

Hysan Development Company Limited

Interim Report 2015



VISION

To be the PREMIER property company that is superior to its peers in its market of choice.

MISSION

Provide our stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.

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Highlights

- **Turnover up 7.4% year-on-year; Recurring Underlying Profit up 7.5%**
- **Strong occupancy across our portfolio (Retail: 98%; Office: fully let; Residential: 95%)**
- **Steady performance expected for full year: majority of 2015 expiring commercial leases already committed**

RESULTS

	Notes	Six months ended 30 June		Change
		2015 HK\$ million	2014 HK\$ million	
Turnover	1	1,714	1,596	+7.4%
Recurring Underlying Profit	2	1,163	1,082	+7.5%
Underlying Profit	3	1,163	1,082	+7.5%
Reported Profit	4	2,289	2,888	-20.7%
		HK cents	HK cents	
Earnings per share, based on:				
Recurring Underlying Profit	2	109.32	101.72	+7.5%
Underlying Profit	3	109.32	101.72	+7.5%
Reported Profit	4	215.15	271.51	-20.8%
First interim dividend per share		25.00	23.00	+8.7%
		At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million	
Shareholders' Funds	5	68,230	67,040	+1.8%
		HK\$	HK\$	
Net Asset Value per Share	6	64.13	63.02	+1.8%

Notes:

1. **Turnover** comprises rental income and management fee income derived from the Group's investment property portfolio in Hong Kong.
2. **Recurring Underlying Profit** is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets).
3. **Underlying Profit** is arrived at by excluding from Reported Profit unrealised fair value changes on investment properties. As a property investor, the Group's results are principally derived from the rental revenues on its investment properties. The inclusion of the unrealised fair value changes on investment properties in the consolidated income statement causes an increase in fluctuation in earnings and poses limitations on the use of the unadjusted earning figures, financial ratios, trends and comparison against prior period(s). Accordingly, unrealised fair value changes on investment properties are excluded in arriving at the Underlying Profit.
4. **Reported Profit** is the profit attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.
5. **Shareholders' Funds** is the equity attributable to owners of the Company.
6. **Net Asset Value per Share** represents Shareholders' Funds divided by the number of issued shares at interim period end/year-end.

Chairman's Statement

Overview

Hong Kong's economy expanded by 2.1% year-on-year in the first quarter of 2015, moderating from 2.5% in 2014. There was slower growth in tourist arrivals and weaker tourist spending. Labour market conditions, however, remain tight. Exports also recorded a mild increase. For 2015 as a whole, the economy is forecast by the government to grow by 1-3%.

In this context, the value of Hong Kong retail sales dropped 1.6% year-on-year in the first six months of 2015. This has translated into an increased number of empty street-front shops, many of them former luxury watch and jewellery stores, in some of Hong Kong's busiest shopping areas, including Causeway Bay.

Locations with proven shoppers' traffic that have a bustling and unique surrounding atmosphere have become more sought after as retailers compete in an increasingly challenging market.

Hysan has always strived to work closely with and provide support as well as add value to our tenants, especially when shop owners are weathering market uncertainty. At Hysan's portfolio in the first half of 2015, we hosted a number of high-profile customer engagement activities and experiences, including a successful dining programme in May in partnership with our food and beverage tenants and shoppers with HSBC credit cards. We also unveiled *Leeisure* rewards for shoppers, complemented by the inaugural *Leeisure* electronic and print magazines. There were *Kidz Connect* and *Green Wonders* programmes which attracted families to play, learn and shop. These initiatives help to enhance our malls' attractiveness and improve shoppers' flow, thereby channeling more business to our tenants.

Hysan also continued to strengthen other aspects of our business in order to provide our tenants, shoppers and visitors with unique and satisfying experiences ("U.S.E."). We have a good base to build on, as our Lee Gardens commercial property portfolio is clustered in hubs in iconic Causeway Bay, home to a vast array of shops, restaurants, cafes, bars, cinemas and social clubs. In recent years, we have added a number of carefully curated office, retail and leisure destinations, reconfigured and enhanced our existing commercial spaces, as well as improved the feel of the surrounding environment. Together with the excellent transport links to different parts of the city, these elements ensure shoppers and workers continue to favour Lee Gardens as a preferred destination, thus underpinning our tenants' business.

Our iconic, well-recognised and quality **LEEGARDENS** brand is powered by our ownership cluster. This area concentration magnifies our ability to extract synergies amongst our retail, food and beverage and office tenant mix. It also supports our active marketing and events programmes to reinforce our brand, build our customer loyalty programme, create a sense of community and ensure awareness as a must-visit destination. Our cluster also enables us to create distinctive retail and leisure hubs where we can clearly target consumers and drive shopping traffic more effectively. Our active refurbishment and reconfiguration programmes reflect our holistic approach to the Lee Gardens. This long-term vision has helped maintain a strong tenancy demand, an improved and broadened tenancy mix, active stakeholder engagement, and most of all, a well-regarded and sustainable brand.

To further emphasise our brand and highlight Lee Gardens' heritage and distinct character, all buildings on the eastern half of Hysan's property portfolio in Causeway Bay have been renamed under the LEE GARDENS brand name from 1 June. We are proud of our long history and we understand our tenants also wish to be more closely associated with this brand.

Hong Kong's office leasing market has seen improved demand for premium spaces. This could be attributed to, among other reasons, increased demand from local and mainland securities and financial companies riding on the Shanghai-Hong Kong stock connect scheme. This is further supported by a generally limited supply in the Grade "A" office leasing market. Our office portfolio maintained a strong occupancy with tenants representing financial and a variety of other industries. Our tenants want to benefit from our Causeway Bay portfolio's facilities, full-range of spaces with different price points, as well as excellent surrounding amenities.

We are progressing well in our Lee Garden One office lobby renovations, and are in the process of securing a BEAM Plus green building pre-certification for the same building. Lee Garden Three, formerly known as the Sunning redevelopment project, is also well on target for its scheduled completion in 2018.

As part of our ongoing plans to enhance the value of our assets, we are also making plans to renovate one block of our Bamboo Grove residential project starting from the fourth quarter of 2015.

Results

The Group's turnover for the 2015 interim period was HK\$1,714 million, up 7.4% from the same period in 2014 (2014: HK\$1,596 million). As at 30 June 2015, our retail portfolio occupancy was 98%, while the office portfolio was full, and residential portfolio was at 95%.

Recurring Underlying Profit, the key measurement of our core leasing business performance, was up 7.5% to HK\$1,163 million (2014: HK\$1,082 million). This reflected the increase in revenue across our portfolio. Our Underlying Profit, which excludes unrealised changes in fair value of investment properties, was also HK\$1,163 million (2014: HK\$1,082 million). Our Reported Profit for the 2015 interim period was HK\$2,289 million (2014: HK\$2,888 million), reflecting a smaller fair value gain on investment properties valuation recorded in this period.

As at 30 June 2015, the external valuation of the Group's investment property portfolio increased by 1.9% to HK\$70,023 million (31 December 2014: HK\$68,735 million), reflecting improved rentals for our portfolio. The fair value gain was, however, smaller when compared with that recorded in the same period in 2014. Shareholders' Funds rose by 1.8% to HK\$68,230 million (31 December 2014: HK\$67,040 million).

Dividends

The Board of Directors has declared a first interim dividend of HK25 cents per share (2014: HK23 cents). The dividend will be payable in cash.

Outlook

Hysan maintains a balanced commercial property portfolio with quality retail as well as office offerings. A majority of our commercial leases expiring in 2015 have been committed, and the Group expects a steady performance for the rest of the year, while being in a good position to explore further investment opportunities.

As for the macro picture, we believe that in the longer term, Hong Kong's office leasing will continue to benefit from China's financial market liberalisation resulting in strong office space demand. China's GDP growth should ensure its middle class will continue to expand, and with it, greater consumption power. The retail market is also underpinned by solid local support and demand. Furthermore, as retailers and landlords adapt to the changes in the shopping patterns, including that of the rising prominence of e-commerce, we are confident that the retail sector will be able to weather the market volatility.

Irene Yun Lien LEE

Chairman

Hong Kong, 5 August 2015

Management's Discussion and Analysis

Review of Operations

The Group's turnover for the first half of 2015 was HK\$1,714 million, representing a steady growth of 7.4% year-on-year (2014: HK\$1,596 million).

Retail Portfolio

The Group's retail portfolio turnover grew 6.4% to HK\$950 million (2014: HK\$893 million), including turnover rent of HK\$50 million (2014: HK\$60 million). Our results reflected positive rental reversions in rental renewals, reviews and new lettings across the portfolio, with an average rental increase of around 35%. They also highlighted our strategy to increase the base rent while shifting the focus away from turnover rent. Around 80% of retail leases expiring in 2015 have already been committed.

The portfolio was 98% occupied as at 30 June 2015 (31 December 2014: fully let).

The three different hubs within our Hysan Retail Triangle continued to draw in shoppers who enjoy our offerings from a range of styles and price points. Visitors' traffic to our portfolio saw growth of around 14%, 17% and 7% respectively during the Chinese New Year, Easter, and May 1 holidays, as compared to the same periods the previous year. The customers experienced our efforts to provide original and engaging activities and events, which aimed to build loyalty and also to attract new shoppers. It is also important for the foot traffic to translate into satisfactory sales. The estimated overall tenant sales increase within Hysan's retail portfolio was around 40% in the first half of the year, as compared to the first half of 2014.

Hysan Place, our hub for the younger, fashion-forward crowd, achieved around 80% growth in estimated tenant sales. This reflected its attractive retail offerings, including some extremely popular digital products. We have been further refining our tenant mix and focusing on more unisex sports and leisure offerings, which match Hong Kong's growing demand for a healthier lifestyle. lululemon, the trend-setting yoga apparel brand, for example, is opening its largest Hong Kong store on the first floor. Another popular sector is cosmetics, and DFS T-Galleria has revamped an entire floor to showcase its beauty offerings with a brand new experiential format and expanded product categories, including popular Korean brands.

The premium Lee Gardens hub experienced a drop in estimated tenant sales when compared to the first half of last year. The sales there were inevitably affected by the slowing down in tourist spending, but they were also partially attributable to the life cycle and distribution strategy of certain brands. Newcomers including Roger Vivier and Dolce and Gabbana Junior helped reinforce both our adult and children's offerings, and reflected the ongoing demand for quality space by major brands at the Lee Gardens. The hub's food and beverage outlets, from traditional Chinese to trendy Asian and Michelin-starred French cuisines, experienced double-digit percentage growth in sales.

Lee Theatre hub, the urban fashion and lifestyle destination, continued to perform well with around 10% growth in estimated tenant sales, as compared to the first half of 2014. The flagship stores at the lower levels of Lee Theatre Plaza, including Uniqlo, Muji and Aland, are very popular with shopping families, and these shoppers also make good use of the food and beverage outlets on the upper floors of this Causeway Bay landmark. Our curation of the Leighton Centre ground level as a "sports-themed street" has also been successful in creating a new home for sporty apparel and footwear, such as adidas Originals, Asics and Onitsuka Tiger.

Office Portfolio

Hysan's office portfolio turnover increased 10.2% during the interim period to HK\$618 million (2014: HK\$561 million). There were positive rental reversions on renewals, reviews and new lettings, with an average rental increase of around 30%. A majority of office leases expiring in 2015 have already been committed.

The office portfolio was fully let as at 30 June 2015 (31 December 2014: 98%).

Office space vacancies have tightened in Central due to strong demand from Mainland Chinese firms, in particular financial institutions. Being a credible alternative to Central and Admiralty as a premium office address, Hysan's Causeway Bay portfolio is attracting local and overseas companies keen to maximise both office space efficiency and effectiveness, as well as to reap the most from our district's work-life integration advantages. The latter reason has attracted a number of technology and financial companies that thrive on Causeway Bay's inspirational setting and locational convenience.

We maintained a balanced tenant mix, with the top four industries being insurance, professional and consulting, high-end retailers and banking and finance. They represented 54% of our office lettable floor area. No category took up more than 20% of the total lettable area.

Residential Portfolio

The Group's residential portfolio, consisting of Bamboo Grove on Kennedy Road recorded a 2.8% turnover increase to HK\$146 million (2014: HK\$142 million). With a general improvement in demand for quality properties for rentals, there were mild positive rental reversions on renewals, reviews and new lettings at Bamboo Grove, as compared to the same period in 2014.

The residential occupancy was 95% as at 30 June 2015 (31 December 2014: 97%).

To help enhance the value of Bamboo Grove, we decided to renovate Block 74 of the project. In the meantime, we are continuing to strengthen our marketing efforts and tenant engagement to ensure Bamboo Grove provides the best international living experience for our residential tenants.

Lee Garden Three Project

Formerly known as the Sunning Plaza and Sunning Court redevelopment project, Lee Garden Three continued with its strutting, excavation and other foundation works throughout the first half of 2015. This part of the project is scheduled for completion in early 2016, and the entire project's completion date is around 2018. We are finalising the building's design, which will see a five-level retail podium, and 20 floors of offices. In addition, there will be five levels of basement, including four levels for parking.

Lee Garden One Asset Enhancement Project

The Lee Garden One ground floor lobby and higher floors retail space enhancement project is making good progress. The project will improve office and retail area accessibility, and will create new shop spaces. The first phase construction work, revamping the G/F lobby and adding elevators, was completed on 28 July 2015 as scheduled. The entire project is scheduled to be completed in the second half of 2016.

Financial Review

A review of the Group's operations is featured in the preceding section. This section deals with other significant financial matters.

Operating Costs

The Group's operating costs are generally classified as property expenses and administrative expenses.

Property expenses increased by 5.1% to HK\$187 million (2014: HK\$178 million), mainly due to higher marketing expenses to enhance shopping attractions. These were partially offset by a reduction in agency fees as occupancy and direct marketing further improved. Although property expenses increased in 2015, the property expenses to turnover ratio slightly improved from 11.2% to 10.9% as compared to the same period in 2014.

Administrative expenses rose by 6.4% to HK\$117 million (2014: HK\$110 million) in the first half of 2015. This reflected human resources upskilling and the filling of previously vacant positions, as well as salary increment.

Finance Costs

Finance costs reduced by 8.7% to HK\$105 million (2014: HK\$115 million) in the first half of 2015. The decrease was attributable to the lower average debt level in 2015 as compared to the same period in 2014 after repayment of HK\$1,232 million floating rate debts since the end of June 2014.

As these floating rate debts carried lower finance costs compared with fixed rate debts, the Group's average costs of finance for the interim period were 3.3%, slightly higher than 3.1% reported for both the first half of 2014 and 2014 full-year.

Revaluation of Investment Properties

As at 30 June 2015, the investment properties of the Group were revalued at HK\$70,023 million (31 December 2014: HK\$68,735 million) by an independent professional valuer. Fair value gain on investment properties (excluding capital expenditure spent on the Group's investment properties) of HK\$1,160 million (2014: HK\$1,945 million) was recognised in the condensed consolidated income statement during the interim period.

Investments in Associates

The Group's share of results of associates increased by 5.5% to HK\$134 million (2014: HK\$127 million), primarily due to the increase in year-on-year revaluation gain on the Shanghai Grand Gateway project, of which the Group owns 24.7%, as compared to the same period in 2014. The Shanghai Grand Gateway project continued to deliver a good performance in 2015. The Group's share of results, excluding revaluation gains on investment properties held by the associate, recorded a 3.3% increase year-on-year.

Other Investments

In addition to placing surplus funds as time deposits in banks with strong credit ratings, the Group also invested in investment grade debt securities. This helped to preserve the Group's liquidity and to enhance interest yields.

Investment income, comprising mainly of interest income, amounted to HK\$34 million (2014: HK\$27 million) in the first half of 2015. This principally reflected smaller exchange losses arising from time deposits and term notes denominated in Renminbi, as compared to the same period in 2014.

Capital Expenditure

The Group is committed to enhancing the asset value of its investment property portfolio through selective enhancement and redevelopment. Total cash outlay of capital expenditure on these activities amounted to HK\$164 million during the interim period (2014: HK\$176 million).

Treasury Policy

Liquidity Management

With loan repayment amounting to HK\$632 million during the interim period, the Group's total gross debt¹ level as at 30 June 2015 was reduced to HK\$5,825 million (31 December 2014: HK\$6,457 million).

The Group's average debt maturity was maintained at 5.7 years as at 30 June 2015 (31 December 2014: 5.6 years), with HK\$1,200 million being repayable within one year, HK\$450 million being repayable in more than two years but not exceeding five years, and HK\$4,175 million being repayable beyond five years. (31 December 2014: HK\$1,581 million being repayable within one year, HK\$250 million being repayable in more than one year but not exceeding two years, HK\$450 million being repayable in more than two years but not exceeding five years, and HK\$4,176 million being repayable beyond five years). As at 30 June 2015, bank loans accounted for approximately 13.7% of the Group's total gross debt, with the remaining 86.3% from capital market financing (31 December 2014: 17.0%: 83.0%).

To maintain sufficient liquidity for the Group's operations, the Group had undrawn committed facilities of HK\$1,000 million as at 30 June 2015 (31 December 2014: HK\$1,200 million). All of the Group's debts are unsecured and on a committed basis.

Interest Rate Management

Interest expenses represent a key cost driver of the Group's business. Therefore, the Group monitors its interest rate exposure closely and adopts an appropriate hedging strategy in light of market conditions. As at 30 June 2015, the fixed rate debt ratio was approximately 81.1% of the total gross debt (31 December 2014: 76.3%).

¹ The gross debt represents the contractual principal payment obligations as at 30 June 2015. However, in accordance with the Group's accounting policies, the debt is measured at amortised cost, using the effective interest method. Also, if the Group designates certain derivatives as hedging instruments (i.e. interest rate swaps) for fair value hedge, the net cumulative gains/losses attributable to the hedged interest rate risk of the hedged items (i.e. fixed rate notes) are adjusted to the hedged items. Therefore, as disclosed in the condensed consolidated statement of financial position as at 30 June 2015, the book value of the outstanding debt of the Group was HK\$5,810 million (31 December 2014: HK\$6,447 million).

Foreign Exchange Management

The Group aims to have minimal foreign currency exposure when managing its liabilities. On the liability side, with the exception of the US\$300 million fixed rate notes (which have been hedged into Hong Kong dollars by appropriate hedging instruments), all of the Group's other borrowings were denominated in Hong Kong dollars.

On the investment side, the Group closely monitors its foreign currency exposure to ensure it falls within the internal limits. The Group only has exposures in USD and RMB mainly arising from cash, time deposits, and debt securities. Unhedged foreign currency positions were US\$48 million and RMB157 million. Other foreign exchange exposure mainly relates to the Shanghai Grand Gateway project amounting to HK\$3,975 million (31 December 2014: HK\$4,154 million) or 5.0% (31 December 2014: 5.3%) of the Group's total assets.

Financial Ratios

Net interest coverage (defined as gross profit less administrative expenses before depreciation divided by net interest expenses) improved to 20.3 times for the first half of 2015 (2014: 15.4 times), mainly due to debt repayment.

Net debt to equity (defined as borrowings less time deposits, cash and bank balances divided by Shareholders' Funds) reduced to 3.2% as at 30 June 2015 (31 December 2014: 4.2%) as a result of continuous strong contribution of cash from business.

Credit Ratings

As at 30 June 2015, the Group's ratings were maintained at A3 from Moody's and BBB+ from Standard and Poor's.

Report on Review of Condensed Consolidated Financial Statements



**TO THE BOARD OF DIRECTORS OF
HYSAN DEVELOPMENT COMPANY LIMITED**
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 13 to 43, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

5 August 2015

Condensed Consolidated Income Statement

For the six months ended 30 June 2015 (unaudited)

	Notes	Six months ended 30 June	
		2015 HK\$ million	2014 HK\$ million
Turnover	3	1,714	1,596
Property expenses		(187)	(178)
Gross profit		1,527	1,418
Investment income		34	27
Other gains and losses		–	(2)
Administrative expenses		(117)	(110)
Finance costs	5	(105)	(115)
Change in fair value of investment properties		1,160	1,945
Share of results of associates		134	127
Profit before taxation		2,633	3,290
Taxation	6	(223)	(187)
Profit for the period	7	2,410	3,103
Profit for the period attributable to:			
Owners of the Company		2,289	2,888
Non-controlling interests		121	215
		2,410	3,103
Earnings per share (expressed in HK cents)			
Basic	8	215.15	271.51
Diluted	8	215.12	271.48

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 (unaudited)

	Six months ended 30 June	
	2015 HK\$ million	2014 HK\$ million
Profit for the period	2,410	3,103
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Revaluation of properties held for own use:		
Gains on revaluation of properties held for own use	6	8
Deferred taxation arising on revaluation	(1)	(1)
	5	7
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Derivatives designated as cash flow hedges:		
Net (losses) gains arising during the period	(40)	51
Reclassification adjustments for net losses (gains) included in profit or loss	5	(15)
	(35)	36
Amortisation of forward element excluded from hedge designation	(6)	3
	(41)	39
Share of translation reserve of an associate	(4)	(38)
	(45)	1
Other comprehensive (expenses) income for the period (net of tax)	(40)	8
Total comprehensive income for the period	2,370	3,111
Total comprehensive income attributable to:		
Owners of the Company	2,249	2,896
Non-controlling interests	121	215
	2,370	3,111

Condensed Consolidated Statement of Financial Position

At 30 June 2015 (unaudited)

	Notes	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Non-current assets			
Investment properties	10	70,023	68,735
Property, plant and equipment		707	710
Investments in associates		3,975	4,154
Term notes		548	720
Other financial assets		2	3
Other receivables	11	225	226
		75,480	74,548
Current assets			
Accounts and other receivables	11	213	255
Principal-protected investments		–	80
Term notes		554	485
Other financial assets		2	15
Time deposits	12	3,559	3,534
Cash and bank balances	12	43	106
		4,371	4,475
Current liabilities			
Accounts payable and accruals	13	469	481
Rental deposits from tenants		294	306
Amounts due to non-controlling interests		327	327
Borrowings	14	1,201	1,589
Other financial liabilities		–	2
Taxation payable		229	104
		2,520	2,809
Net current assets		1,851	1,666
Total assets less current liabilities		77,331	76,214
Non-current liabilities			
Borrowings	14	4,609	4,858
Other financial liabilities		70	30
Rental deposits from tenants		619	569
Deferred taxation	15	655	628
		5,953	6,085
Net assets		71,378	70,129
Capital and reserves			
Share capital		7,641	7,640
Reserves		60,589	59,400
Equity attributable to owners of the Company		68,230	67,040
Non-controlling interests		3,148	3,089
Total equity		71,378	70,129

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (unaudited)

	Attributable to owners of the Company			
	Share capital HK\$ million	Share premium HK\$ million	Share options reserve HK\$ million	Capital redemption reserve HK\$ million
At 1 January 2015	7,640	–	27	–
Profit for the period	–	–	–	–
Net losses arising from hedging instrument	–	–	–	–
Reclassification adjustment for net losses included in profit or loss	–	–	–	–
Amortisation of forward element excluded from hedge designation	–	–	–	–
Gain on revaluation of properties held for own use (Note a)	–	–	–	–
Deferred taxation arising on revaluation of properties held for own use (note 15)	–	–	–	–
Share of translation reserve of an associate	–	–	–	–
Total comprehensive (expenses) income for the period	–	–	–	–
Issue of shares under share option schemes	1	–	–	–
Recognition of equity-settled share-based payments	–	–	4	–
Dividends paid during the period (note 9)	–	–	–	–
At 30 June 2015	7,641	–	31	–
At 1 January 2014	5,318	2,038	20	276
Profit for the period	–	–	–	–
Net gains arising from hedging instrument	–	–	–	–
Reclassification adjustment for net gains included in profit or loss	–	–	–	–
Amortisation of forward element excluded from hedge designation	–	–	–	–
Gain on revaluation of properties held for own use (Note a)	–	–	–	–
Deferred taxation arising on revaluation of properties held for own use (note 15)	–	–	–	–
Share of translation reserve of an associate	–	–	–	–
Total comprehensive income (expenses) for the period	–	–	–	–
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note b)	2,314	(2,038)	–	(276)
Issue of shares under share option schemes	3	–	(1)	–
Recognition of equity-settled share-based payments	–	–	5	–
Dividends paid during the period (note 9)	–	–	–	–
At 30 June 2014	7,635	–	24	–

Notes:

- The Group's leasehold land and buildings classified as property, plant and equipment were revalued at 30 June 2015 and 2014 by Knight Frank Petty Limited, an independent qualified professional valuer, on market value basis. The valuation was derived from the basis of capitalisation of net income with due allowance for the reversionary income potential. The gain of HK\$6 million (2014: HK\$8 million) arising on revaluation have been recognised and accumulated in properties revaluation reserve.
- The Company had no authorised share capital and its shares had no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

Attributable to owners of the Company

General reserve HK\$ million	Investments revaluation reserve HK\$ million	Hedging reserve HK\$ million	Properties revaluation reserve HK\$ million	Translation reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million	Non- controlling interests HK\$ million	Total HK\$ million
100	(3)	(26)	344	514	58,444	67,040	3,089	70,129
-	-	-	-	-	2,289	2,289	121	2,410
-	-	(40)	-	-	-	(40)	-	(40)
-	-	5	-	-	-	5	-	5
-	-	(6)	-	-	-	(6)	-	(6)
-	-	-	6	-	-	6	-	6
-	-	-	(1)	-	-	(1)	-	(1)
-	-	-	-	(4)	-	(4)	-	(4)
-	-	(41)	5	(4)	2,289	2,249	121	2,370
-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	4	-	4
-	-	-	-	-	(1,064)	(1,064)	(62)	(1,126)
100	(3)	(67)	349	510	59,669	68,230	3,148	71,378
100	(3)	(77)	328	530	54,796	63,326	2,855	66,181
-	-	-	-	-	2,888	2,888	215	3,103
-	-	51	-	-	-	51	-	51
-	-	(15)	-	-	-	(15)	-	(15)
-	-	3	-	-	-	3	-	3
-	-	-	8	-	-	8	-	8
-	-	-	(1)	-	-	(1)	-	(1)
-	-	-	-	(38)	-	(38)	-	(38)
-	-	39	7	(38)	2,888	2,896	215	3,111
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2	-	2
-	-	-	-	-	-	5	-	5
-	-	-	-	-	(1,010)	(1,010)	(55)	(1,065)
100	(3)	(38)	335	492	56,674	65,219	3,015	68,234

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015 (unaudited)

	Note	Six months ended 30 June	
		2015 HK\$ million	2014 HK\$ million
Net cash from operating activities		1,410	1,278
Investing activities			
Interest received		64	48
Proceeds upon maturity of principal-protected investments		80	140
Proceeds upon maturity of term notes		355	488
Proceeds upon maturity of time deposits with original maturity over three months		2,625	3,311
Dividends received from an associate		309	–
Payments in respect of investment properties		(164)	(176)
Purchases of property, plant and equipment		–	(2)
Additions to principal-protected investments		–	(64)
Purchases of term notes		(250)	(493)
Additions to time deposits with original maturity over three months		(2,382)	(3,251)
Net cash from investing activities		637	1
Financing activities			
Interest paid		(81)	(91)
Payment of other finance costs		(3)	(1)
Medium Term Note Programme expenses		(1)	(1)
Dividends paid		(1,064)	(1,010)
Dividends paid to non-controlling interests of a subsidiary		(62)	(55)
Repayment of bank loans		(300)	(500)
Redemption of zero coupon notes		(332)	–
Proceeds on exercise of share options		1	2
Net cash used in financing activities		(1,842)	(1,656)
Net increase (decrease) in cash and cash equivalents		205	(377)
Cash and cash equivalents at 1 January	12	576	621
Cash and cash equivalents at 30 June	12	781	244

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015 (unaudited)

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

In the current period, the Group has applied all of the Amendments to Standards issued by the HKICPA that are relevant to its operations and effective for the Group's financial year beginning on 1 January 2015. The adoption of these Amendments to Standards had no material effect on the results and financial position of the Group and/or disclosures set out in these unaudited condensed consolidated financial statements for the current and/or prior accounting periods.

The accounting policies and methods of computations followed in the preparation of the unaudited condensed consolidated financial statements are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

2. Principal Accounting Policies *continued*

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new Standard and Amendments to Standards that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018, except for the 2010 version of HKFRS 9 and the new requirements for hedge accounting issued in 2013, which the Group has early adopted.

The Directors of the Company anticipate that the application of these new Standards and Amendments to Standards will have no material impact on the results and the financial position of the Group.

3. Turnover

Turnover represents gross rental income from investment properties and management fee income for the period.

The Group's principal activities are property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

4. Segment Information

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

4. Segment Information *continued*

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Consolidated HK\$ million
<i>For the six months ended 30 June 2015 (unaudited)</i>				
Turnover				
Gross rental income from investment properties	882	545	130	1,557
Management fee income	68	73	16	157
Segment revenue	950	618	146	1,714
Property expenses	(111)	(53)	(23)	(187)
Segment profit	839	565	123	1,527
Investment income				34
Administrative expenses				(117)
Finance costs				(105)
Change in fair value of investment properties				1,160
Share of results of associates				134
Profit before taxation				2,633

4. Segment Information *continued*

Segment turnover and results *continued*

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Consolidated HK\$ million
For the six months ended				
30 June 2014 (unaudited)				
Turnover				
Gross rental income from investment properties	830	494	128	1,452
Management fee income	63	67	14	144
Segment revenue	893	561	142	1,596
Property expenses	(92)	(56)	(30)	(178)
Segment profit	801	505	112	1,418
Investment income				27
Other gains and losses				(2)
Administrative expenses				(110)
Finance costs				(115)
Change in fair value of investment properties				1,945
Share of results of associates				127
Profit before taxation				3,290

All of the segment turnover reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administration costs and directors' salaries), finance costs, change in fair value of investment properties and share of results of associates. This is the measure reported to the Chief Executive Officer of the Group for the purposes of resource allocation and performance assessment.

4. Segment Information *continued*

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail	Office	Residential	Consolidated
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<i>As at 30 June 2015</i>				
<i>(unaudited)</i>				
Segment assets	35,087	23,117	7,727	65,931
Investment properties under redevelopment				4,100
Investments in associates				3,975
Other assets				5,845
Consolidated assets				79,851
<i>As at 31 December 2014</i>				
<i>(audited)</i>				
Segment assets	34,315	22,685	7,718	64,718
Investment properties under redevelopment				4,020
Investments in associates				4,154
Other assets				6,131
Consolidated assets				79,023

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

5. Finance Costs

	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
Finance costs comprise:		
Interest on bank loans wholly repayable		
within five years	5	12
Interest on floating rate notes wholly repayable		
within five years	–	1
Interest on fixed rate notes wholly repayable		
within five years	19	19
Interest on fixed rate notes not wholly repayable		
within five years	78	78
Imputed interest on zero coupon notes wholly repayable		
within five years	2	–
Imputed interest on zero coupon notes not wholly repayable		
within five years	–	8
	104	118
Total interest expenses		
Other finance costs	5	4
	109	122
Net interest receipts on interest rate swaps	(4)	(12)
Net exchange (gains) losses on borrowings	(1)	13
Reclassification of net gains from hedging reserve on		
financial instruments designated as cash flow hedges	–	(9)
Medium Term Note Programme expenses	1	1
	105	115

6. Taxation

	Six months ended 30 June	
	2015 HK\$ million	2014 HK\$ million
Current tax		
Hong Kong profits tax (for current period)	197	154
Deferred tax (note 15)	26	33
	223	187

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. Profit for the Period

	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	9	8
Gross rental income from investment properties including contingent rentals of HK\$50 million (2014: HK\$60 million)	(1,557)	(1,452)
Less:		
– Direct operating expenses arising from properties that generated rental income	183	175
– Direct operating expenses arising from properties that did not generate rental income	4	3
	(1,370)	(1,274)
Net interest income	(34)	(27)
Staff costs, comprising:		
– Directors' emoluments (Note)	21	20
– Other staff costs	130	113
	151	133
Share of income tax of an associate (included in share of results of associates)	57	55

7. Profit for the Period *continued*

Notes:

The Remuneration Committee met in March 2015 to approve the 2015 annual fixed base salary and determined the 2014 performance-based bonus of the Company's Executive Directors. Details are as follows:

- (a) 2015 annual fixed base salary for all Executive Directors remained at the same level as 2014, namely HK\$4,931,096 for Irene Yun Lien LEE, HK\$5,340,400 for Siu Chuen LAU and HK\$3,042,000 for Wendy Wen Yee YUNG respectively.
- (b) 2014 performance-based bonus approved by the Committee were HK\$6,246,054 for Irene Yun Lien LEE, HK\$6,500,000 for Siu Chuen LAU and HK\$1,392,300 for Wendy Wen Yee YUNG respectively.

8. Earnings Per Share

(a) Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Earnings	
	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	2,289	2,888
	Number of shares	
	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,063,884,548	1,063,669,813
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	156,570	130,501
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,064,041,118	1,063,800,314

In both periods, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

8. Earnings Per Share *continued*

(b) Adjusted basic earnings per share

For the purpose of assessing the performance of the Group's principal activities (i.e. leasing of investment properties), the management is of the view that the profit for the period attributable to the owners of the Company should be adjusted in the calculation of basic earnings per share as follows:

	Six months ended 30 June			
	2015		2014	
	Profit	Basic earnings	Profit	Basic earnings
	HK\$ million	per share	HK\$ million	per share
		HK cents		HK cents
Profit for the period attributable to owners of the Company	2,289	215.15	2,888	271.51
Change in fair value of investment properties	(1,160)		(1,945)	
Effect of non-controlling interests' shares	44		146	
Share of change in fair value of investment properties (net of deferred taxation) of an associate	(10)		(7)	
Underlying Profit	1,163	109.32	1,082	101.72
Recurring Underlying Profit	1,163	109.32	1,082	101.72

Notes:

- (i) Recurring Underlying Profit is arrived at by excluding from Underlying Profit items that are non-recurring in nature (such as gains or losses on disposal of long-term assets). As there were no such adjustments in both the six months ended 30 June 2015 and 2014, the Recurring Underlying Profit is the same as the Underlying Profit.
- (ii) The denominators used in calculating the adjusted earnings per share are the same as those detailed above for basic earnings per share.

9. Dividends

(a) Dividends recognised as distribution during the period:

	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
2014 second interim dividend paid – HK100 cents per share	1,064	–
2013 second interim dividend paid – HK95 cents per share	–	1,010
	1,064	1,010

(b) Dividends declared after the end of the reporting period:

	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
First interim dividend declared – HK25 cents per share (2014: HK23 cents per share)	266	245

The first interim dividend is not recognised as a liability as at 30 June 2015 and 2014 because it has been declared after the end of the reporting period.

The declared 2015 first interim dividend will be payable in cash.

10. Investment Properties

	Fair value HK\$ million
At 1 January 2015	68,735
Additions	128
Change in fair value recognised in profit or loss – unrealised	1,160
At 30 June 2015	70,023

The fair value of the Group's investment properties at 30 June 2015 and 31 December 2014 has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties.

The value of the completed investment properties is derived from the basis of capitalisation of net income with due allowance for the reversionary income and redevelopment potential, where appropriate.

For investment properties under redevelopment as at 30 June 2015 and 31 December 2014, residual method of valuation was adopted. The value is based on the redevelopment potential of the properties as if they were completed in accordance with the existing development controls at the date of valuation. The value has also taken into consideration all costs of redevelopment and allowance of profit required for the redevelopment, which duly reflected the risks associated with the redevelopment.

There has been no change to the valuation technique during the period for completed properties and investment properties under redevelopment.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

11. Accounts and Other Receivables

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Accounts receivable	8	3
Interest receivable	59	93
Prepayments in respect of investment properties	109	71
Other receivables	262	314
Total	438	481
Analysed for reporting purposes as:		
Current assets	213	255
Non-current assets	225	226
	438	481

Rents from leasing of investment properties are normally received in advance. At 30 June 2015, accounts receivable of the Group with carrying amount of HK\$8 million (31 December 2014: HK\$3 million) mainly represented rents receipts in arrears, which were aged less than 90 days.

12. Time Deposits/Cash and Bank Balances

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Time deposits	3,559	3,534
Cash and bank balances	43	106
Cash and deposits with banks shown in the condensed consolidated statement of financial position	3,602	3,640
Less: Time deposits with original maturity over three months	(2,821)	(3,064)
Cash and cash equivalents shown in the condensed consolidated statement of cash flows	781	576

13. Accounts Payable and Accruals

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Accounts payable	168	173
Interest payable	94	83
Other payables	207	225
	469	481

As at 30 June 2015, accounts payable of the Group with carrying amount of HK\$168 million (31 December 2014: HK\$173 million) were aged less than 90 days.

14. Borrowings

The analysis of the carrying amounts of borrowings is as follows:

	Current		Non-Current	
	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Unsecured bank loans	800	850	–	250
Fixed rate notes	401	407	4,609	4,608
Zero coupon notes	–	332	–	–
	1,201	1,589	4,609	4,858

15. Deferred Taxation

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the period:

	Accelerated tax depreciation HK\$ million	Revaluation of properties HK\$ million	Total HK\$ million
At 1 January 2015	560	68	628
Charge to profit or loss (note 6)	26	–	26
Charge to other comprehensive income	–	1	1
At 30 June 2015	586	69	655

15. Deferred Taxation *continued*

As at 30 June 2015, the Group has unused estimated tax losses of HK\$690 million (31 December 2014: HK\$674 million), of which HK\$289 million (31 December 2014: HK\$273 million) has not been agreed by the Hong Kong Inland Revenue Department, available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses of HK\$690 million (31 December 2014: HK\$674 million) as the utilisation of these estimated tax losses is uncertain. These estimated tax losses may be carried forward indefinitely.

16. Capital Commitments

As at 30 June 2015, the Group had the following capital commitments in respect of its investment properties and property, plant and equipment:

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Authorised but not contracted for	448	476
Contracted but not provided for	474	561

17. Related Party Transactions and Balances

(a) Transactions and balances with related parties

The Group has the following transactions with related parties during the period and has the following balances with them at the end of the reporting period:

	Gross rental income received from		Amount due to non-controlling interests	
	Six months ended 30 June 2015	2014	At 30 June 2015	At 31 December 2014
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Related company controlled by a shareholder (Note a)	2	1	–	–
Related companies controlled by Directors (Note b (i) & (ii))	17	18	94	94
Non-controlling shareholder of a subsidiary (Note c (i) & (ii))	16	15	233	233

Notes:

- (a) The sum of transactions represents the aggregate gross rental income received from Atlas Corporate Management Limited, a wholly-owned subsidiary of Lee Hysan Estate Company, Limited (“LHE”). LHE holds 40.71% (30 June 2014: 40.72%) beneficial interest and has significant influence over the Company.
- (b) (i) The sum of transactions represents the aggregate gross rental income received from related companies where the directors have controlling interests over these related companies.
- (ii) The balance represents outstanding loan advanced to a non wholly-owned subsidiary of the Group, Barrowgate Limited (“Barrowgate”) by Mightyhall Limited, a wholly-owned subsidiary of Jebsen and Company Limited, of which Hans Michael JEBSEN is a director and a controlling shareholder, as shareholders’ loan in proportion to its shareholding in Barrowgate for general funding purpose. The amount is unsecured, interest-free and repayable on demand.

17. Related Party Transactions and Balances *continued*

(a) Transactions and balances with related parties *continued*

- (c) (i) The transaction represents the gross rental income received from Hang Seng Bank Limited, the intermediate holding company of Imenson Limited ("Imenson"). Imenson is a non-controlling shareholder with significant influence over Barrowgate.
- (ii) The balance represents outstanding loan advanced to Barrowgate by Imenson, as shareholders' loan in proportion to its shareholding in Barrowgate for general funding purpose. The amount is unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the period (being Directors and an officer) are as follows.

	Six months ended 30 June	
	2015	2014
	HK\$ million	HK\$ million
Directors' fees, salaries and other short-term employee benefits	23	22
Share-based payments	3	4
Retirement benefits scheme contributions	–	–
	26	26

The remuneration of the Directors and key executives is determined by the Remuneration Committee and Chief Executive Officer respectively having regard to the performance of individuals and market trends.

18. Financial Risk Management and Fair Value Measurements

(a) Financial risk management

The Group's financial risk management objectives and policies are the same as those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2014.

(b) Fair value measurements

(i) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values, except for the carrying amount of HK\$5,010 million (31 December 2014: HK\$5,015 million) fixed rate notes as stated in note 14 with fair value of HK\$5,120 million (31 December 2014: HK\$5,110 million).

The fair value of HK\$2,314 million (31 December 2014: HK\$2,317 million) of the fixed rate notes is categorised into Level 1 of the fair value hierarchy, in which the fair value was derived from quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at period end.

The fair value of HK\$2,806 million (31 December 2014: HK\$2,793 million) of the fixed rate notes is categorised into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

18. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *continued*

	At 30 June 2015			Total HK\$ million
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	
Financial assets				
<i>Derivatives under hedge accounting</i>				
Forward foreign exchange contracts	-	1	-	1
Interest rate swaps	-	1	-	1
<i>Financial assets at fair value through profit or loss</i>				
Unlisted club debentures	-	2	-	2
Total	-	4	-	4
Financial liabilities				
<i>Derivatives under hedge accounting</i>				
Cross currency swaps	-	70	-	70

18. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *continued*

	At 31 December 2014			
	Level 1	Level 2	Level 3	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets				
<i>Derivatives under hedge accounting</i>				
Forward foreign exchange contracts	–	8	–	8
Interest rate swaps	–	8	–	8
<i>Financial assets at fair value through profit or loss</i>				
Principal-protected investments	–	80	–	80
Unlisted club debentures	–	2	–	2
Total	–	98	–	98
Financial liabilities				
<i>Derivatives under hedge accounting</i>				
Forward foreign exchange contracts	–	1	–	1
Cross currency swaps	–	30	–	30
Interest rate swaps	–	1	–	1
Total	–	32	–	32

There were no transfers between Levels 1 and 2.

18. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(iii) Valuation techniques and inputs used in fair value measurements categorised within Level 2:

- Interest rate swaps are measured using discounted cash flow methodology based on observable yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.
- Forward foreign exchange contracts and cross currency swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.
- Principal-protected investments are measured using discounted cash flow methodology based on the observable yield curves of the respective currencies, as well as variable returns linked to certain forward exchange rates, forward prices of certain commodities and relevant indices with foreign exchange rates and commodities prices as underlying and taking into account the credit risk of the counterparties.

Additional Information

Corporate Governance

Hysan believes that embracing strong governance is the foundation to delivering on its strategic objective of consistent and sustainable performance over the long term. At the heart of Hysan's governance structure is an effective Board that is committed to upholding strong governance principles and to reinforcing Hysan's long-established and deeply engrained corporate governance tradition and culture of accountability, transparency and integrity.

We recognise the importance of having a broad complement of skills, experience and competencies on our Board to ensure the continued effective oversight of, and informed decision making with respect to, issues affecting Hysan. Our Corporate Governance Guidelines, first adopted by the Board in 2004, reflects this broad concept of diversity. It was further refined in 2014 to more clearly bring out the Board's endorsement of this approach.

We are committed to continuing Board renewal to ensure that the Board of Directors (the "Board") is infused with fresh perspectives from time to time and that it always has the necessary diversity of skills and attributes required to oversee and govern in the ever-changing operating environment. Since October 2009, six Non-executive Directors (including five Independent non-executive Directors) with backgrounds in the areas of economics, finance, general management, professional practices, and property industry have joined our Board.

Hysan meets the requirements of the Code Provisions contained in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, with the exception that its Remuneration Committee (established since 1987) has the responsibility of determining compensation at Executive Director-level only. While the Remuneration Committee does not determine staff compensation below Executive Director-level, its terms of reference have been expanded to cover (inter alia) the review of key terms of new compensation and benefits plans with material financial, reputational and strategic impact. The Board is of the view that, in light of the current organisational structure and the nature of Hysan's business activities, this arrangement is appropriate. However, the Board will continue to review this arrangement going forward in light of the evolving needs of the Group. Further information on the Company's corporate governance practices is available on our website www.hysan.com.hk.

Board Effectiveness

Board Responsibilities and Board/Management Relationship

At the core of our governance structure is our Board, which is accountable to shareholders for the long-term performance of the Company.

The Board and management fully appreciate their respective roles and are supportive of the development and maintenance of a healthy corporate governance culture.

Board Effectiveness *continued*

Board Responsibilities and Board/Management Relationship *continued*

The Board relies on management for the day-to-day operation of the business. It monitors what management is doing, and holds them accountable for the performance of the Company as measured against established targets. In terms of strategy formulation, the Board works closely with management in thinking through our direction and long-term plans, as well as the various opportunities and risks associated therewith and facing the Company generally.

The Non-executive Directors provide independent challenge and review, bringing a wide range of experiences, specific expertise, and fresh objective perspectives. As members of the various Board committees, they also undertake detailed governance work with a particular focus as noted under the respective terms of reference of the various Board committees.

These are governed by a formal Board of Directors Mandate (details are available on the Company's website: www.hysan.com.hk) which sets out the key responsibilities of the Board in fulfilling its stewardship roles. These are strategic planning, internal controls and risk management, culture and values, capital management, corporate governance, and Board succession.

Board Composition

The Board currently comprises 3 Executive Directors, 5 Independent non-executive Directors and 4 Non-executive Directors. There is a majority of Non-executive Directors on the Board with a wide range of experience and calibre who bring valuable judgment on issues of strategy, performance and resources.

During the review period, Mr. Trevor Chi-Hsin YANG was appointed as an alternate Director to Mr. Hans Michael JEBSEN, Non-executive Director, following the retirement of Mr. Kam Wing LI, effective 29 April 2015.

Board Process

The Board meets at least quarterly. A detailed list of Matters Reserved for Board Decisions sets out the key matters that are to be retained for the decision of the full Board, which covers all major policies and directions of the Company. Such list is reviewed periodically, at least once a year. These matters include: long-term objectives and strategies; the extension of Group activities into new business areas; capital management framework and policy; treasury policies; annual budgets, annual funding plan and annual treasury investment plan; material acquisitions/disposals of fixed assets; connected transactions; preliminary announcements of interim and final results; and the declaration of dividends; internal controls; Board membership; Corporate Governance matters; major prosecution, defence or settlement of litigation.

Board Effectiveness *continued*

Board Process *continued*

An important element of the Company's corporate governance programme is the continuous improvement in the quality and timeliness of the dissemination of information to Directors. The Board receives detailed quarterly reports from members of management in respect of their areas of responsibility. Appropriate key performance indicators are used to facilitate benchmarking and peer group comparison. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. Monthly reports to Non-executive Directors are issued, covering financial and operating highlights. From time to time, the Board also receives presentations, including from non-Board management members, on significant issues or new opportunities for the Group. This facilitates the build-up of constructive relations and dialogue between the Board and the management team.

Directors are also kept updated of any material developments from time to time through notifications and circulars detailing the relevant background and explanatory information. Directors also have access to non-Director members of management and staff where appropriate. These processes ensure that the Board receives the answers and information it needs to fulfill its obligations.

The Board recognises that there may be occasions when one or more Directors feel that it is necessary to obtain independent legal and/or financial advice for the purpose of fulfilling their obligations. Such advice may be obtained at the Company's expense and there is an agreed upon procedure to enable Directors to obtain such advice, as stated in our Corporate Governance Guidelines.

The Board also moved to electronic Board papers via iPad – a contribution, albeit small, towards supporting our objective of reducing the use of printed paper across our business in light of sustainability. It also clearly demonstrates the Board's willingness to embrace new technology and further enhance the effectiveness of communications.

Internal Controls

The Group is committed to implementing effective risk management policies and internal controls procedures to identify, evaluate and manage the risks that the Group may be exposed to, thereby providing reasonable assurance regarding the achievement of corporate objectives.

The Board has the overall responsibility to ensure that sound and effective internal controls are maintained, while management is charged with the responsibility to design and implement the internal controls system to manage risks. As stated in our 2014 Annual Report, the Board considered the internal controls system effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group were identified. The scope of this review covers the adequacy of resources, qualification/experience of staff of the Group's accounting and financial reporting function, and their training and budget.

Board Effectiveness *continued*

Internal Controls *continued*

Our Internal Audit function assists management in its monitoring function by providing independent assessment and assurance. The principle of independence was firmly established, as evident by its direct access to Audit Committee Chairman.

Board Committees

In order to provide effective oversight and leadership and pursuant to its Corporate Governance Guidelines, the Board has established 3 governance-related Board committees (being the Audit, Remuneration and Nomination Committees). During the review period, following every committee meeting, committee chairs report to the Board on the activities of their respective committees.

Strategic planning is an important function of the Board. An additional scheduled Board meeting is held for discussions on strategy matters. The Board also has a Strategy Committee to support it in this regard. It is currently chaired by Irene Yun Lien LEE, Board Chairman, and its other members are Siu Chuen LAU (Deputy Chairman and Chief Executive Officer), Nicholas Charles ALLEN (Independent non-executive Director), Philip Yan Hok FAN (Independent non-executive Director) and Chien LEE (Non-executive Director).

- ***Audit Committee***

The Audit Committee is currently chaired by Nicholas Charles ALLEN (Independent non-executive Director), and has a majority of Independent non-executive Directors. The other members of the Audit Committee are Frederick Peter CHURCHOUSE (Independent non-executive Director), Philip Yan Hok FAN (Independent non-executive Director) and Anthony Hsien Pin LEE (Non-executive Director). Nicholas Charles ALLEN (Committee Chairman) is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing and accounting, which he developed while working with a “Big Four” international firm. The Audit Committee meets three times a year. At the invitation of the Audit Committee, meetings are also attended by the Board Chairman and members of management (including the Chief Executive Officer and the Chief Financial Officer). Pre-meeting sessions with external and internal auditors were held without management presence. Full terms of reference are available on the Company’s website: www.hysan.com.hk.

Board Effectiveness *continued*

Board Committees *continued*

- ***Audit Committee*** *continued*

Hysan believes a clear appreciation of the separate roles of management, the external auditor and Audit Committee members is crucial to the effective functioning of an audit committee. Management of Hysan is responsible for selecting appropriate accounting policies and the preparation of the financial statements. The external auditor is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls, to the extent that they consider necessary to support their audit report. The Audit Committee, as the delegate of the full Board, is responsible for overseeing the entire process. The Committee reports to the Board after each meeting which addresses the work and findings of the Committee.

The Committee also has the responsibility of reviewing the Group's "whistle-blowing" procedures allowing employees to raise concerns, in confidence or anonymously, about possible breaches of the Group's Code of Ethics and to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

The Committee has reviewed and discussed with management and external auditor the unaudited condensed consolidated financial statements for the first six months of 2015 included in this Report.

- ***Remuneration Committee***

The Remuneration Committee is currently chaired by Philip Yan Hok FAN (Independent non-executive Director), and its other members are Michael Tze Hau LEE (Non-executive Director) and Joseph Chung Yin POON (Independent non-executive Director). It has a majority of Independent non-executive Directors. The Remuneration Committee generally meets at least once every year. Full terms of reference are available on the Company's website: www.hysan.com.hk.

The Committee reviews and determines the remuneration of the Executive Directors. Management makes recommendations to the Committee on the Company's framework for, and cost of, Executive Director remuneration. The Committee then reviews these, and makes recommendations to the Board. The Remuneration Committee also reviews the fee payable to Non-executive Directors prior to its being submitted for approval at the Annual General Meeting ("AGM"). In addition, the Committee also reviews new share option plans, changes to key terms of pension plans, and key terms of new compensation and benefits plans with material financial, reputational, and strategic impact. No Director is involved in deciding his or her own remuneration.

A separate "Directors' Remuneration and Interests Report" in the 2014 Annual Report sets out details of the level of the Directors' remuneration including remuneration breakdown of each individual Executive Directors on a "named" basis.

Board Effectiveness *continued*

Board Committees *continued*

- ***Nomination Committee***

The Nomination Committee is currently chaired by Irene Yun Lien LEE, Chairman of the Board and has a majority of Independent non-executive Directors. The other members are Nicholas Charles ALLEN (Independent non-executive Director), Philip Yan Hok FAN (Independent non-executive Director), Chien LEE (Non-executive Director), and Joseph Chung Yin POON (Independent non-executive Director). The Nomination Committee generally meets at least once every year. Full terms of reference are available on the Company's website: www.hysan.com.hk.

The Committee has the responsibility of nominating candidates, for Board approval, to fill Board vacancies as and when they arise, and of evaluating the balance of skills, knowledge and experience of the Board. The terms of reference of the Committee clearly set out that the Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession of the chairmanship.

Communication with Shareholders

The Group is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders, subject to applicable legal requirements. A communication programme is in place to maintain an on-going dialogue with the Company's stakeholders, including communication with shareholders in a regular and timely manner, through the Group's annual and interim reports and accounts, press releases/announcements; and holding regular briefings and meetings between Chief Executive Officer, Chief Financial Officer, and institutional investors, fund managers, as well as analysts.

The Board is equally interested in the concerns of private shareholders and recognises the significance of the constructive use of AGMs as a means to enter into a dialogue with private shareholders based on the mutual understanding of objectives. Individual shareholders can put questions to the Chairman at the AGM. The Chairmen of the various Board Committees, as provided under their respective terms of references, attend AGMs to respond to any shareholder questions on the activities of those Committees. Since 2004, to enable shareholders to gain a better understanding of our business activities, we have included a "business review" session to our AGMs, in addition to the statutory part of the meeting. In the 2015 May AGM, topics addressed include overview of the 2014 business environment, financial position, annual results and subsequent updates, and 2015 outlook.

We recognise the significance of consistent disclosure practices aimed at accurate, timely and broadly disseminated disclosure of material information about Hysan. The Group's Corporate Disclosure Policy provides guidance for coordinating the disclosure of material information to investors, analysts and media as well as our processes for results announcements. It has been updated in light of the new "inside information" disclosure regime under the Securities and Futures Ordinance, effective January 2013. (Details of the Corporate Disclosure Policy are available at the Company's website: www.hysan.com.hk)

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules

Directors' Updated Biographical Details

The Directors' updated information is set out below. Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this Report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Company's last published annual report.

Chairman

Irene Yun Lien LEE

Ms. Lee is an independent non-executive director of Cathay Pacific Airways Limited, CLP Holdings Limited, HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and Noble Group Limited (listed on Singapore Exchange Limited). She has held senior positions in investment banking and fund management in a number of renowned international financial institutions. Previously, Ms. Lee was an executive director of Citicorp Investment Bank Limited in New York, London and Sydney; head of corporate finance at Commonwealth Bank of Australia and chief executive officer of Sealcorp Holdings Limited, both based in Sydney. She was also the non-executive chairman of Keybridge Capital Limited (listed on Australian Stock Exchange), a non-executive director of ING Bank (Australia) Limited, QBE Insurance Group Limited, and The Myer Family Company Pty Limited; and a member of the Advisory Council of JP Morgan Australia. Ms. Lee was formerly a member of the Australian Government Takeovers Panel. She is a member of the founding Lee family, sister of Mr. Anthony Hsien Pin LEE (Non-executive Director) and his alternate on the Board. Ms. Lee holds a Bachelor of Arts Degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, United Kingdom. She was appointed a Non-executive Director in March 2011, Non-executive Chairman in May 2011, and Executive Chairman in March 2012.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Directors' Updated Biographical Details *continued*

Deputy Chairman and Chief Executive Officer

Siu Chuen LAU

Mr. Lau was the acting Head of Finance of Hysan Group in 1999. He has also worked as a management consultant at McKinsey & Company, a consumer analyst at Morgan Stanley Asia, and a brand manager of French luxury products. He subsequently co-founded and became a Responsible Officer of a SFC licensed investment advisory firm. Mr. Lau is a member of the founding Lee family and an alternate director of Lee Hysan Company Limited, a substantial shareholder of the Company. Mr. Lau holds a Bachelor of Social Sciences Degree in Management and Economics from The University of Hong Kong, and a Master of Business Administration Degree from INSEAD, France. He was appointed a Non-executive Director in May 2011, Non-executive Deputy Chairman in March 2012, Deputy Chairman and Chief Executive Officer in May 2012.

Independent non-executive Director

Nicholas Charles ALLEN

Mr. Allen is an independent non-executive director of CLP Holdings Limited, Lenovo Group Limited, VinaLand Limited and Texon International Group Limited. He has extensive experience in accounting and auditing and was a partner of PricewaterhouseCoopers from 1988 until his retirement in June 2007. Mr. Allen holds a Bachelor of Arts degree in Economics/Social Studies from Manchester University, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He was appointed an Independent non-executive Director in November 2009.

Independent non-executive Director

Frederick Peter CHURCHOUSE

Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor including having his own private family office company, Portwood Company Ltd. He is an independent non-executive director of Longfor Properties Co. Ltd. He is also the publisher and author of "The Churchouse Letter". In 2004, Mr. Churchouse set up an Asian investment fund under LIM Advisors. He acted as a director of LIM Advisors and as Responsible Officer until the end of 2009. Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles including head of regional research, regional strategist and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited. Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand. He was appointed an Independent non-executive Director in December 2012.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Directors' Updated Biographical Details *continued*

Independent non-executive Director

Philip Yan Hok FAN

Mr. Fan is an independent non-executive director of China Everbright International Limited, First Pacific Company Limited, China Aircraft Leasing Group Holdings Limited, and Guolian Securities Co., Ltd., and an independent director of Goodman Group. He is a member of the Asia Advisory Committee of AustralianSuper Pty Ltd (a pension fund in Australia). He was previously an independent non-executive director of HKC (Holdings) Limited, and an independent director of Suntech Power Holdings Co., Ltd. (under official liquidation) and Zhuhai Zhongfu Enterprise Co. Ltd. Mr. Fan holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from Massachusetts Institute of Technology. He was appointed Independent non-executive Director in January 2010.

Independent non-executive Director

Lawrence Juen-Yee LAU

Professor Lau is currently Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong. He is also an independent non-executive director of AIA Group Limited, CNOOC Limited, and Far EasTone Telecommunications Co., Ltd. (listed on the Taiwan Stock Exchange).

Professor Lau received his B.S. degree (with Great Distinction) in Physics from Stanford University and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley. He joined the faculty of the Department of Economics at Stanford University in 1966, and had a long and distinguished career there. Upon his retirement in 2006, he became Kwoh-Ting Li Professor in Economic Development, Emeritus, at Stanford University. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of The Chinese University of Hong Kong. From September 2010 to September 2014, he served as Chairman of CIC International (Hong Kong) Co., Limited, a subsidiary of China Investment Corporation. Professor Lau was also a non-executive director of Semiconductor Manufacturing International Corporation.

Professor Lau is a member of the 12th National Committee of the Chinese People's Political Consultative Conference and a Vice-Chairman of its Economics Sub-committee. He also serves as a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and Chairman of its Governance Sub-committee. He was appointed a Justice of the Peace in July 2007 and awarded the Gold Bauhinia Star in 2011 by the Government of the Hong Kong Special Administrative Region. He was appointed Independent non-executive Director in December 2014.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Directors' Updated Biographical Details *continued*

Independent non-executive Director

Joseph Chung Yin POON

Mr. Poon is group managing director and deputy chief executive officer of a private company and an independent non-executive director of AAC Technologies Holdings Inc. He was formerly managing director and deputy chief executive of Hang Seng Bank Limited and had held senior management posts in HSBC Group and a number of international renowned financial institutions. Mr. Poon is a committee member of the Chinese General Chamber of Commerce. He was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, and a former member of the Board of Inland Revenue of Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee. Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors. He was appointed Independent non-executive Director in January 2010.

Non-executive Director

Hans Michael JEBSEN B.B.S.

Mr. Jebesen is chairman of Jebesen and Company Limited as well as a director of other Jebesen Group companies worldwide. He is also an independent non-executive director of The Wharf (Holdings) Limited. He was appointed a Non-executive Director in 1994.

Non-executive Director

Anthony Hsien Pin LEE

Mr. Lee is a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films. He is also a non-executive director of Television Broadcasts Limited. Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited (a substantial shareholder of the Company). He is the brother of Ms. Irene Yun Lien LEE, Chairman. Mr. Lee received a Bachelor of Arts Degree from Princeton University and a Master of Business Administration Degree from The Chinese University of Hong Kong. He was appointed a Non-executive Director in 1994.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Directors' Updated Biographical Details *continued*

Non-executive Director

Chien LEE

Mr. Lee is a private investor and a non-executive director of Swire Pacific Limited and a number of private companies. He was previously an independent non-executive director of Television Broadcasts Limited. He is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited, a substantial shareholder of the Company. Mr. Lee received a Bachelor of Science Degree in Mathematical Science, a Master of Science Degree in Operations Research and a Master of Business Administration Degree from Stanford University. Mr. Lee was appointed a Non-executive Director in 1988.

Non-executive Director

Michael Tze Hau LEE

Mr. Lee is currently the managing director of MAP Capital Limited, an investment management company. He is also an independent non-executive director of Chen Hsong Holdings Limited, Trinity Limited; and a Steward of The Hong Kong Jockey Club. He was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. Mr. Lee was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family and a director of Lee Hysan Estate Company, Limited, a substantial shareholder of the Company. He joined the Board in January 2010, having previously served as a Director from 1990 to 2007. Mr. Lee received his Bachelor of Arts Degree from Bowdoin College and his Master of Business Administration Degree from Boston University.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Directors' Updated Biographical Details *continued*

Executive Director and Company Secretary

Wendy Wen Yee YUNG

Ms. Yung joined the Group in 1999 and was appointed an Executive Director in 2008. She advises the Board on all matters of corporate governance, and is responsible for the Group's shareholder communications and key stakeholder relations management. In addition, she has an oversight of all aspects of the Group's legal matters. As a member of the management team, she participates in the Group's strategic planning matters. Ms. Yung holds a Master of Arts degree from Oxford University, United Kingdom and is qualified as a solicitor of the Supreme Court of England and Wales as well as High Court of Hong Kong. She was a partner of an international law firm prior to joining the Group. Ms. Yung is also a member of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Hong Kong Institute of Chartered Secretaries. Her public services include serving as a member of the Main Board and Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited, Standing Committee on Company Law Reform, a co-opted member of the Audit and Risk Committee of the Hospital Authority, and (representing Hong Kong Institute of Certified Public Accountants) a member of the Professional Accountants in Business Committee of the International Federation of Accountants.

Directors' Emoluments

The Remuneration Committee met in March 2015 to review (i) 2015 Executive Director compensation packages and 2014 performance-based bonus; and (ii) the fee for Non-executive Directors and Board Committee members. Further details on Executive Director compensation are set out in note 7 to the condensed consolidated financial statements on pages 27 and 28.

Share options were also granted to Executive Directors on 12 March 2015 pursuant to the Company's 2005 share option scheme, details are set out in the section "Long-term incentives: Share Option Schemes" below.

Directors' Interests in Shares

As at 30 June 2015, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are set out below:

Aggregate long positions in shares and underlying shares of the Company

Name	Number of ordinary shares held				Total	% of the total no. of issued shares (Note a)
	Personal interests	Family interests	Corporate interests	Other interests		
Nicholas Charles ALLEN	—	—	—	20,000 (Note b)	20,000	0.002
Hans Michael JEBSEN	60,984	—	2,473,316 (Note c)	—	2,534,300	0.238
Siu Chuen LAU	80,666	—	330,115 (Note d)	—	410,781	0.039
Irene Yun Lien LEE	130,000	—	—	—	130,000	0.012
Chien LEE	800,000	—	—	—	800,000	0.075
Wendy Wen Yee YUNG	758,000	—	—	—	758,000	0.071

Notes:

- (a) This percentage has been compiled based on the total number of shares of the Company in issue (i.e. 1,063,896,692 ordinary shares) as at 30 June 2015.
- (b) Such shares were held jointly by Nicholas Charles ALLEN and his wife.
- (c) Such shares were held through a corporation in which Hans Michael JEBSEN was a member entitled to exercise no less than one-third of the voting power at general meeting.
- (d) Such shares were held through a corporation in which Siu Chuen LAU and his wife were members and each entitled to exercise no less than one-third of the voting power at general meeting.

Certain Executive Directors of the Company have been granted share options under the Company's 2005 share option scheme (details are set out in the section headed "Long-term incentives: Share Option Schemes" below). These constitute interests in underlying shares of equity derivatives of the Company under the SFO.

Directors' Interests in Shares *continued*

Aggregate long positions in shares of associated corporations

Listed below is a Director's interest in the shares of Barrowgate Limited ("Barrowgate"), a 65.36% subsidiary of the Company:

Name	Number of ordinary shares held			% of the total no. of issued shares
	Corporate interests	Other interests	Total	
Hans Michael JEBSEN	1,000	—	1,000	10 (Note)

Note:

Jebsen and Company Limited ("Jebsen and Company") held a 10% interest in the total number of issued shares in Barrowgate through a wholly-owned subsidiary. Hans Michael JEBSEN was deemed to be interested in the shares of Barrowgate by virtue of being a controlling shareholder of Jebsen and Company.

Apart from the above, no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations as at 30 June 2015 were recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Long-term incentives: Share Option Schemes

The Company has outstanding options under the 2005 share option scheme (the "2005 Scheme"). The 2005 Scheme expired on 9 May 2015 and a new share option scheme (the "New Scheme") was adopted by the Company on 15 May 2015. The purpose of both schemes was to strengthen the link between individual staff and shareholder interests. The power of grant to Executive Directors is vested in the Remuneration Committee and endorsed by all Independent non-executive Directors as required under the Listing Rules. The Chairman or the Chief Executive Officer may make grants to management staff below Executive Director level.

The 2005 Scheme

The Company adopted the 2005 Scheme at its AGM held on 10 May 2005, which has a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2005 Scheme.

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

The New Scheme

The Company adopted the New Scheme at its AGM held on 15 May 2015, which has a term of 10 years and will be expiring on 14 May 2025. Terms of the New Scheme are substantially the same as those under the 2005 Scheme.

Grant Movements during the Period

During the review period, a total of 1,066,500 shares options were granted under the 2005 Scheme, and no option was granted under the New Scheme.

As at 30 June 2015, an aggregate of 4,461,204 shares are issuable for options granted (including 2,342,790 fully-vested shares options) under the 2005 Scheme, representing approximately 0.42% of the total number of issued shares of the Company.

Details of options granted, exercised, cancelled/lapsed and outstanding under the 2005 Scheme during the review period are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2015	Changes during the period			Balance as at 30.6.2015
					Granted	Exercised	Cancelled/ lapsed (Note b)	
Executive Directors								
Irene Yun Lien LEE	14.5.2012	33.50	14.5.2013 – 13.5.2022	261,000	–	–	–	261,000
	7.3.2013	39.92	7.3.2014 – 6.3.2023	265,000	–	–	–	265,000
	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	–	325,000
	12.3.2015	36.27 (Note c)	12.3.2016 – 11.3.2025	–	300,000	–	–	300,000

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Grant Movements during the Period *continued*

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2015	Changes during the period			Balance as at 30.6.2015
					Granted	Exercised	Cancelled/ lapsed (Note b)	
Executive Directors <i>continued</i>								
Siu Chuen LAU	14.5.2012	33.50	14.5.2013 – 13.5.2022	161,334	–	–	–	161,334
	7.3.2013	39.92	7.3.2014 – 6.3.2023	246,000	–	–	–	246,000
	10.3.2014	32.84	10.3.2015 – 9.3.2024	302,000	–	–	–	302,000
	12.3.2015	36.27 (Note c)	12.3.2016 – 11.3.2025	–	300,000	–	–	300,000
Wendy Wen Yee YUNG	10.3.2011	35.71	10.3.2012 – 9.3.2021	103,000	–	–	–	103,000
	9.3.2012	33.79	9.3.2013 – 8.3.2022	113,000	–	–	–	113,000
	7.3.2013	39.92	7.3.2014 – 6.3.2023	106,700	–	–	–	106,700
	10.3.2014	32.84	10.3.2015 – 9.3.2024	95,000	–	–	–	95,000
	12.3.2015	36.27 (Note c)	12.3.2016 – 11.3.2025	–	49,500	–	–	49,500

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Grant Movements during the Period continued

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2015	Changes during the period			Balance as at 30.6.2015
					Granted	Exercised	Cancelled/ lapsed (Note b)	
Eligible employees (Note d)	31.3.2008	21.96	31.3.2009 – 30.3.2018	17,000	–	–	–	17,000
	31.3.2009	13.30	31.3.2010 – 30.3.2019	134,000	–	–	–	134,000
	31.3.2010	22.45	31.3.2011 – 30.3.2020	154,334	–	(2,000) (Note e)	–	152,334
	31.3.2011	32.00	31.3.2012 – 30.3.2021	181,001	–	(9,000) (Note f)	–	172,001
	30.3.2012	31.61	30.3.2013 – 29.3.2022	262,335	–	(12,000) (Note g)	–	250,335
	28.3.2013	39.20	28.3.2014 – 27.3.2023	298,000	–	–	(10,000)	288,000
	31.3.2014	33.75	31.3.2015 – 30.3.2024	411,000	–	(2,000) (Note h)	(6,000)	403,000
	31.3.2015	34.00 (Note i)	31.3.2016 – 30.3.2025	–	417,000	–	–	417,000
				<u>3,435,704</u>	<u>1,066,500</u>	<u>(25,000)</u>	<u>(16,000)</u>	<u>4,461,204</u>

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Grant Movements during the Period *continued*

Notes:

- (a) All options granted have a vesting period of 3 years in equal proportions starting from the 1st anniversary and become fully vested on the 3rd anniversary of the grant. In this table, "exercise period" begins with the 1st anniversary of the grant date.
- (b) The options lapsed during the period under review upon resignation of certain eligible employees.
- (c) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 11 March 2015) was HK\$36.15.
- (d) Eligible employees are working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance.
- (e) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$35.65.
- (f) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$36.13.
- (g) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$35.50.
- (h) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$34.55.
- (i) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 30 March 2015) was HK\$33.65.

Apart from the above, the Company had not granted any share option under the 2005 Scheme and the New Scheme to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Value of share options

Pursuant to Rule 17.08 of the Listing Rules, the value of the share options granted during the period is to be expensed through the Group's income statement over the three-year vesting period of the options.

The fair values of share options granted by the Company were determined by using Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The inputs into the Model were as follows:

Date of grant	31.3.2015	12.03.2015
Closing share price at the date of grant	HK\$34.000	HK\$34.800
Exercise price	HK\$34.000	HK\$36.270
Risk free rate (Note a)	1.096%	1.241%
Expected life of option (Note b)	5 years	5 years
Expected volatility (Note c)	29.947%	29.810%
Expected dividend per annum (Note d)	HK\$0.976	HK\$0.976
Estimated fair values per share option	HK\$7.304	HK\$7.061

Notes:

- (a) Risk free rate: being the approximate yields of 5-year Exchange Fund Notes traded on the date of grant, matching the expected life of each option.
- (b) Expected life of option: being the period of 5 years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural consideration.
- (c) Expected volatility: being the approximate historical volatility of closing prices of the shares of the Company in the past 5 years immediately before the date of grant.
- (d) Expected dividend per annum: being the approximate average annual cash dividend for the past 5 financial years.

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30 June 2015, the interests or short positions of substantial shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Aggregate long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary shares held	% of the total no. of issued shares (Note a)
Lee Hysan Estate Company, Limited	Beneficial owner and interests of a controlled corporation	433,130,735 (Note b)	40.71
Lee Hysan Company Limited	Interests of controlled corporations	433,130,735 (Note b)	40.71
Silchester International Investors LLP	Investment manager	96,217,000	9.04

Notes:

- (a) The percentage has been compiled based on the total number of shares of the Company in issue as at 30 June 2015 (i.e. 1,063,896,692 ordinary shares).
- (b) These interests represent the same block of shares of the Company. 393,321,734 shares were held by Lee Hysan Estate Company, Limited ("LHE") and 39,809,001 shares were held by a subsidiary of LHE. LHE is a wholly-owned subsidiary of Lee Hysan Company Limited.

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30 June 2015.

Related Party Transactions

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business, which contracts were negotiated on normal commercial terms and on an arm's length basis. Further details are set out in note 17 to the condensed consolidated financial statements.

Some of these transactions also constitute "Continuing Connected Transactions" under the Listing Rules, as identified on pages 64 to 66.

Continuing Connected Transactions

Certain transactions entered into by the Group constituted continuing connected transactions (the “Transactions”) under Rule 14A.76(2) of the Listing Rules during the review period. Details of the Transactions required to be disclosed are set out as follows:

I. Leases granted by the Group

(a) Lee Garden Two, 28 Yun Ping Road, Hong Kong (“Lee Garden Two”)

The following lease arrangements were entered into by Barrowgate, a 65.36% subsidiary of the Company and property owner of Lee Garden Two, as landlord, with the following connected persons:

Connected person	Date of agreement	Terms	Premises	Annual consideration
				(Note a)
(i) Jebson and Company Limited (Note b)	28 March 2013 (Lease and Carpark Licence Agreement)	5 years commencing from 1 September 2013 (Note c)	Office units on the 28th, 30th and 31st Floors and 3 carparking spaces	2015: HK\$29,115,636 2016: HK\$29,115,636 2017: HK\$29,115,636 2018: HK\$19,410,424 (on pro-rata basis) (Notes d & h)
(ii) Hang Seng Bank Limited (Note b)	16 August 2013 (Lease and Licence Agreement) (as amended – Note e)	2 years, 4 months and 15 days commencing from 15 October 2013	Shop G13A on the Ground Floor and Shops 2-10 and 11-12 on the Lower Ground Floor and certain areas on the Lower Ground Floor and Ground Floor	2015: HK\$26,756,100 2016: HK\$23,944,700 (Note h)
(iii) Treasure Matrix Limited (Note f)	28 March 2014 (Lease and Licence Agreements)	5 years commencing from 28 March 2014 (Note c)	Shop Nos. 308 & 311 on the 3rd Floor (connected to an outdoor garden)	2015: HK\$7,644,113 2016: HK\$7,830,000 2017: HK\$7,830,000 2018: HK\$7,830,000 2019: HK\$1,873,306 (on pro-rata basis) (Notes g & h)

Continuing Connected Transactions *continued*

I. Leases granted by the Group *continued*

(b) *One Hysan Avenue, Causeway Bay, Hong Kong (“One Hysan Avenue”)*

The following lease arrangement was entered into by OHA Property Company Limited, a wholly-owned subsidiary of the Company and property owner of One Hysan Avenue, as landlord, with Atlas Corporate Management Limited, a wholly-owned subsidiary of LHE, a substantial shareholder of the Company (holding 40.71% interest). Details of the lease are set out below:

Connected person	Date of agreement	Terms	Premises	Annual consideration (Note a)
Atlas Corporate Management Limited	21 August 2014	3 years commencing from 1 November 2014	Whole of 21st Floor	2015: HK\$3,007,068 2016: HK\$3,007,068 2017: HK\$2,505,890 (on pro-rata basis) (Note h)

II. Provision of leasing and property management services to a non wholly-owned subsidiary regarding Lee Garden Two

(a) The following management agreement was entered into by Hysan Leasing Company Limited, a wholly-owned subsidiary of the Company, with Barrowgate for the provision of leasing, marketing and lease administration services to Lee Garden Two:

Connected person	Date of agreement	Terms	Premises	Consideration received during the period
Barrowgate Limited	28 March 2013	3 years commencing from 1 April 2013	Whole premises of Lee Garden Two	HK\$12,011,017 (Note i)

(b) The following management agreement was entered into by Hysan Property Management Limited, a wholly-owned subsidiary of the Company, with Barrowgate for the provision of property management services to Lee Garden Two:

Connected person	Date of agreement	Terms	Premises	Consideration received during the period
Barrowgate Limited	28 March 2013	3 years commencing from 1 April 2013	Whole premises of Lee Garden Two	HK\$1,500,601 (Note i)

Continuing Connected Transactions *continued*

Notes:

- (a) The annual considerations are based on current rates of rental (including estimated turnover rent, where applicable), operating charges, (for retail premises) promotion levies and (for carparking spaces) licence fees for each of the relevant financial years as provided in the relevant agreements. The rental, operating charges, promotion levies and licence fees (as the case may be) are payable monthly in advance.
- (b) Jebson and Company and Hang Seng Bank Limited are beneficial substantial shareholders of Barrowgate and having equity interest of 10% and 24.64% respectively in Barrowgate.
- (c) The term of the agreements mentioned under I(a)(i) and I(a)(iii) above exceeds 3 years. According to Listing Rules requirement, an independent financial adviser to the Board was engaged in each case. It formed the view, in each case, that the term with duration longer than 3 years was required and it was normal business practice for leases of this type to be of such duration.
- (d) The rent for the period from 1 September 2016 to 31 August 2018 will be reviewed at the then prevailing market rent and to be agreed by Barrowgate and Jebson and Company.
- (e) On 1 December 2014, a partial surrender agreement had been entered into and pursuant to which the lease for Shop G13A on the Ground Floor at Lee Garden Two will be early surrendered effective 31 October 2015. On 15 December 2014, a new lease and licence agreement had been entered into and pursuant to which the remaining spaces had been renewed for a further term of 3 years commencing from 1 March 2016 to 28 February 2019. As the annual consideration under the renewed lease and licence agreement falls below the applicable de minimis threshold under the Listing Rules, it constitutes an exempted continuing connected transaction of the Company.
- (f) Treasure Matrix Limited ("Treasure Matrix") is a non-wholly owned subsidiary of the Company. Under this transaction, Barrowgate was considered a connected person of the Company under the Listing Rules by virtue of its being a non-wholly owned subsidiary of the Company and also having a substantial shareholder which is an associate of a Director of the Company. 2015 annual consideration includes actual turnover rent received for the period under review, and estimated turnover rent for the remaining part of the year.
- (g) The rent for the period from 28 March 2017 to 27 March 2019 will be reviewed at the then prevailing market rent and to be agreed by Barrowgate and Treasure Matrix.
- (h) Office and retail monthly operating charges and carpark licence fee for Lee Garden Two were revised with effect from 1 January 2015. Office monthly operating charges for One Hysan Avenue were revised with effect from 1 January 2015.
- (i) These represent the actual consideration received for the period from 1 January 2015 to 30 June 2015, calculated on the basis of the fee schedules as prescribed in the respective management agreements.

All the Transactions were entered in the ordinary and usual course of business of the respective companies after due negotiations on an arm's length basis with reference to the prevailing market conditions. Announcements were published regarding the Transactions in accordance with the Listing Rules.

Compliance of the Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the review period.

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

During the review period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Human Resources Practices

The Group aims to attract, retain and develop high calibre individuals committed to attaining our objectives. The total number of employees as at 30 June 2015 was 684 (31 December 2014: 687). The Group's human resources practices are aligned with our corporate objectives so as to maximise shareholder value and achieve growth.

There has been no material change in respect of the human resources programs, training and development as set out in the "Responsible Business" section of our 2014 Annual Report.

Corporate Information

Board of Directors

Chairman

Irene Yun Lien LEE

Deputy Chairman and Chief Executive Officer

Siu Chuen LAU

Independent non-executive Directors

Nicholas Charles ALLEN

Frederick Peter CHURCHOUSE

Philip Yan Hok FAN

Lawrence Juen-Yee LAU

Joseph Chung Yin POON

Non-executive Directors

Hans Michael JEBSEN
B.B.S.

Anthony Hsien Pin LEE

Chien LEE

Michael Tze Hau LEE

Executive Director and Company Secretary

Wendy Wen Yee YUNG

Auditor

Deloitte Touche Tohmatsu

Share Registrar and Transfer Office

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Registered Office

49/F. (Reception: 50/F.)
Lee Garden One
33 Hysan Avenue
Hong Kong

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Announcement of interim results	5 August 2015
Ex-dividend date for first interim dividend	18 August 2015
Closure of register of members and record date for first interim dividend	20 August 2015
Dispatch of first interim dividend warrants	(on or about) 1 September 2015

FIRST INTERIM DIVIDEND

The Board declares the payment of a first interim dividend of HK25 cents per share. The first interim dividend will be payable in cash to shareholders on the register of members as at Thursday, 20 August 2015.

The register of members will be closed on Thursday, 20 August 2015, for the purpose of determining shareholders' entitlement to the first interim dividend, during which period no transfer of shares will be registered. In order to qualify for the first interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar not later than 4:00 p.m. on Wednesday, 19 August 2015.

Dividend warrants will be dispatched to shareholders on or about Tuesday, 1 September 2015.

SHARE LISTING

Hysan's shares are listed on The Stock Exchange of Hong Kong Limited. It has a sponsored American Depositary Receipts (ADR) Programme in the New York market.

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00014
Bloomberg: 14HK
Reuters: 0014.HK
Ticket Symbol for ADR Code: HYSNY
CUSIP reference number: 449162304

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Registrar, Tricor Standard Limited.

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone : (852) 2980 1768
Facsimile : (852) 2861 1465

Holders of the Company's ordinary shares should notify the Registrar promptly of any change of their address.

The Interim Report is printed in English and Chinese language and is available on our website at www.hysan.com.hk. Shareholders may at any time choose to receive the Interim Report in printed form in either the English or Chinese language or both or by electronic means. Shareholders who have chosen to receive the Interim Report using electronic means and who for any reason have difficulty in receiving or gaining access to the Interim Report will promptly upon request be sent a printed copy free of charge.

Shareholders may at any time change their choice of the language or means of receipt of the Interim Report by notice in writing to the Company's Registrar at the address above. The Change Request Form may be downloaded from the Company's website at www.hysan.com.hk.

INVESTOR RELATIONS

For enquiries relating to investor relations, please email to investor@hysan.com.hk or write to the Company at:

Investor Relations
Hysan Development Company Limited
49/F. (Reception: 50/F.)
Lee Garden One
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Telephone : (852) 2895 5777
Facsimile : (852) 2577 5153

OUR WEBSITE

Press releases and other information of the Group can be found at our website: www.hysan.com.hk.

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