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ANNOUNCEMENT OF 2016 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M	% Change
Revenue	1,516.3	1,286.0	+17.9%
Gross profit	551.4	531.0	+3.8%
Operating profit before depreciation, finance costs and tax	425.2	530.4	-19.8%
Profit for the period attributable to equity holders of the parent	1.3	50.8	-97.4%
Basic earnings per ordinary share attributable to equity holders of the parent	HK0.04 cent	HK1.59 cents	-97.5%
Interim dividend per ordinary share	HK0.63 cent	HK0.63 cent	—
	As at 30th June, 2016 (Unaudited)	As at 31st Dec., 2015 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent	HK\$2.64	HK\$2.65	-0.4%

- **The Group attained for the period an unaudited consolidated profit attributable to shareholders of HK\$1.3 million, as compared to the HK\$50.8 million achieved in the same period in 2015. The lower profit attained was largely attributable to the net fair value loss on financial assets at fair value through profit or loss, while for the comparative period in 2015, a net fair value gain on such financial assets was recorded.**
- **Operating profit before depreciation, finance costs and tax of the Group for the first six months ended 30th June, 2016 amounted to HK\$425.2 million, as compared to HK\$530.4 million in the corresponding period in 2015.**
- **Depreciation charges for the period amounted HK\$307.8 million (2015 – HK\$287.4 million) which, although having no impact on cash flows, have adversely affected the reported profit.**
- **The Company acts as the ultimate controlling company of a business conglomerate comprising five listed entities in Hong Kong, all with different business focuses, principally encompassing property development and investment, hotel ownership and operations, hotel management, aircraft ownership and leasing and other investment businesses.**
- **The Group first diversified into the aircraft ownership and leasing business in 2012. In April 2016, a wholly owned subsidiary of the Company further acquired a Boeing 733F freighter aircraft, which has been leased to a logistics operator operating in Southeast Asia under a finance lease for a term of 62 months from April 2016.**
- **The Group as a whole intends to further increase its investments in the aircraft ownership and leasing business, as the returns on the investments secured so far have been very attractive. The Group is in the meanwhile actively working to develop this new business unit under an independently operating structure, in order to facilitate its planned future expansion.**

- **Century Innovative Technology group (CIT), a 48%-owned associate of the Group, is a dynamic edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services for the family, focusing primarily on the China market. CIT is one of the top brands originating from China to present proven global potential and has concluded a significant global licensing deal with Mattel, one of the largest toy companies in the world, which is beginning to generate revenues. The introduction of the intellectual property to the international networks is expected to generate increasing distribution revenue and income via various forms of licensing. Focusing on creative content and digital products, CIT is also driving the development of its indoor discovery centers, feature film and musical show production. Building on key strategic partnerships, CIT is set to become a leading player in China's high-growth online-offline family edutainment space with robust potential to expand its business globally.**
- **Detailed information on the business operations of Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Regal Real Estate Investment Trust and Cosmopolitan International Holdings Limited, the listed subsidiaries of the Company, are contained in their separate results announcements released today.**
- **Although the results of the Group for the first six months have been affected by a number of adverse market factors, the financial position of the Group as a whole remains solid, supported by strong liquidity and quality asset backing.**
- **The Directors are optimistic that the profit performance of the Group will be gradually enhanced, particularly when the various development projects and investments presently undertaken by the Group come into fruition over the course of the next few years.**

FINANCIAL RESULTS

For the six months ended 30th June, 2016, the Group attained an unaudited consolidated profit attributable to shareholders of HK\$1.3 million, as compared to the HK\$50.8 million achieved in the same period in 2015.

As explained in the profit warning announcement of the Company dated 17th August, 2016, the lower profit attained for the current period was largely attributable to the net fair value loss on financial assets at fair value through profit or loss, while for the comparative period in 2015, a net fair value gain on such financial assets was recorded.

Operating profit before depreciation, finance costs and tax of the Group for the first six months ended 30th June, 2016 amounted to HK\$425.2 million, as compared to HK\$530.4 million in the corresponding period in 2015. Depreciation charges for the period amounted HK\$307.8 million (2015 – HK\$287.4 million) which, although having no impact on cash flows, have adversely affected the reported profit. The depreciation charges were predominantly related to the hotel properties in Hong Kong that are owned and operated within the Group, which are classified in the Group's financial statements as property, plant and equipment and subject to depreciation charges to comply with the currently applicable accounting standards.

BUSINESS OVERVIEW

The Group comprises five listed entities in Hong Kong, all with different business focuses, with the Company acting as the ultimate controlling company of the business conglomerate.

As at 30th June, 2016, the Group held a controlling shareholding interest of approximately 62.2% in Paliburg Holdings Limited, through which the controlling interests in the other listed members of the Group are held. Paliburg itself is principally engaged in property development and investment businesses in Hong Kong, which are currently conducted through P&R Holdings Limited, a 50:50 joint venture established by Paliburg with Regal

Hotels International Holdings Limited. As Regal is a 67.1% owned subsidiary of Paliburg, P&R Holdings is effectively also a subsidiary of Paliburg.

Regal is principally engaged in the hotel operation and management business, property development (presently conducted through the joint venture in P&R Holdings), property investment, aircraft ownership and leasing business and other investments. In addition, Regal held as at the half year end date approximately 74.6% of the outstanding units of Regal Real Estate Investment Trust, which owned all the eight Regal and iclub Hotels operating in Hong Kong.

Apart from its property development and investment businesses in Hong Kong, P&R Holdings also held as at 30th June, 2016 an effective controlling shareholding interest of approximately 77.0% in Cosmopolitan International Holdings Limited (comprising interests in its ordinary shares and convertible preference shares) and, in addition, substantial interests in the convertible bonds of Cosmopolitan. Cosmopolitan is consequently also a listed member of the Group, which is principally focused on property development and investment businesses in the People's Republic of China.

The Group first diversified into the aircraft ownership and leasing business in 2012, acquiring through a wholly owned subsidiary of the Company an 84.9% effective interest in a Boeing 737-800 aircraft. In April 2016, a wholly owned subsidiary of the Company completed the acquisition of a Boeing 733F freighter aircraft, which has been leased to a logistics operator operating in Southeast Asia under a finance lease for a term of 62 months from April 2016.

Concurrently, Regal has since 2012, through the same investment platform, made substantial investments in the aircraft ownership and leasing business. As at 30th June, 2016, the Regal group owned a fleet of 14 aircraft which, except for one that is 85%-owned, are all wholly owned by Regal.

The Group as a whole intends to further increase its investments in the aircraft ownership and leasing business, as the returns on the investments secured so far have been very attractive. The Group is in the meanwhile actively working to develop this new business unit under an independently operating structure, in order to facilitate its planned future expansion.

The Group has reactivated in 2015 the financing business of Cityline Finance Limited, a wholly owned subsidiary of the Company with a money lender's licence. The business of Cityline is principally targeted on mortgage financing businesses. Due to the keen competition in the retail lending market in Hong Kong, the building up of the loan portfolio of Cityline is relatively gradual.

Century Innovative Technology group (CIT), a 48%-owned associate of the Group, is a dynamic edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services for the family, focusing primarily on the China market. CIT's flagship characters, *Bodhi and Friends*' brand positioning and world-class content have attracted enormous interest among best-in-class licensing partners, making it one of the top brands originating from China to present proven global potential. CIT has concluded a significant global licensing deal with Mattel, one of the largest toy companies in the world, which is beginning to generate revenues. The introduction of the intellectual property to the international networks is expected to generate increasing distribution revenue and income via various forms of licensing. In the meantime, CIT is in the final stage of discussions with the largest kindergarten chain operators in China to distribute *Bodhi and Friends* edutainment products and multimedia subscription packs. Focusing on creative content and digital products, CIT has also been in serious discussions with prominent partners to drive the development of its indoor discovery centers, feature film and musical show production. Building on key strategic partnerships, CIT is set to become a leading player in China's high-growth online-offline family edutainment space with robust potential to expand its business globally. Further detailed information in relation to the shareholding structure and business operations of CIT is contained in the section headed "Management Discussion and Analysis" in this announcement.

The operational performance and business review of the listed members of the Group during the year under review are highlighted below.

PALIBURG HOLDINGS LIMITED

For the six months ended 30th June, 2016, Paliburg attained an unaudited consolidated profit attributable to shareholders of HK\$17.2 million, as compared to HK\$54.9 million for the corresponding period in 2015.

Further information on the principal business operations and outlook of Paliburg, including its Management Discussion and Analysis, is contained in Paliburg's announcement separately released today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2016, Regal attained an unaudited consolidated profit attributable to shareholders of HK\$130.3 million, as compared to HK\$123.8 million recorded for the same period in 2015.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, is contained in Regal's announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 2016, Regal REIT achieved an unaudited consolidated profit before distribution to unitholders of HK\$328.6 million, as compared to a loss of HK\$1,376.9 million reported in the corresponding period in 2015.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, is contained in Regal REIT's announcement separately released today.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2016, Cosmopolitan attained an unaudited consolidated profit attributable to shareholders of HK\$40.3 million, as compared to a loss of HK\$164.0 million recorded for the corresponding six months in 2015.

Further information on the principal business operations and outlook of Cosmopolitan, including its Management Discussion and Analysis, is contained in Cosmopolitan's announcement separately released today.

OUTLOOK

Although the results of the Group for the first six months have been affected by a number of adverse market factors, the financial position of the Group as a whole remains solid, supported by strong liquidity and quality asset backing.

The Directors are optimistic that the profit performance of the Group will be gradually enhanced, particularly when the various development projects and investments presently undertaken by the Group come into fruition over the course of the next few years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing business and other investments including financial assets investments.

The principal businesses of Paliburg, the Group's listed intermediate subsidiary, comprise its

investment in Regal, its property development and investment businesses (including those undertaken in Hong Kong through P&R Holdings, the joint venture with Regal, and those in the PRC through Cosmopolitan, which is a listed subsidiary of P&R Holdings), construction and building related businesses, and other investment businesses. The business review of Paliburg during the period, the commentary on the property sectors in which the Paliburg group operates and the changes in the general market conditions and the potential impact on their operating performance and future prospects are contained in the separate interim results announcements for 2016 released by Paliburg and Cosmopolitan.

The significant investments and business interests of Regal comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, aircraft ownership and leasing and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the hotel and property sectors in which the Regal group operates and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the separate interim results announcements for 2016 released by Regal and Regal REIT.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the above sections headed "Business Overview" and "Outlook" and in this sub-section.

CENTURY INNOVATIVE TECHNOLOGY GROUP (CIT)

The Group effectively owns an aggregate of 48% interests (comprising 36% held by the Regal group and 12% held through wholly owned subsidiaries of the Company) in 8D Matrix Limited, an associate of the Group, which wholly owns CIT. The remaining 52% interest in 8D Matrix is held by private companies owned by Mr. Lo Yuk Sui, the Chairman and controlling shareholder of the Company. CIT is a dynamic edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services for the family, focusing primarily on the China market.

CIT's flagship property "*Bodhi and Friends*" has been created by Miss Lo Po Man, the daughter of Mr. Lo and a Vice Chairman and an Executive Director of the Company, and the intellectual property rights over such characters are beneficially owned by Miss Lo.

Building on the stunning success of its animation and music content, *Bodhi and Friends* has become a beloved and trusted household brand that inspires innovation, positive values and holistic development in children. CIT has produced over 2,000 minutes of award-winning 3D animated content based on its flagship *Bodhi and Friends* characters. Following the prime-time debut of the first season in 2014 in over 70 TV channels, the second season was launched in 2015 and achieved No.1 in terms of viewership ratings on China's two leading children channels, CCTV (China Central Television) and Hunan Television, during prime-time, and was consistently ranked among the top 5 when the program was re-run in the second half of 2015. It is expected that Season 3 will air in the fourth quarter of 2016 while the international-grade Season 4 and Season 5 will premier in the second and third quarters of 2017, respectively. *Bodhi and Friends*' original music albums attained top rankings on iTunes around the world and won several international awards, demonstrating the brand's universal appeal.

Leveraging on the brand's surge in audience recognition, revenues are expected to be generated from three main areas of business: (i) content distribution and IP licensing; (ii) edutainment products and multimedia subscription packs; and (iii) family subscription service platform and digital products.

Bodhi and Friends' brand positioning and world-class content have attracted enormous interest among best-in-class licensing partners, making it one of the top brands originating from China to present proven global potential. CIT has concluded a significant global licensing deal with Mattel, one of the largest toy companies in the world, which is beginning to generate revenues. *Bodhi and Friends* has also been licensed by Scholastic, one of the world's largest children's publishers. To support the global expansion plans of the *Bodhi and Friends* franchise, CIT is collaborating with major international studios and distribution partners to bring its animation content to TV networks and digital platforms around the world. Meanwhile, the quality of the upcoming seasons will be further enhanced by the addition of Emmy-award-winning talent to the pre-production team. The introduction of the intellectual

property to the international networks is expected to generate increasing distribution revenue and income via various forms of licensing.

The franchise is not only beloved by kids and trusted by parents but also endorsed by educational professionals. CIT collaborated with the Ministry of Education in China to promote moral education through an interactive karaoke game APP that was distributed in primary schools across China. The APP generated over 1 million votes and 13 million views on Tencent.

Moreover, CIT's dedicated team of education, gaming and educational technology specialists has developed a unique suite of mobile educational APPs designed to make learning fun and effective. CIT is planning to use its signature language learning program, *Bodhi Galaxy*, to co-develop a range of digital products including interactive learning devices and smart TV edutainment devices with various industry leaders. CIT is also in the final stage of discussions with the largest kindergarten chain operators in China to distribute Bodhi and Friends edutainment products and multimedia subscription packs. CIT is considering to enter into a joint venture with a global leader in child development to co-develop online-offline edutainment products including digital products, STEAM classrooms and AR child development centers.

Capitalising on its online expertise, CIT plans to launch an O2O parent-child platform that offers adaptive edutainment content (animation, games and music) to children and intelligent customised services for parents. The launch of online subscription services will enable CIT to build a loyal base of customer and generate stable revenue streams. CIT has successfully completed the prototype of a revolutionary mobile game featuring unique game play and toys-to-life. Focusing on creative content and digital products, CIT has also been in serious discussions with prominent partners to drive the development of its indoor discovery centers, feature film and musical show production. Building on key strategic partnerships, CIT is set to become a leading player in China's high-growth online-offline family edutainment space with robust potential to expand its business globally.

P&R HOLDINGS LIMITED

P&R Holdings is a 50:50 owned joint venture established by Paliburg and Regal, with capital contributions provided by Paliburg and Regal on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings, and is a subsidiary of Paliburg and the Company. The business scope of P&R Holdings is the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects being undertaken and properties owned by the P&R Holdings group is set out below:

Hong Kong

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon and the Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon, both of which are being undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong, all of the following ongoing development projects and properties are wholly owned by P&R Holdings group.

Domus and Casa Regalia at Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The occupation permit for the project was issued in November 2015 and the certificate of compliance was obtained in April 2016.

As previously reported, all the 134 units in the apartment block, named Domus, were sold in June 2015. The sale programme for the garden houses, named Casa Regalia, which constitute the main component of the development, was first launched in May 2016 and up to date, 7

houses have been contracted to be sold. While the remaining houses are presently planned to be disposed of on a gradual basis, some of them may in the meantime be leased out for rental income.

Nos.8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

The project has an aggregate site area of approximately 700 square metres (7,535 square feet) and is being developed into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The superstructure works have been completed and the occupation permit is expected to be issued in the fourth quarter of 2016.

Sha Tin Town Lot No.482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site is planned to be developed into a shopping mall. The foundation works have been completed and the superstructure works are in progress. The project is scheduled to be completed in 2017 and is intended to be retained for rental income.

Sha Tin Town Lot No.578, Area 56A, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) and is planned for a luxurious residential development comprising 7 mid-rise apartment blocks with about 136 units, 24 detached garden houses and 198 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The site formation works and foundation works are expected to be completed and the superstructure works contract scheduled to be awarded in the third quarter of 2016. The completion of this development is presently scheduled for 2018.

Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and is planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 6,420 square metres (69,120 square feet). The foundation works have been

completed. Installation of pipe pile works for construction of pile cap is in progress.

The Ascent at No.83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and is planned for a commercial/residential development with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement carpark. The superstructure works are in progress. The development has been named The Ascent and is scheduled to be completed before the end of 2017. The presale of the residential units in this development was launched in July 2016 and, up to date, 154 residential units have been contracted to be sold.

Anchor Street/Fuk Tsun Street, Tai Kok Tsui, Kowloon

This is a hotel development project also awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 2015. The project has a site area of 725.5 square metres (7,809 square feet) and total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and is planned to be developed into a multi-storey hotel building comprising about 288 guest rooms, with ancillary accommodation. The general building plans have been approved. The foundation works have been commenced and are scheduled to be completed by the end of this year. The development project is presently anticipated to be completed in 2018.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects, all of which are wholly owned, and the 60% owned logistics business currently undertaken by the Cosmopolitan group in the PRC is set out below:

Property Development

Chengdu Project

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of hotel, commercial, office, serviced apartments and residential

components, with an overall total gross floor area of approximately 497,000 square metres. The first stage of the development includes a hotel with about 306 hotel rooms and extensive facilities and three residential towers with 339 residential units with car parking spaces and ancillary commercial accommodation. While the business remodeling works in response to the current local market environment continue, the hotel is scheduled to open in phases from 2017. The second stage of the development comprises six residential towers with 957 units, the construction works for which are in progress. The completion of the residential towers in both the first and second stages of the development is expected to be in 2017. The presale of two residential towers in the first stage and one residential tower in the second stage, consisting of a total of 362 units, commenced in April 2016, and there have been contracted sales of approximately RMB 166 million. Presale of the remaining six residential towers with 934 units in both stages is scheduled to be launched in stages commencing from the fourth quarter of 2016. The other components within the development, comprising commercial, office, serviced apartments and residential units, will continue to be developed in stages.

Tianjin Project

Located in the Hedong District in Tianjin, this project entails a development site with total site area of about 31,700 square metres, which is planned for a mixed use development comprising commercial, office and residential components with total gross floor area of about 145,000 square metres. The superstructure works of the four residential towers are progressing and the superstructure works of the commercial complex and the two office towers have already commenced. The presale of three residential towers, comprising 376 units, commenced in October 2015. Up to date, approximately 98% of the available units have been sold, realising contracted sales of approximately RMB 968 million. The remaining residential tower, comprising 136 units, the commercial complex, comprising mainly shops of about 19,000 square metres, and the car parking spaces are expected to be marketed for presale before the end of 2016. The entire development is anticipated to be completed in stages from 2017.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group has re-forested an aggregate area of about

4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Cosmopolitan group has already taken necessary steps to reorganise the local management team, with a view to restoring normal business operations for the project and carrying out the remedial re-forestation works for inspection by the relevant government authorities. The Cosmopolitan group will also initiate measures to settle the land disputes with the surrounding villagers, with an aim to resume the possession of certain parcels of land within the project site being illegally occupied. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in this re-forestation and land grant contract remain valid and effective. The Cosmopolitan group is planning to have the required remedial re-forestation works carried out as soon as practicable, such that the inspection and measurement of the reforested area by the relevant government authorities can be resumed and the final procedures leading to the land grant listing and tender of the development land may be concluded.

Logistics Business

Shanghai Logistics Project

With the aim of diversifying and broadening its business portfolio through the expansion and development of the logistics business and capitalising on the increasing demands for logistics services market by e-commerce merchants in Mainland China, the Cosmopolitan group entered into certain agreements to acquire an effective 60% interest in a group of companies (the “Logistics Group”) operating logistics and related businesses in the PRC, details of which were disclosed in the announcements of the Company dated 13th January, 2016, 11th March, 2016, 12th April, 2016 and 29th April, 2016. The Cosmopolitan group completed the acquisition on 31st May, 2016 and the acquired Logistics Group companies have since become subsidiaries of the Cosmopolitan group. The Cosmopolitan group recognised a gain on bargain purchase of HK\$30.3 million upon the business combination during the period, which is based on a provisional amount and subject to the finalisation of the fair value

estimation of the considerations transferred and identifiable net assets acquired within 12 months from the date of acquisition.

One of the companies within the Logistics Group is a licensed courier services provider in the PRC. It has leased an industrial premises with an aggregate lettable area of about 40,000 square metres in Pudong, Shanghai, the PRC (the “Leased Property”) from an affiliated company of the ultimate 40% shareholder of the Logistics Group to operate the logistics and related businesses. The ultimate 40% shareholder of the Logistics Group has also through his wholly owned subsidiary entered into a consultancy agreement with the Logistics Group to procure the development and expansion of the logistics businesses with an additional business operating area of 120,000 square metres. The shareholders of the company owning the Leased Property (being the ultimate 40% shareholder of the Logistics Group and his family member) have granted a purchase option to the Logistics Group to acquire the aforesaid property owning company owning the Leased Property and its wholly owned subsidiary which has a contractual right to acquire the land parcel adjacent to the Leased Property. Further details of the above-mentioned acquisition, consultancy agreement, purchase option and other related transactions were disclosed in the related announcements.

Since the completion of the acquisition, the Logistics Group has performed profitably and steadily. The rental occupancy of the Leased Property is about 82% which is based on the occupancy rate of the available area of about 37,000 square metres for sub-letting, with about 77% being rented to e-commerce merchants (who are exclusively using courier services provided by the Logistics Group) and the remaining areas being rented to other tenants with fixed-rate rentals. In light of the positive outlook of the e-commerce market in China and taking into account the planned expansion of the logistics business, it is expected that the Logistics Group would generate satisfactory income to the Cosmopolitan group.

HANG FOK PROPERTIES LIMITED

Hang Fok is an entity that is 50% beneficially owned by each of the Paliburg group and the Regal group and is effectively a subsidiary of the Group. Hang Fok holds equity interests in a joint venture project company involved in a development project in the Central Business District in Beijing, the PRC. As previously reported, Hang Fok was engaged in a series of

legal actions in the PRC with the other joint venture parties in the Beijing project, some of which were initiated by Hang Fok to protect its equity interests in the Beijing project. Appropriate provisions had been made by Hang Fok in the prior years and the interest held by the Group in the project was carried in the consolidated financial statements at an insignificant amount as at 31st December, 2013. In the process of the legal actions taken, the other joint venture parties have funded the joint venture project company and procured the latter to deposit an amount of approximately RMB195 million into the court in the PRC in August 2014, as repayment proceeds of certain of the shareholder's loans, plus accrued interest thereon, made by Hang Fok to the joint venture project company. Accordingly, Hang Fok had written back loans receivable and recognised related interest income of approximately HK\$159.0 million and HK\$84.2 million respectively, which were reflected in the results of the Group in the financial year ended 31st December, 2014. The aforesaid sum of RMB195 million (net of incidental expenses) had been received by Hang Fok in February 2016 through payment from the PRC court. Hang Fok is pursuing further claims against the joint venture project company for underpaid interest due. The Group will continue to exercise strenuous efforts with a view to salvaging the value of the Group's interest in this development project.

FINANCIAL REVIEW

ASSETS VALUE

As at 30th June, 2016, the Group's net assets attributable to equity holders of the parent amounted to HK\$8,444.3 million, representing HK\$2.64 per ordinary share.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects in Hong Kong are financed partly by internal resources and

partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date. Property development projects in the PRC are presently financed by internal resources and proceeds from the presale of the units. Project financing may be arranged in local currency on appropriate terms to cover a part of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates, while its senior unsecured notes are denominated in US dollar and Hong Kong dollar with fixed coupon interest rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As the Hong Kong dollar is pegged to the US dollar, the exchange risks are considered to be insignificant and no currency hedging has been deployed. As regards the Group's overseas investments which are based in currencies other than US dollar and Hong Kong dollar, the Group will consider hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$1,078.5 million (2015 – HK\$28.2 million). Net interest payment for the period amounted to HK\$65.7 million (2015 – HK\$133.3 million).

Borrowings and Gearing

As at 30th June, 2016, the Group had cash and bank balances and deposits of HK\$3,236.7 million (31st December, 2015 – HK\$2,678.8 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$10,678.0 million (31st December, 2015 – HK\$11,059.2 million).

As at 30th June, 2016, the gearing ratio of the Group was 27.8% (31st December, 2015 – 29.3%), representing the Group's borrowings net of cash and bank balances and deposits of

HK\$10,678.0 million (31st December, 2015 – HK\$11,059.2 million), as compared to the total assets of the Group of HK\$38,358.0 million (31st December, 2015 – HK\$37,738.8 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2016 are shown in the condensed consolidated financial statements (“Interim Financial Statements”) contained in the interim report for the six months ended 30th June, 2016 of the Company to be published on or before 30th September, 2016.

Pledge of Assets

As at 30th June, 2016, certain of the Group’s property, plant and equipment, investment properties, properties held for sale, properties under development, available-for-sale investments, financial assets at fair value through profit or loss, held-to-maturity investments, bank deposits and bank balances in the total amount of HK\$19,028.6 million (31st December, 2015 – HK\$18,745.8 million) were pledged to secure general banking facilities granted to the Group and, in addition, certain of the Group’s bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK\$324.3 million (31st December, 2015 – HK\$462.1 million) were pledged to secure bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2016, certain ordinary shares in a listed subsidiary with a market value of HK\$333.1 million (31st December, 2015 – HK\$406.5 million) were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2016 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2016 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK0.63 cent (2015 – HK0.63 cent) per ordinary share for the financial year ending 31st December, 2016, absorbing an amount of approximately HK\$20.2 million (2015 – HK\$20.2 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 12th October, 2016.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Friday, 7th October, 2016 to Wednesday, 12th October, 2016, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend declared, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:30 p.m. on Thursday, 6th October, 2016. The relevant dividend warrants are expected to be despatched on or about 24th October, 2016.

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
REVENUE (Notes 2 & 3)	1,516.3	1,286.0
Cost of sales	(964.9)	(755.0)
Gross profit	551.4	531.0
Other income and gains, net (Note 3)	14.2	39.8
Fair value gains on investment properties, net	80.3	42.9
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	(36.2)	81.2
Gain on bargain purchase (Note 11)	30.3	–
Impairment loss on properties held for sale	(7.9)	–
Property selling and marketing expenses	(30.8)	(6.2)
Administrative expenses	(176.1)	(158.3)
OPERATING PROFIT BEFORE DEPRECIATION	425.2	530.4
Depreciation	(307.8)	(287.4)
OPERATING PROFIT (Notes 2 & 4)	117.4	243.0
Finance costs (Note 5)	(120.5)	(116.6)
Share of profits and losses of associates	(4.4)	(17.6)
PROFIT/(LOSS) BEFORE TAX	(7.5)	108.8
Income tax (Note 6)	20.1	(5.7)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	12.6	103.1

Condensed Consolidated Statement of Profit or Loss (Cont'd)

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	1.3	50.8
Non-controlling interests	11.3	52.3
	<hr/> 12.6 <hr/>	<hr/> 103.1 <hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK0.04 cent	HK1.59 cents
	<hr/> HK0.04 cent <hr/>	<hr/> HK1.59 cents <hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	12.6	103.1
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	(1.5)	5.4
Cash flow hedges:		
Changes in fair value of cash flow hedges	–	(0.3)
Transfer from hedge reserve to the statement of profit or loss	–	1.2
	–	0.9
Exchange differences on translating foreign operations	(23.8)	(5.6)
Other comprehensive income/(loss) for the period	(25.3)	0.7
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(12.7)	103.8
Attributable to:		
Equity holders of the parent	(9.7)	50.8
Non-controlling interests	(3.0)	53.0
	(12.7)	103.8

Condensed Consolidated Statement of Financial Position

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	19,861.6	20,091.4
Investment properties	2,243.3	2,101.3
Properties under development	1,296.3	1,297.3
Investments in associates	32.0	23.3
Available-for-sale investments	309.7	215.3
Financial assets at fair value through profit or loss	50.7	1.9
Contingent consideration receivable	11.2	–
Loans receivable	60.1	9.4
Deposits and prepayments	81.8	81.2
Deferred tax assets	93.3	79.1
Other assets	0.2	0.2
Goodwill	261.0	261.0
Trademark	610.2	610.2
Other intangible assets	119.6	–
Total non-current assets	<u>25,031.0</u>	<u>24,771.6</u>
CURRENT ASSETS		
Properties under development	6,895.1	6,363.9
Properties held for sale	1,274.6	1,740.2
Inventories	70.4	52.7
Debtors, deposits and prepayments (Note 9)	883.9	1,007.9
Loans receivable	7.6	0.4
Held-to-maturity investments	419.9	201.2
Financial assets at fair value through profit or loss	536.7	914.3
Derivative financial instruments	–	4.7
Tax recoverable	2.1	3.1
Restricted cash	215.6	177.8
Pledged time deposits and bank balances	235.9	346.3
Time deposits	1,248.3	501.8
Cash and bank balances	1,536.9	1,652.9
Total current assets	<u>13,327.0</u>	<u>12,967.2</u>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(852.8)	(868.7)
Deposits received	(1,062.6)	(343.1)
Interest bearing bank borrowings	(1,186.5)	(1,271.7)
Derivative financial instruments	–	(2.8)
Tax payable	(141.5)	(119.6)
Total current liabilities	<u>(3,243.4)</u>	<u>(2,605.9)</u>
NET CURRENT ASSETS	<u>10,083.6</u>	<u>10,361.3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>35,114.6</u>	<u>35,132.9</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(168.1)	(177.2)
Interest bearing bank borrowings	(8,473.1)	(8,247.6)
Other borrowings	(4,227.5)	(4,218.7)
Convertible bonds	(27.6)	–
Deferred tax liabilities	(2,222.6)	(2,231.2)
Total non-current liabilities	<u>(15,118.9)</u>	<u>(14,874.7)</u>
Net assets	<u>19,995.7</u>	<u>20,258.2</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	320.4	320.4
Reserves	8,123.9	8,181.1
	<u>8,444.3</u>	<u>8,501.5</u>
Non-controlling interests	<u>11,551.4</u>	<u>11,756.7</u>
Total equity	<u>19,995.7</u>	<u>20,258.2</u>

Notes:

1. Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2015, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on the Group’s results of operation and financial position.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has seven reportable operating segments as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through Regal REIT;
- (d) the asset management segment engages in the provision of asset management services to Regal REIT;
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (f) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental income; and
- (g) the others segment mainly comprises the provision of financing services, travel agency services, sale of food products, logistics and related services and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated		
	Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		Six months ended 30th June, 2015		Six months ended 30th June, 2016		
	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M
Segment revenue:																			
Sales to external customers	319.4	125.6	7.3	6.4	995.9	1,039.9	-	-	115.3	42.1	64.0	57.8	14.4	14.2	-	-	1,516.3	1,286.0	
Intersegment sales	4.8	3.9	110.5	177.4	-	-	47.3	50.6	-	-	-	-	3.3	0.7	(165.9)	(232.6)	-	-	
Total	324.2	129.5	117.8	183.8	995.9	1,039.9	47.3	50.6	115.3	42.1	64.0	57.8	17.7	14.9	(165.9)	(232.6)	1,516.3	1,286.0	
Segment results before depreciation	(20.6)	6.9	(0.5)	0.2	347.5	381.1	(5.5)	(5.4)	83.2	128.8	56.5	66.3	27.2	(3.2)	-	-	487.8	574.7	
Depreciation	(12.0)	(7.1)	(0.2)	(0.2)	(259.9)	(253.2)	(0.2)	(0.2)	-	-	(32.8)	(25.0)	(1.0)	(0.5)	-	-	(306.1)	(286.2)	
Segment results	(32.6)	(0.2)	(0.7)	-	87.6	127.9	(5.7)	(5.6)	83.2	128.8	23.7	41.3	26.2	(3.7)	-	-	181.7	288.5	
Unallocated interest income and unallocated non-operating and corporate gains																		13.2	17.8
Unallocated non-operating and corporate expenses																		(77.5)	(63.3)
Operating profit																		117.4	243.0
Finance costs																		(120.5)	(116.6)
Share of profits and losses of associates	-	-	-	-	1.8	-	-	-	-	-	-	-	(6.2)	(17.6)	-	-	(4.4)	(17.6)	
Profit/(Loss) before tax																		(7.5)	108.8
Income tax																		20.1	(5.7)
Profit for the period before allocation between equity holders of the parent and non-controlling interests																		12.6	103.1
Attributable to:																			
Equity holders of the parent																		1.3	50.8
Non-controlling interests																		11.3	52.3
																		12.6	103.1

3. Revenue, other income and gains, net are analysed as follows:

	Six months ended 30th June, 2016 (Unaudited) HK\$'M	Six months ended 30th June, 2015 (Unaudited) HK\$'M
<u>Revenue</u>		
Rental income:		
Hotel properties	22.6	23.8
Investment properties	6.9	8.9
Properties held for sale	–	0.1
Aircraft	61.9	57.8
Construction and construction-related income	5.0	3.9
Proceeds from sale of properties	316.0	120.0
Estate management fees	2.3	2.5
Net gain from sale of financial assets at fair value through profit or loss	103.1	27.0
Net gain on settlement of derivative financial instruments	–	1.7
Interest income from financial assets at fair value through profit or loss	8.2	10.6
Interest income from loans receivable	2.8	–
Dividend income from listed investments	4.0	2.8
Hotel operations and management services	969.8	1,012.7
Logistics and related services income	3.7	–
Other operations	10.0	14.2
	<hr/> 1,516.3 <hr/>	<hr/> 1,286.0 <hr/>

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	12.4	16.9
Other interest income	6.6	6.8
Dividend income from unlisted investment	0.5	–
Loss on disposal of an investment property	(23.7)	–
Fair value gain upon reclassification of a property, plant and equipment to an investment property	3.7	–
Gain on disposal of items of property, plant and equipment, net	–	14.7
Others	14.7	1.4
	<u>14.2</u>	<u>39.8</u>

4. An analysis of profit/(loss) on sale of investments and properties of the Group is as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit from sale of financial assets at fair value through profit or loss	103.1	27.0
Profit on settlement of derivative financial instruments	–	1.7
Loss on disposal of properties	(51.4)	(6.8)
	<u>51.7</u>	<u>21.9</u>

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest on bank loans	88.3	79.4
Interest on other borrowings	91.1	90.7
Amortisation of debt establishment costs	20.0	18.6
Total interest expenses on financial liabilities not at fair value through profit or loss	199.4	188.7
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	–	1.0
Other loan costs	6.8	7.4
	206.2	197.1
Less: Finance costs capitalised	(85.7)	(80.5)
	120.5	116.6

6. The income tax charge/(credit) for the period arose as follows:

	Six months ended 30th June, 2016	Six months ended 30th June, 2015
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Current – Hong Kong		
Charge for the period	44.8	41.1
Current – Overseas		
Charge for the period	0.5	0.4
Overprovision in prior years	(0.3)	(1.7)
Deferred	(65.1)	(34.1)
Total tax charge/(credit) for the period	(20.1)	5.7

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2015 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

No provision for tax was required for the associates as no assessable profits were earned by the associates during the period (2015 – Nil).

7. Dividend:

	For year ending 31st December, 2016	For year ended 31st December, 2015
	HK\$'M	HK\$'M
Interim – HK0.63 cent (2015 – HK0.63 cent) per ordinary share	20.2	20.2

8. The calculation of the basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$1.3 million (2015 – HK\$50.8 million) and on the weighted average of 3,203.8 million (2015 – 3,203.8 million) ordinary shares of the Company in issue during the period.

No adjustment has been made to the basic earnings per ordinary share amount presented for the periods ended 30th June, 2016 and 2015 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

9. Included in debtors, deposits and prepayments is an amount of HK\$416.4 million (31st December, 2015 – HK\$175.4 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	402.2	153.2
Between 4 to 6 months	2.9	8.9
Between 7 to 12 months	2.8	5.5
Over 1 year	11.6	11.6
	<hr/>	<hr/>
	419.5	179.2
Impairment	(3.1)	(3.8)
	<hr/>	<hr/>
	416.4	175.4
	<hr/> <hr/>	<hr/> <hr/>

Credit terms

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group holds collateral or other credit enhancements over certain of these balances.

10. Included in creditors and accruals is an amount of HK\$92.8 million (31st December, 2015 – HK\$97.9 million) representing the trade creditors of the Group. The aged analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2016	31st December, 2015
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	91.5	97.7
Between 4 to 6 months	0.7	0.1
Over 1 year	0.6	0.1
	<hr/> 92.8 <hr/>	<hr/> 97.9 <hr/>

The trade creditors are non-interest bearing and are normally settled within 90 days.

11. Business combination

On 31st May, 2016, the Cosmopolitan group acquired from independent third parties 60% effective interest in a group of companies operating logistics and related businesses in the PRC.

The major assets acquired include, amongst others, property, plant and equipment, financial assets and intangible assets. Accordingly, the Cosmopolitan group has initially recognised identifiable net assets of HK\$80.6 million and gain on bargain purchase of HK\$30.3 million in accordance with HKFRS 3 (Revised) “Business Combinations”. The fair values of the considerations transferred and identifiable net assets acquired of the above business combination as at the date of acquisition are provisional amounts and are subject to the finalisation of the fair value estimation within 12 months from the date of acquisition.

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 30th June, 2016.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2016 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2016 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2016, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30th June, 2016, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Bye-laws of the Company, all Directors (including the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman)

Miss LO Po Man

(Vice Chairman)

Mr. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 23rd August, 2016