

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



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2015

FINANCIAL HIGHLIGHTS

(for the six months ended 30th June 2015)

- Turnover was HK\$7,507 million.
- Profit attributable to equity holders was HK\$1,117 million.
- Basic earnings per share was HK\$0.498 per share.

BUSINESS REVIEW

Industry overview

- In the first half of 2015, China's gross domestic product increased by 7.0%, representing a slight decrease of 0.5 percentage point year-on-year, demonstrating that the macro-economy was confronted with downside pressure. The area of land purchased by real estate developers was 98 million square metres, down 33.8% year-on-year; the area of new housing construction across the country was 674.79 million square metres, down 15.8% year-on-year; the area of completed housing was 329.41 million square metres, down 13.8% year-on-year.
- In view of the enduring pressure on the macro-economy, the central government has set out the target of stabilizing residential housing consumption and rolled out a series of financial credit measures to improve the market environment and stimulate demand. On the central government level, "Improving Market Environment, Revitalizing Inventory and Establishing a Long-lasting Mechanism for the Healthy Development of the Real Estate Industry" has become the policy direction on the real estate industry.

* For identification purposes only

- In face of the market downward pressure, the Group adopted flexible sales strategies to meet the sales target. In order to cope with the relatively strong demand on projects targeting rigid demand and improvement needs, the Group endeavored to increase supply of these projects via strict compliance with construction timeline. In order to enhance the Group's sales and marketing influence and brand image, the Group upgraded the high-end projects with a comprehensive amenity system.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in the first half of 2015 totalling RMB5,502 million (2014: RMB1,815 million) are as follows:

- In Guangzhou, a total GFA of 161,825 square metres (2014: 39,619 square metres) with a carrying value of RMB2,472 million (2014: RMB659 million) was sold. The increase in sales was mainly attributable to the launch of new units in Hopson Regal Riviera, Hopson Belvedere Bay and Hopson Hushan Guoji Villa which were continuously well received by the market, and the surge in transaction volume of Hopson Regal Villa in the first half of the year as compared to the same period last year.
- In Shanghai, a total GFA of 110,394 square metres (2014: 32,727 square metres) with a carrying value of RMB1,270 million (2014: RMB266 million) was sold. The increase in sales was mainly attributable to the new supply of units of Hopson Times Garden and Hopson Asset Seascape Residence.
- In Beijing and Tianjin, a total GFA of 94,714 square metres (2014: 27,299 square metres) with a carrying value of RMB1,260 million (2014: RMB648 million) was sold. The increase in sales was mainly attributable to the enhancement of agency and introduction of channel resources, thereby boosting sales of Hopson Regal Park and Jingjin New Town. In addition, the units of Shanxi Hopson International City were only launched for sale at the end of 2014, and therefore no contracted sales were recorded at the same period last year.
- In Huizhou, a total GFA of 88,033 square metres (2014: 31,631 square metres) with a carrying value of RMB500 million (2014: RMB242 million) was sold. The increase in sales was mainly attributable to the launch of new units, improvement of living amenities and establishment of own sales team and channel resources, which contributed to the increases in contracted sales of Hopson International New City and Hopson Xiaogui Bay as compared to the same period of last year.

Properties sold but yet to be delivered

As at 30th June 2015, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 783,621 square metres (31st December 2014: 668,644 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$10,329 million will be recognised as revenue in the Group's financial statements in the second half of 2015 and thereafter.

Delivery of properties

A total GFA of 339,989 square metres (2014: 274,899 square metres) was delivered in the first half of 2015.

Project development progress

- A total GFA of approximately 446,201 square metres was completed in the first half of 2015.
- A total GFA of approximately 1,068,779 square metres is expected to be completed in the second half of 2015.

Landbank

As of 30th June 2015, the Group had a landbank of 32.47 million square metres (31st December 2014: 32.69 million square metres).

Prospects

- Under the downturn pressure on the macro-economy, the government has attached more importance to real estate industry as a driving force in boosting consumption and stimulating investment. Although China's real estate market has gradually recovered since the second quarter, the foundation of such rebound is still not solid, and therefore more lenient policies on property market are expected to be adopted by the central government in the second half of 2015.
- In response, the Group will make prudent assessment to ride on this wave of change and will keep pace with market changes to adopt flexible sales and pricing strategies. The Group will gear up its efforts in getting new customers, promotion and sales and strive to realize the Group's sales targets. In view of the in-depth adjustment phase of the real estate industry, the Group will explore opportunities to consolidate its investment structure and moderately increase its investments in commercial real estate, so as to maximize the Group's interests.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2015 together with the comparative figures for the previous period.

The interim financial information of the Company for the six months ended 30th June 2015 has been reviewed by the Company's audit committee and the Board.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended	
		30th June	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenues	4	7,506,983	5,769,240
Cost of sales	6	(5,633,686)	(3,951,402)
Gross profit		1,873,297	1,817,838
Fair value gain on investment properties		572,382	436,686
Other income/gains, net	5	159,093	104,622
Selling and marketing expenses	6	(255,987)	(288,208)
General and administrative expenses	6	(611,848)	(587,980)
Finance income	7	59,135	9,279
Finance costs	7	(81,783)	—
Share of (loss)/profit of associates		(86)	144
Share of profit of joint ventures	8	56,906	35,628
Profit before taxation		1,771,109	1,528,009
Taxation	9	(673,329)	(703,677)
Profit for the period		1,097,780	824,332
Attributable to:			
Equity holders of the Company		1,117,050	841,128
Non-controlling interests		(19,270)	(16,796)
		1,097,780	824,332
Earnings per share for profit attributable to equity holders of the Company during the period			
(in HK\$ per share)			
— basic and diluted	10	0.498	0.375

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	1,097,780	824,332
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale financial assets	110,303	162,027
Assets revaluation reserve realised upon disposal of properties held for sale	(162,032)	(11,813)
Deferred tax	49,630	(35,211)
Currency translation differences	19,326	(612,842)
Other comprehensive income/(loss) for the period, net of tax	17,227	(497,839)
Total comprehensive income for the period	1,115,007	326,493
Attributable to:		
Equity holders of the Company	1,133,497	366,050
Non-controlling interests	(18,490)	(39,557)
	1,115,007	326,493

CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30th June 2015	31st December 2014
<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS		
Non-current assets		
Land costs	2,159,760	1,869,029
Prepayments for acquisition of land	134,897	134,852
Prepayments for construction work	1,335,677	1,480,246
Properties and equipment	4,507,405	4,060,382
Investment properties	26,942,342	25,474,413
Goodwill	42,401	42,386
Investments in associates	158,258	158,290
Investments in joint ventures	8,161,763	8,102,176
Available-for-sale financial assets	3,454,178	3,342,755
Deferred tax assets	349,856	341,466
	<u>47,246,537</u>	<u>45,005,995</u>
Current assets		
Prepayments for acquisition of land	10,246,937	10,241,218
Properties under development for sale	51,765,844	50,742,439
Completed properties for sale	27,134,715	28,277,161
Financial assets at fair value through profit or loss	14,884	13,607
Accounts receivable	473,795	385,076
Prepayments, deposits and other current assets	2,534,177	2,300,768
Due from associates	223	223
Due from related companies	4,185	9,984
Pledged/charged bank deposits	987,754	1,223,534
Cash and cash equivalents	4,178,913	5,486,993
	<u>97,341,427</u>	<u>98,681,003</u>
Total assets	<u><u>144,587,964</u></u>	<u><u>143,686,998</u></u>

	<i>Note</i>	As at	
		30th June 2015 <i>HK\$'000</i> (Unaudited)	31st December 2014 <i>HK\$'000</i> (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		224,190	224,392
Reserves	15	<u>56,493,963</u>	<u>55,375,974</u>
		56,718,153	55,600,366
Non-controlling interests		<u>2,366,582</u>	<u>2,385,072</u>
Total equity		<u>59,084,735</u>	<u>57,985,438</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		61,232	61,212
Borrowings	13	36,032,013	36,747,468
Due to non-controlling interests		571,762	571,574
Deferred tax liabilities		<u>5,911,938</u>	<u>5,800,566</u>
		<u>42,576,945</u>	<u>43,180,820</u>
Current liabilities			
Accounts payable	14	8,229,528	8,746,455
Land cost payable		98,800	88,832
Borrowings	13	12,549,401	12,638,362
Deferred revenue		10,328,915	10,290,304
Accruals and other payables		3,141,789	3,184,658
Due to an associate		6,999	6,996
Due to related companies		658,110	88,232
Due to joint ventures		3,658,904	3,112,088
Current tax liabilities		<u>4,253,838</u>	<u>4,364,813</u>
		<u>42,926,284</u>	<u>42,520,740</u>
Total liabilities		<u>85,503,229</u>	<u>85,701,560</u>
Total equity and liabilities		<u>144,587,964</u>	<u>143,686,998</u>
Net current assets		<u>54,415,143</u>	<u>56,160,263</u>
Total assets less current liabilities		<u>101,661,680</u>	<u>101,166,258</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30th June 2015			
	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2015	224,392	55,375,974	2,385,072	57,985,438
Total comprehensive income for the period	—	1,133,497	(18,490)	1,115,007
Transactions with owners:				
Repurchase of own shares	(202)	(15,508)	—	(15,710)
Balance at 30th June 2015	<u>224,190</u>	<u>56,493,963</u>	<u>2,366,582</u>	<u>59,084,735</u>
	Unaudited six months ended 30th June 2014			
	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2014	224,537	52,521,442	2,411,207	55,157,186
Total comprehensive income for the period	—	366,050	(39,557)	326,493
Transactions with owners:				
Repurchase of own shares	(145)	(10,641)	—	(10,786)
Balance at 30th June 2014	<u>224,392</u>	<u>52,876,851</u>	<u>2,371,650</u>	<u>55,472,893</u>

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This unaudited interim financial information is presented in Hong Kong dollars, unless otherwise stated and has been approved for issue by the Board of Directors on 25th August 2015.

(2) BASIS OF PREPARATION

This unaudited interim financial information for the six months ended 30th June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to offset the potential impact on the Group’s business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in global and/or Mainland China economic conditions. The Company’s Directors consider that the Group will be able to maintain sufficient financial resources to meet its needs. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

This unaudited interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2014.

(3) ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31st December 2014, except for the adoption of amendments to the existing accounting standards as described below.

Adoption of amendments to existing standards

In 2015, the Group adopted the following amendments, which are effective for accounting periods beginning on or after 1st January 2015.

HKAS 19 (Amendment)	Defined Benefit Plans — Employee Contributions
Annual improvements 2010–2012 cycle	Improvements to HKFRSs
Annual improvements 2011–2013 cycle	Improvements to HKFRSs

The Group has assessed the impact of the adoption of these amendments and considered that there was no significant impact on the Group's results and financial position.

Standards and Amendments to Existing Standards that are not yet Effective

New Standards and Amendments		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Disclosure Initiative	1st January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1st January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1st January 2016
HKAS 28 and HKFRS 10 (Amendments)	Sale and Contribution of Assets Between an Investor and its Associate or Joint Venture	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
Annual improvements 2012–2014 cycle	Improvements to HKFRSs	1st January 2016

The Group has already commenced an assessment of the impact of these new standards and amendments to existing standards, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

Executive Directors of the Company (the “Executive Directors”) are regarded as the chief operating decision maker of the Group. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, property investment, hotel operations, and property management. Geographically, the reportable business segments are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

The Executive Directors assess the performance of the operating segments based on the segment results. Corporate income/expenses, finance income and dividend income from available-for-sale financial assets are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of land costs, prepayments for construction work, properties and equipment, investment properties, investments in associates, investments in joint ventures, prepayments for acquisition of land, properties under development for sale, completed properties for sale, accounts receivable, prepayments, deposits and other current assets, pledged/charged bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, which are managed on a central basis, and deferred tax assets.

Sales between segments are carried out on terms similar to those that prevail in arm’s length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental, hotel operations and construction services, and property management income.

	Six months ended 30th June	
	2015	2014
	HK\$’000	HK\$’000
Sales of properties	6,635,845	5,014,878
Property management income	396,175	382,918
Income from hotel operations	111,903	128,708
Rental income		
— Investment properties	218,371	143,327
— Others	79,448	76,821
Construction services		
— Decoration	65,241	22,588
	<u>7,506,983</u>	<u>5,769,240</u>

The segment results by business lines and by geographical areas for the six months ended 30th June 2015 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th June 2015											
Total revenues	1,772,788	3,617,799	1,936,398	95,120	84,828	40,695	38,466	6,790	70,725	403,238	8,066,847
Intra/inter-segment revenues	(485,289)	—	(61,162)	(2,272)	—	—	(30)	—	(4,048)	(7,063)	(559,864)
Revenues	<u>1,287,499</u>	<u>3,617,799</u>	<u>1,875,236</u>	<u>92,848</u>	<u>84,828</u>	<u>40,695</u>	<u>38,436</u>	<u>6,790</u>	<u>66,677</u>	<u>396,175</u>	<u>7,506,983</u>
Segment results	<u>352,334</u>	<u>659,467</u>	<u>49,331</u>	<u>348,975</u>	<u>145,457</u>	<u>220,085</u>	<u>4,303</u>	<u>(14,182)</u>	<u>(103,789)</u>	<u>(3,766)</u>	<u>1,658,215</u>
Depreciation	(5,680)	(1,336)	(12,066)	(390)	(58)	(53)	(4,197)	(117)	(56,818)	(1,419)	(82,134)
Amortisation	—	—	—	—	—	—	(9,774)	(13,347)	(3,432)	—	(26,553)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	—	(16,987)	(16,987)
Fair value gain on investment properties	—	—	—	297,681	84,543	190,158	—	—	—	—	572,382
Share of (loss)/profit of associates	(132)	—	46	—	—	—	—	—	—	—	(86)
Share of profit/(loss) of joint ventures	<u>32,293</u>	—	<u>(1,922)</u>	—	—	<u>26,535</u>	—	—	—	—	<u>56,906</u>

The segment results by business lines and by geographical areas for the six months ended 30th June 2014 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th June 2014											
Total revenues	2,431,078	1,103,414	2,349,750	51,750	75,027	20,446	33,335	1,141	95,228	383,695	6,544,864
Intra/inter-segment revenues	(728,157)	—	(41,798)	(2,756)	(1,140)	—	(397)	—	(599)	(777)	(775,624)
Revenues	<u>1,702,921</u>	<u>1,103,414</u>	<u>2,307,952</u>	<u>48,994</u>	<u>73,887</u>	<u>20,446</u>	<u>32,938</u>	<u>1,141</u>	<u>94,629</u>	<u>382,918</u>	<u>5,769,240</u>
Segment results	<u>656,702</u>	<u>59,298</u>	<u>481,465</u>	<u>220,579</u>	<u>68,956</u>	<u>61,074</u>	<u>(9,305)</u>	<u>(18,271)</u>	<u>(106,836)</u>	<u>16,310</u>	<u>1,429,972</u>
Depreciation	(3,184)	(1,514)	(10,055)	(399)	(26)	(11)	(4,061)	(6)	(57,958)	(1,321)	(78,535)
Amortisation	—	—	—	—	—	—	(8,900)	(13,901)	(3,412)	—	(26,213)
Provision for impairment of accounts receivable	—	—	—	—	—	—	—	—	—	(11,388)	(11,388)
Fair value gain on investment properties	—	—	—	424,340	6,299	6,047	—	—	—	—	436,686
Share of (loss)/profit of associates	(141)	—	285	—	—	—	—	—	—	—	144
Share of profit of joint ventures	<u>4,744</u>	—	<u>30,884</u>	—	—	—	—	—	—	—	<u>35,628</u>

The segment assets by business lines and by geographical areas as at 30th June 2015 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the six months ended 30th June 2015	<u>38,162,892</u>	<u>20,525,434</u>	<u>44,627,302</u>	<u>6,438,326</u>	<u>13,542,648</u>	<u>11,119,716</u>	<u>1,101,046</u>	<u>1,594,719</u>	<u>3,216,885</u>	<u>454,962</u>	<u>140,783,930</u>
Segment assets include:											
Investments in associates	2,731	—	155,527	—	—	—	—	—	—	—	158,258
Investments in joint ventures	<u>5,042,196</u>	<u>—</u>	<u>1,197,184</u>	<u>—</u>	<u>—</u>	<u>1,922,383</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,161,763</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>1,470</u>	<u>497</u>	<u>1,049</u>	<u>127,192</u>	<u>571,406</u>	<u>140,689</u>	<u>1,106</u>	<u>77,686</u>	<u>671,759</u>	<u>200</u>	<u>1,593,054</u>

The segment assets by business lines and by geographical areas as at 31st December 2014 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended 31st December 2014	<u>38,037,711</u>	<u>22,519,678</u>	<u>43,763,889</u>	<u>6,238,873</u>	<u>12,995,287</u>	<u>10,873,094</u>	<u>1,125,208</u>	<u>1,524,784</u>	<u>2,534,864</u>	<u>389,389</u>	<u>140,002,777</u>
Segment assets include:											
Investments in associates	2,862	—	155,428	—	—	—	—	—	—	—	158,290
Investments in joint ventures	<u>5,008,246</u>	<u>—</u>	<u>1,198,712</u>	<u>—</u>	<u>—</u>	<u>1,895,218</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,102,176</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>2,441,982</u>	<u>7,106</u>	<u>13,118</u>	<u>146,511</u>	<u>1,032,343</u>	<u>477,685</u>	<u>33,830</u>	<u>263,867</u>	<u>57,112</u>	<u>3,437</u>	<u>4,476,991</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	Six months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reportable segment profit from operations	1,658,215	1,429,972
Unallocated corporate expenses (including exchange loss), net	(55,862)	(82,345)
Dividend income from available-for-sale financial assets (unlisted securities)	191,404	171,103
Finance income	59,135	9,279
Finance costs	(81,783)	—
	<hr/>	<hr/>
Profit before taxation	<u>1,771,109</u>	<u>1,528,009</u>

Reconciliation of reportable segment assets to total assets is as follows:

	As at	
	30th June	31st December
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Total segment assets	140,783,930	140,002,777
Available-for-sale financial assets	3,454,178	3,342,755
Deferred tax assets	349,856	341,466
	<hr/>	<hr/>
Total assets	<u>144,587,964</u>	<u>143,686,998</u>

The Group primarily operates in Mainland China. All revenues for the six months ended 30th June 2015 and 2014 are from Mainland China.

As at 30th June 2015 and 31st December 2014, all non-current assets are located in Mainland China.

(5) OTHER INCOME/GAINS, NET

	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend income from		
— available-for-sale financial assets (unlisted securities)	191,404	171,103
— financial assets at fair value through profit or loss (listed securities)	—	206
Government grants	1,702	696
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,276	(765)
Excess of the fair value of net assets of a subsidiary acquired over acquisition costs	3,025	—
Net exchange loss	(38,314)	(66,618)
	<u>159,093</u>	<u>104,622</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Advertising and promotion costs	105,072	178,499
Amortisation of land costs	26,553	26,213
Cost of completed properties sold	5,029,519	3,410,190
Depreciation of properties and equipment	82,134	78,535
Direct operating expenses arising from investment properties that		
— generated rental income	60,953	31,814
— did not generate rental income	8,684	27,201
Employees' benefits costs (including Directors' emoluments)	472,889	418,865
Loss on disposals of properties and equipment	1,852	97
Operating lease rental in respect of premises	22,022	19,477
Provision for impairment of accounts receivable	16,987	11,388

(7) FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense and other borrowing costs:		
— loans from banks and financial institutions wholly repayable within five years	1,684,252	1,483,781
— loans from banks and financial institutions not wholly repayable within five years	131,513	19,996
— senior notes wholly repayable within five years	214,947	262,189
	<u>2,030,712</u>	<u>1,765,966</u>
Total borrowing costs incurred	2,030,712	1,765,966
Less: Amount capitalised as part of the cost of properties under development	<u>(2,030,712)</u>	<u>(1,765,966)</u>
	—	—
Costs on early redemption of senior notes (Note 13)	81,783	—
Interest income from banks and a joint venture	<u>(59,135)</u>	<u>(9,279)</u>
	—	—
Net finance costs/(income)	<u>22,648</u>	<u>(9,279)</u>

The weighted average interest rate of borrowing costs capitalised for the six months ended 30th June 2015 was approximately 7.6% (2014: 7.9%) per annum.

(8) SHARE OF PROFIT OF JOINT VENTURES

For the six months ended 30th June 2015, the amount included the share of fair value gain, net of tax, on the investment properties of a joint venture located in Beijing, amounting to approximately HK\$1,334,000 (2014: HK\$5,064,000).

(9) TAXATION

	Six months ended 30th June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	164	—
Mainland China corporate income tax	226,265	201,859
Mainland China land appreciation tax	335,603	332,128
Mainland China withholding income tax	22,388	147,641
	<u>584,420</u>	<u>681,628</u>
Deferred tax		
Mainland China corporate income tax	116,541	33,356
Mainland China land appreciation tax	(28,863)	(12,851)
Mainland China withholding income tax	1,231	1,544
	<u>88,909</u>	<u>22,049</u>
	<u>673,329</u>	<u>703,677</u>

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profit for the six months ended 30th June 2015. No Hong Kong profits tax was provided for the six months ended 30th June 2014.

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the six months ended 30th June 2015 (2014: 25%).

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

Dividend distribution made by Mainland China subsidiaries and joint ventures to shareholders outside of Mainland China in respect of their profits earned after 1st January 2008 is subject to withholding income tax at tax rates of 5% or 10%, where applicable.

(10) EARNINGS PER SHARE

Basic

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

	Six months ended 30th June	
	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>1,117,050</u>	<u>841,128</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,243,155</u>	<u>2,244,340</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>0.498</u>	<u>0.375</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30th June 2015 and 30th June 2014, diluted earnings per share is equal to basic earnings per share.

(11) DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend in respect of the six months ended 30th June 2015 and 30th June 2014.

(12) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable is as follows:

	As at	
	30th June	31st December
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 to 3 months	206,676	139,793
3 to 6 months	39,332	16,848
6 to 9 months	18,266	20,024
9 to 12 months	12,380	22,326
Over 12 months	197,141	186,085
	<u>473,795</u>	<u>385,076</u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable relate to a number of independent customers, and are denominated in Renminbi.

(13) BORROWINGS

	As at	
	30th June 2015 HK\$'000 (Unaudited)	31st December 2014 HK\$'000 (Audited)
Non-current		
Bank and financial institution borrowings	33,734,803	32,140,081
Senior notes	2,297,210	4,607,387
	<u>36,032,013</u>	<u>36,747,468</u>
Current		
Bank and financial institution borrowings	12,549,401	12,638,362
	<u>48,581,414</u>	<u>49,385,830</u>

Notes:

- (a) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) (the “2016 Notes”) for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

In May 2015, the Company redeemed all the outstanding 2016 Notes at 102.9375% of the principal amount of US\$300,000,000 (equivalent to approximately HK\$2,326,999,000) according to the mechanism specified in the offering circular, plus accrued and unpaid interest to the redemption date. The redemption amount included a premium of US\$8,813,000 (equivalent to approximately HK\$68,359,000). The redemption premium together with the unamortised borrowing costs totalling HK\$81,783,000 were charged to the condensed consolidated income statement during the six months ended 30th June 2015.

- (b) In January 2013, the Company issued 9.875% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,327,000,000) for a total consideration of approximately HK\$2,327,000,000. The senior notes mature in five years (January 2018) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

(14) ACCOUNTS PAYABLE

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	As at	
	30th June 2015 HK\$'000 (Unaudited)	31st December 2014 HK\$'000 (Audited)
0 to 3 months	1,040,001	2,659,465
3 to 6 months	1,026,549	888,366
6 to 9 months	1,658,799	1,092,323
9 to 12 months	551,789	556,557
Over 12 months	3,952,390	3,549,744
	<u>8,229,528</u>	<u>8,746,455</u>

As at 30th June 2015, approximately HK\$670,955,000 (31st December 2014: HK\$707,658,000) of accounts payable were due to certain related companies in respect of property construction.

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

(15) RESERVES

For the six months ended 30th June 2015

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2015	15,931,098	161,117	1,282,475	6,612,411	31,388,873	55,375,974
Profit for the period	—	—	—	—	1,117,050	1,117,050
Currency translation differences	—	—	—	18,546	—	18,546
Repurchase of own shares	(14,327)	—	—	—	(1,181)	(15,508)
Fair value gain on available-for-sale financial assets	—	—	110,303	—	—	110,303
Realised upon disposal of properties held for sale	—	—	(162,032)	—	—	(162,032)
Deferred tax	—	—	49,630	—	—	49,630
Balance at 30th June 2015	<u>15,916,771</u>	<u>161,117</u>	<u>1,280,376</u>	<u>6,630,957</u>	<u>32,504,742</u>	<u>56,493,963</u>

For the six months ended 30th June 2014

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2014	15,941,244	161,117	1,072,634	6,904,380	28,442,067	52,521,442
Profit for the period	—	—	—	—	841,128	841,128
Currency translation differences	—	—	—	(590,081)	—	(590,081)
Repurchase of own shares	(10,146)	—	—	—	(495)	(10,641)
Fair value gain on available-for-sale financial assets	—	—	162,027	—	—	162,027
Realised upon disposal of properties held for sale	—	—	(11,813)	—	—	(11,813)
Deferred tax	—	—	(35,211)	—	—	(35,211)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 30th June 2014	<u>15,931,098</u>	<u>161,117</u>	<u>1,187,637</u>	<u>6,314,299</u>	<u>29,282,700</u>	<u>52,876,851</u>

DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend in respect of the six months ended 30th June 2015 and 30th June 2014.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

For the first six months of 2015, the Group recorded a turnover of HK\$7,507 million, up 30% comparing to HK\$5,769 million of 2014, with a total GFA of 339,989 square metres (2014: 274,899 square metres). The major projects delivered include Hopson Times Garden (合生前灘一號) and The Town of Hangzhou Bay (合生杭州灣國際新城) in Shanghai, Hopson Regal Riviera (合生珠江帝景) in Guangzhou, Hopson Belvedere Bay (天津合生君景灣) in Tianjin and Hopson Dreams World (合生世界村) in Beijing.

The overall average selling price in respect of delivered and completed properties increased by 7% to RMB15,361 per square metre (2014: RMB14,346 per square metre). In summary, it was mainly affected by the change in delivered projects and product mixture.

In Beijing, the overall average selling price for the first half of 2015 decreased to RMB14,806 per square metre (2014: RMB17,967 per square metre). The decrease in average selling price was mainly due to the decrease in proportion of recognised sales of high-end projects such as Hopson No. 8 Royal Park (合生霄雲路8號) and the increase in proportion of projects with a relatively lower selling price such as Hopson Dreams World (合生世界村) in Beijing during the period.

In Shanghai, the overall average selling price for the first half of 2015 increased to RMB14,926 per square metre (2014: RMB12,055 per square metre) due to a higher number of units delivered under Hopson Times Garden (合生前灘一號), a project fetching relatively higher prices.

In Guangzhou, the overall average selling price for the first half of 2015 increased to RMB25,350 per square metre (2014: RMB9,721 per square metre) due to the fact that the major project delivered during the first half of the year was Hopson Regal Riviera (合生珠江帝景), a project with relatively higher prices, while the major project delivered in the same period of last year was Hopson Belvedere Bay (佛山南海合生君景灣), a project with relatively lower prices.

In Huizhou, the overall average selling price for the first half of 2015 decreased to RMB7,366 per square metre (2014: RMB14,306 per square metre) due to the fact that, while products launched under Hopson Regal Bay (合生帝景灣) in the same period of last year were mainly premium river-view rooms, those introduced during the period were mainly parking spaces.

(ii) Contracted Sales

The Group recorded a total of RMB5,502 million contracted sales (2014: RMB1,815 million) for the first six months of 2015. Affected by the structure of products sold, the average contracted selling price decreased by 13% to RMB12,093 per square metre (2014: RMB13,826 per square metre).

Nineteen property projects in total were on sale in Guangzhou and Huizhou and the contracted sales amounted to RMB2,972 million in the first half of 2015, representing 54% of the total contracted sales of the Group. The major projects were Hopson Regal Riviera (合生珠江帝景), Hopson Belvedere Bay (佛山南海合生君景灣) and Hopson Hushan Guoji Villa (合生湖山國際).

There were eight property projects on sale in Shanghai, mainly comprising Hopson Times Garden (合生前灘一號) and Hopson International City (合生國際城). Contracted sales of Shanghai amounted to RMB1,270 million, representing 23% of the total contracted sales of the Group.

The combined contracted sales of Beijing and Tianjin were RMB1,260 million, representing 23% of the total contracted sales of the Group in the first half of 2015. Eight projects in total were on sale in Beijing and Tianjin, of which Hopson Regal Park (合生濱江帝景) and Jingjin New Town (京津新城) were the major sales contributors.

Gross Profit

Gross profit for the first half of 2015 amounted to HK\$1,873 million (2014: HK\$1,818 million) with a gross profit margin percentage of 25% (2014: 32%). The decrease in gross profit margin percentage was mainly attributable to the fact that a larger proportion of regular demand products, which have lower profit margins, were delivered during the period.

Other Income/Gains, Net

Other income/gains for the six months ended 30th June 2015 amounted to HK\$159.1 million (2014: HK\$104.6 million), comprising (1) dividend income of HK\$191.4 million from investment in unlisted securities; (2) grants totalling HK\$1.7 million from government authorities in Mainland China; (3) fair value gain of HK\$1.3 million from listed securities; (4) an excess of HK\$3 million from fair value of net assets of a subsidiary acquired over acquisition cost; and (5) net exchange loss of HK\$38.3 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration decreased by 1% to HK\$868 million in the first half of 2015 (2014: HK\$876 million). The operating costs in the first half of the year remained stable as compared with the same period of last year.

Finance Costs

Gross interest expenses before capitalisation for the first half of 2015 increased to HK\$2,031 million (2014: HK\$1,766 million), up HK\$265 million or 15%. The increase was primarily attributable to the increase in average amount of bank and financial institution borrowings during the first half of 2015. The effective interest rate in respect of the Group's borrowings was approximately 7.6% per annum (2014: 7.9%).

Share of Profit of Joint Ventures

Share of profit of joint ventures represented the Group's share of profit of HK\$57 million from three joint ventures located in Beijing and Guangzhou.

Taxation

The effective tax rate was 38% for the first half of 2015, down 8% as compared with that of the same period of last year. The decrease in effective tax rate was mainly due to lower distributed dividends received by the Group's Hong Kong companies from companies in Mainland China as compared to that of the same period last year, thereby leading to a decline in the withholding income tax from dividend income.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$1,117 million for the first half of 2015 (2014: HK\$841 million). Basic earnings per share was HK\$0.498. Excluding the effect of the net of tax gain from investment property revaluation of HK\$430 million, the net of tax gain from investment property revaluation of a joint venture of HK\$1 million, costs on early redemption of senior notes of HK\$82 million and an excess of HK\$3 million from fair value of net assets of a subsidiary acquired over acquisition cost, underlying profit for the period under review was HK\$765 million, representing an increase of HK\$256 million, or 50%, as compared with that of the corresponding period in the prior year. The overall increase of the underlying profit for the period was mainly attributable to the increase in gross profit and finance income.

Segment Information

Property development continued to be the Group's core business activity (88%). In 2015, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) contributed 50% to the total revenues of the Group, followed by Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) (29%) and Southern China (including Guangzhou, Huizhou and Zhongshan) (21%).

Financial Position

As at 30th June 2015, total assets of the Group amounted to HK\$144,588 million and total liabilities came to HK\$85,503 million, representing an increase of 0.6% and a decrease of 0.2% respectively as compared to 31st December 2014. The increase in total assets was mainly attributable to the combined effect of (1) the increase in investment properties; (2) the increase in properties and equipment; (3) the increase in land costs; and (4) the decrease in cash and cash equivalents. The slight decline in total liabilities was mainly attributable to the combined effect of (1) the decrease in accounts payable; and (2) the decrease in accruals and other payables.

The Group's current ratio as at 30th June 2015 was 2.27 (31st December 2014: 2.32). Equity as at 30th June 2015 increased 2% to HK\$59,085 million from 31st December 2014, mainly due to the increase in profit attributable to equity holders during the year. The net-asset-value ("NAV") per share as at 30th June 2015 was HK\$26.35.

Liquidity and Financial Position

As at 30th June 2015, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 59% (31st December 2014: 60%). The net-debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 73% (31st December 2014: 74%).

As at 30th June 2015, the Group had cash and short-term bank deposits amounting to HK\$5,167 million (31st December 2014: HK\$6,711 million), of which approximately HK\$3 million (31st December 2014: HK\$3 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 97.28% of the cash and bank deposits were denominated in Renminbi, 1.42% in Hong Kong dollars and 1.30% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$46,284 million as at 30th June 2015, representing an increase of 3% or HK\$1,506 million as compared to those as at 31st December 2014. Gearing ratio, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 73% as at 30 June 2015, which is comparable to that as at 31st December 2014.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2018 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 87% and 4% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 30th June 2015 was as follows:

	As at 30th June 2015				As at 31st December 2014					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	
(HK\$ million)										
1 year	12,549	—	4,324	16,873	(32%)	12,638	—	3,207	15,845	(30%)
1–2 year	11,692	—	—	11,692	(22%)	11,790	2,313	—	14,103	(27%)
2–5 year	15,897	2,297	—	18,194	(34%)	12,899	2,294	—	15,193	(29%)
After 5 year	6,146	—	—	6,146	(12%)	7,451	—	—	7,451	(14%)
Total	46,284	2,297	4,324	52,905		44,778	4,607	3,207	52,592	
Less: Cash and bank deposits				(5,167)					(6,711)	
Net borrowings				<u>47,738</u>					<u>45,881</u>	

As at 30th June 2015, the Group had banking facilities of approximately HK\$64,843 million (31st December 2014: HK\$66,160 million) for short-term and long-term bank loans, of which HK\$18,559 million (31st December 2014: HK\$21,382 million) were unutilised.

Charge on Assets

As at 30th June 2015, certain assets of the Group with an aggregate carrying value of HK\$44,287 million (31st December 2014: HK\$40,084 million) and the Group's equity interests in subsidiaries of HK\$451 million (31st December 2014: HK\$439 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 30th June 2015, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,811 million (31st December 2014: HK\$10,083 million).

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the six months ended 30th June 2015.

EMPLOYEES

As at 30th June 2015, the Group, excluding its associates and joint ventures, employed a total of 8,414 (as at 31st December 2014: 9,176) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$473 million for the six months ended 30th June 2015 (2014: HK\$419 million). The remuneration policies remained the same as disclosed in the Annual Report for the year ended 31st December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30th June 2015.

CORPORATE GOVERNANCE

During the six months ended 30th June 2015, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“CG Code”) contained in Appendix 14 of the Listing Rules except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the independent non-executive Directors is appointed for specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company’s Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board of Directors did not attend the annual general meeting for the year 2015 due to other business commitment.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30th June 2015, the Company repurchased a total of 2,018,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
April 2015	<u>2,018,000</u>	<u>8.00</u>	<u>7.63</u>	<u>15,661,080</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$15,508,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 13th June 2014, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 5th May 2015, the Company redeemed all the outstanding 11.75% senior notes due 2016 with an aggregate principal amount of US\$300,000,000. The redemption price for the notes is 102.9375% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. All redeemed notes were cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2015.

Subsequent to 30th June 2015, the Company repurchased a total of 7,780,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
July 2015	<u>7,780,000</u>	<u>7.57</u>	<u>5.67</u>	<u>51,659,220</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$51,041,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 12th June 2015, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30th June 2015.

INTERIM REPORT

The 2015 interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson>.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the period under review the amount of public float as required under the Listing Rules.

DIRECTORS

As at the date of this announcement, the Board comprises nine directors. The executive directors are Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive directors are Mr. Lee Tsung Hei, David, Mr. Tan Leng Cheng, Aaron and Mr. Ching Yu Lung.

By order of the Board
Hopson Development Holdings Limited
Chu Mang Yee
Chairman

Hong Kong, 25th August 2015