. Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a certain period so as to enable it to continue to conduct normal crude oil production and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of the associated gas permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the other alternatives. Based on advice received from its technical experts and external legal advisor and the alternatives under consideration, the Group considers that there is no indication that the new gas flaring permits will not be obtained.

Up to the date of approval of this financial report, Caspi Neft TME has obtained the approvals from the Ecology Committee and the Geology Committee of the Kazakhstan Government which are necessarily required for applying for the gas flaring permit. Further approvals from other local authorities are also needed to obtain the gas flaring permit which allows the Group to continue normal crude oil production after 31 August 2015.

# Independent Review Report of the Auditor



**To the board of directors of  
Kowloon Development Company Limited**  
*(Incorporated in Hong Kong with limited liability)*

## Introduction

We have reviewed the interim financial report set out on pages 12 to 31 which comprises the consolidated statement of financial position of Kowloon Development Company Limited (the "Company") and its subsidiaries (the "Group") as of 30 June 2015 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report 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 are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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 report as at 30 June 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim financial reporting".

### **KPMG**

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

Hong Kong, 26 August 2015

# Other Information

## Compliance with the Corporate Governance Code

During the six months ended 30 June 2015, the Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception of Code Provisions A.2.1 and A.6.7 as explained below:

### Code Provision A.2.1

Mr Or Wai Sheun, the Chairman, has performed the combined role as the chairman and the chief executive taking charge of the overall operations of the Group. The reason for deviation from the code provision was disclosed in the 2014 Annual Report.

### Code Provision A.6.7

All Non-executive Directors and Independent Non-executive Directors attended the Annual General Meeting of the Company held on 27 May 2015 (the "AGM"), other than two Independent Non-executive Directors who were unable to attend the AGM as they had other business engagements at the time.

## Securities Trading Policy

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 to the Listing Rules) as a code of conduct regarding directors' securities transactions (the "Model Code"). The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period under review and all the Directors have confirmed that they had fully complied with the required standard set out in the Model Code. The Company has also established written guidelines on employees' securities transactions. Relevant employees are required to obtain written preclearance before initiating a securities transaction during the black-out period.

## Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company required to be disclosed are set out below:

1. Mr Keith Alan Holman retired as the Deputy Chairman and a Non-executive Director of the Company after the conclusion of the AGM.
2. The monthly salary of the following Directors have been adjusted with effect from 1 July 2015 and details of which are set out below:

|                  | 1 January 2015 to<br>30 June 2015 | From 1 July 2015 |
|------------------|-----------------------------------|------------------|
| Or Pui Kwan      | HK\$64,800                        | HK\$68,700       |
| Lai Ka Fai       | HK\$154,800                       | HK\$164,100      |
| Yeung Kwok Kwong | HK\$169,300                       | HK\$179,500      |

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Disclosure pursuant to Rule 13.21 of the Listing Rules

During the six months ended 30 June 2015, the Company had no disclosure obligation pursuant to Rule 13.21 of the Listing Rules.

## Purchase, Sale or Redemption of the Company's Listed Securities

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

## Directors' Interests and Short Positions

As at 30 June 2015, the interests of the Directors in the shares of the Company and Polytec Asset Holdings Limited ("Polytec Asset") as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, are set out below:

### 1. Long positions in the shares of the Company

| Name                 | Nature of interests                             | Number of ordinary shares | Percentage of shareholding (Note 1) | Note |
|----------------------|---|---------------------------|-------------------------------------|------|
| Or Wai Sheun         | Founder and beneficiary of a trust<br>Corporate | 830,770,124               |                                     | 2    |
|                      |   | <u>277,500</u>            |                                     | 3    |
|                      |   | 831,047,624               | 72.22%                              |      |
| Ng Chi Man           | Beneficiary of a trust                          | 830,770,124               | 72.20%                              | 2    |
| Or Pui Kwan          | Beneficiary of a trust<br>Personal              | 830,770,124               |                                     | 2    |
|                      |   | <u>43,500</u>             |                                     |      |
|                      |   | 830,813,624               | 72.20%                              |      |
| Lok Kung Chin, Hardy | Founder and beneficiary of trusts               | 1,425,000                 | 0.12%                               | 4    |
| Lai Ka Fai           | Personal  | 751,000                   | 0.07%                               |      |
| David John Shaw      | Personal<br>Family                              | 133,500                   |                                     | 5    |
|                      |   | <u>67,000</u>             |                                     |      |
|                      |   | 200,500                   | 0.02%                               |      |
| Yeung Kwok Kwong     | Personal  | 180,000                   | 0.02%                               |      |

## Directors' Interests and Short Positions (Continued)

## 2. Long positions in the shares of Polytec Asset

| Name             | Nature of interests                | Number of ordinary shares | Percentage of shareholding (Note 6) | Note |
|------------------|------------------------------------|---------------------------|-------------------------------------|------|
| Or Wai Sheun     | Founder and beneficiary of a trust | 3,260,004,812             | 73.44%                              | 7    |
| Ng Chi Man       | Beneficiary of a trust             | 3,260,004,812             | 73.44%                              | 7    |
| Or Pui Kwan      | Beneficiary of a trust             | 3,260,004,812             | 73.44%                              | 7    |
| Yeung Kwok Kwong | Personal                           | 2,000,000                 | 0.05%                               |      |
| Lai Ka Fai       | Personal                           | 430,000                   | 0.01%                               |      |

## Notes:

- (1) The percentage of shareholding is calculated based on 1,150,681,275 shares, being the total number of issued ordinary shares of the Company as at 30 June 2015.
- (2) Such interest in shares is held by Intellinsight Holdings Limited ("Intellinsight"), a wholly-owned subsidiary of Polytec Holdings International Limited ("Polytec Holdings") which is wholly-owned by Ors Holdings Limited ("OHL"). OHL is in turn wholly-owned by a discretionary trust, the trustee of which is HSBC International Trustee Limited.
- As Mr Or Wai Sheun is the founder of the trust and the discretionary objects of the trust include Mr Or Wai Sheun, Ms Ng Chi Man (his wife) and Mr Or Pui Kwan (his son), they are taken to be interested in the same block of shares held by the trust.
- (3) Such interest in shares is held by China Dragon Limited which is wholly-owned by Mr Or Wai Sheun.
- (4) Such interest in shares is owned by discretionary trusts of which Mr Lok Kung Chin, Hardy is the founder and a beneficiary respectively.
- (5) Such interest in shares is held by the spouse of Mr David John Shaw.
- (6) The percentage of shareholding is calculated based on 4,438,967,838 shares, being the total number of issued ordinary shares of Polytec Asset as at 30 June 2015. Polytec Asset is an associated corporation of the Company.
- (7) The three references to 3,260,004,812 shares in Polytec Asset relate to the same block of shares held by Marble King International Limited, a wholly-owned subsidiary of the Company. By virtue of the deemed interest in the shares of the Company as described in note (2) above, Mr Or Wai Sheun, Ms Ng Chi Man and Mr Or Pui Kwan are taken to be interested in the shares of Polytec Asset.



## Directors' Interests and Short Positions *(Continued)*

Save as disclosed above, as at 30 June 2015, none of the Directors or the chief executive of the Company had any interests or short positions 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Substantial Shareholders' Interests

As at 30 June 2015, shareholders (other than Directors and the chief executive of the Company) who had interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are set out below:

| Name                               | Nature of interests | Number of ordinary shares | Percentage of shareholding<br>(Note 1) | Note |
|------------------------------------|---------------------|---------------------------|--|------|
| HSBC International Trustee Limited | Trustee             | 832,016,474               | 72.30%                                 | 2    |
| Ors Holdings Limited               | Corporate           | 830,770,124               | 72.19%                                 | 3    |

Notes:

- (1) The percentage of shareholding is calculated based on 1,150,681,275 shares, being the total number of issued ordinary shares of the Company as at 30 June 2015.
- (2) Based on information available to the Company and subsequent to the recording in the register as required by SFO set out in the table above, there were share movements which were not required to disclose under SFO as at 30 June 2015. HSBC International Trustee Limited was then taken to be interested in 831,417,074 shares of the Company. Such interest included the shares owned by a company as described in note (2) under the section headed "Directors' Interests and Short Positions".
- (3) Such interest in shares is held by Intellinsight as described in note (2) under the section headed "Directors' Interests and Short Positions".

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any persons (other than the Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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.

## Human Resources and Remuneration Policy

As at 30 June 2015, the Group had a total of 911 employees (31 December 2014: 894 employees), of which 494 were Hong Kong staff, 190 were Mainland China staff and 227 were staff in other regions. The increase in headcount is mainly due to matching of business growth. Salary levels of employees are competitive. Discretionary bonuses are granted based on the performance of the Group as well as the performance of individual to attract, motivate and retain talented people.

The Group believes that the quality of its human resources is critical for it to maintain strong competitive edge. The Group has conducted a range of training programmes through external institutions to strengthen employees' all-round skills and knowledge, aiming to well equip them to cope with its development in the ever-changing economy.

In addition, the Group established a recreation club and held an annual dinner for employees during the period to promote team spirit and loyalty and to promote communication between departments.

## Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 2 November 2015 to Tuesday, 3 November 2015, both dates inclusive. During which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, for registration not later than 4:30 pm on Friday, 30 October 2015.

## Corporate Citizenship

The Company is committed to enhance corporate citizenship and has become a corporate member of WWF-Hong Kong since 2007. We continue to support their conservation and education works.

Besides making charitable donations, we have also taken part in "Earth Hour 2015" and "Charity Cookies" held by WWF-Hong Kong and Madam Hong's Bakery (established by Ngai Shing Workshop of Fu Hong Society) respectively.



In addition, the Company was awarded "5 Years Plus Caring Company" Logo by The Hong Kong Council of Social Service in recognition of our achievement in corporate social responsibility.

## Review of Interim Results

The Audit Committee of the Company has reviewed the interim report of the Group for the six months ended 30 June 2015. The Group's independent auditor, KPMG, has carried out a review of the interim financial report 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, whose review report is contained on page 32 of this interim financial report.



[www.kdc.com.hk](http://www.kdc.com.hk)

*Company Limited (Stock Code 38)*  
*the Greater China region (with a*  
*of over 1,000 Mainland China markets.*  
*Our property business has been*  
*in Hong Kong since 1978.*  
**Alpha East**

23 Sung On Street  
Kowloon Hong Kong



This interim report is printed on environmental friendly paper  
本中期報告由環保紙張印製