THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00045) website: www.hshgroup.com

2015 Interim Results

HIGHLIGHTS

- Profit attributable to shareholders amounted to HK$477 million, an increase of 6%, after including property revaluation gains (net of tax and non-controlling interests).
- Underlying profit attributable to shareholders declined by 10% to HK$265 million.
- Total revenue declined by 1% to HK$2,690 million.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 3% to HK$642 million and the Group EBITDA margin remained the same at 24%.
- Earnings per share and underlying earnings per share of HK$0.31 (2014: HK$0.30) and HK$0.17 (2014: HK$0.19) respectively.
- Interim dividend of 5 HK cents per share (2014: 5 HK cents per share).
- Shareholders' funds as at 30 June 2015 amounted to HK$36,215 million or HK$23.59 per share (31 December 2014: HK$35,901 million or HK$23.67 per share).
- Adjusted net asset value as at 30 June 2015 amounted to HK$39,849 million (HK$25.96 per share).
- Gearing ratio at 7% (31 December 2014: 8%).
- The Grand Opening Party held in April for The Peninsula Paris was a great success for a hotel which had already gained widespread international recognition and established the Peninsula brand with a strong presence in Europe.
- Together with our partner Grosvenor, the formal planning application was submitted in July to Westminster City Council for the development of The Peninsula London, a 190-room landmark hotel located at 1-5 Grosvenor Place, Belgravia in London.
- In July we signed a conditional shareholders' agreement with our Turkish partners Doğuş Holding A.Ş., one of the leading business conglomerates in Turkey, and BLG Gayrimenkul Yatırımları ve Ticaret A.Ş., a private equity fund focused on real estate assets, for a proposed hotel development in Istanbul, Turkey. Subject to fulfilment of the conditions, the parties have agreed to jointly develop the property with an investment commitment of approximately €300 million (equivalent to approximately HK$2,568 million), of which HSH will be responsible for 50% or approximately €150 million (equivalent to approximately HK$1,284 million).
- We commenced the major rooms renovation at The Peninsula Chicago, with the first rooms delivered receiving excellent feedback from guests. Preparations have also been made for the major renovation at The Peninsula Beijing where we expect construction to begin in September.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	Increase/ (Decrease)
CONSOLIDATED INCOME STATEMENT (HK$m)			
Revenue	**2,690**	2,718	(1%)
EBITDA	**642**	660	(3%)
Operating profit	**435**	453	(4%)
Profit attributable to shareholders	**477**	452	6%
Underlying profit attributable to shareholders *	**265**	293	(10%)
Interim dividend	**77**	76	1%
Earnings per share (HK$)	**0.31**	0.30	3%
Underlying earnings per share (HK$) *	**0.17**	0.19	(11%)
Interim dividend per share (HK cents)	**5**	5	-
Interim dividend cover (times) **	**3.4x**	3.9x	(13%)
Interest cover (times)	**11.8x**	12.6x	(6%)
Weighted average gross interest rate	**2.3%**	2.3%	-
	As at 30 June 2015	As at 31 December 2014	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (HK$m)			
Total assets	**44,238**	43,982	1%
Net assets attributable to shareholders	**36,215**	35,901	1%
Adjusted net assets attributable to shareholders #	**39,849**	39,496	1%
Net assets per share (HK$)	**23.59**	23.67	-
Adjusted net assets per share (HK$) #	**25.96**	26.04	-
Net borrowings	**2,745**	3,004	(9%)
Funds from operations to net debt ##	**43%**	44%	(1pp)
Net debt to EBITDA (annualised) (times)	**2.1x**	2.0x	5%
Net debt to equity	**8%**	8%	-
Gearing	**7%**	8%	(1pp)
	For the six months ended 30 June		
	2015	2014	
CONSOLIDATED STATEMENT OF CASH FLOWS (HK$m)			
Net cash generated from operating activities	**612**	615	-
Capital expenditure on fixed assets	**(335)**	(153)	119%
SHARE INFORMATION (HK$)			
Highest share price	**12.20**	11.54	6%
Lowest share price	**10.68**	10.08	6%
Period end closing share price	**10.76**	11.04	(3%)

* *Underlying profit attributable to shareholders and underlying earnings per share are calculated by excluding the post-tax effects of the property revaluation movements and other non-operating and non-recurring items.*

** *Interim dividend cover is calculated based on underlying profit attributable to shareholders over interim dividend.*

\# *Adjusted net assets attributable to shareholders and adjusted net assets per share are calculated by adjusting the Group's hotels and golf courses to fair market value based on the valuation conducted by independent property valuers.*

\## *Being annualised EBITDA less tax paid and net interest paid as a percentage of net debt.*

pp *Denotes percentage points.*

Chief Executive Officer's Review

The first six months of 2015 has been a significant time for our Company's long-term development.

The Grand Opening Party held in April for The Peninsula Paris was a great success for a hotel which had already gained widespread international recognition and established the Peninsula brand with a strong presence in Europe.

In London, we have made good progress with our partner Grosvenor and the formal planning application was submitted in July to Westminster City Council for the development of The Peninsula London. Also in July we signed a conditional shareholders' agreement with our Turkish partners Doğuş Holding A.Ş., one of the leading business conglomerates in Turkey, and BLG Gayrimenkul Yatırımları ve Ticaret A.Ş., a private equity fund focused on real estate assets, for a proposed hotel development in Istanbul, Turkey.

We commenced the major rooms renovation at The Peninsula Chicago, with the first rooms delivered receiving excellent feedback from guests. Preparations have also been made for the major renovation at The Peninsula Beijing where we expect construction to begin shortly.

In terms of operating performance, we have faced challenges in some of our key hotel markets, with weaker tourist arrivals in Hong Kong, weak demand during the winter first quarter in Paris, New York and Chicago, and some rooms being taken out of commission ahead of the renovations at The Peninsula Beijing and The Peninsula Chicago. As a result, we have seen a mixed performance from our hotels division whereas the performance of our commercial property division has remained stable.

Overall, Group revenue declined by 1% as compared to last year, but with a focus on containing costs and driving margins, our Group EBITDA margin was maintained at 24%, the same as last year. The underlying profit of the Group amounted to HK$265 million (a 10% decrease from last year) whereas the profit attributable to shareholders amounted to HK$477 million (6% up from last year).

Hotels Division

THE PENINSULA HOTELS

Operating Statistics for the six months ended 30 June 2015

	Occupancy %		ARR (HK$)		RevPAR (HK$)	
	2015	2014	**2015**	2014	**2015**	2014
Hong Kong	**72**	74	**4,792**	5,173	**3,439**	3,820
Other Asia (excluding Hong Kong)	**70**	63	**2,233**	2,187	**1,558**	1,376
United States of America and Europe (Note 1)	**65**	72	**5,721**	4,936	**3,735**	3,554
Average	**69**	66	**3,589**	3,282	**2,459**	2,177

1. *The 2015 figures include the results of The Peninsula Paris which opened on 1 August 2014.*
2. *The average room rates and RevPAR include undistributed service charge, which is levied at 10% in Hong Kong and at 15% in China and Japan.*

Asia

The Peninsula Hong Kong	
Revenue	0%
Occupancy	- 2 pp
Average Room Rate	- 7%
RevPAR	- 10%

The market in Hong Kong was a challenging one for tourism in the first half of the year, which was reflected in the reduced RevPAR of **The Peninsula Hong Kong**. Overnight stays in Hong Kong declined year-on-year, mainly due to fewer numbers of mainland Chinese and Japanese visitors. The Offices and the Commercial Arcade remained fully let, demonstrating that our tenants continue to value having a commercial space in The Peninsula Hotel. Food and beverage and spa revenues increased in the first half due to increased patronage from local clientele. The hotel's three-year collaboration with Britain's prestigious Royal Academy of Arts, *Love Art at The Peninsula,* generated significant positive media coverage with a full-sized replica of a coach teetering on the Sun Terrace in an artwork by renowned British Sculptor Richard Wilson. Throughout June, *National Geographic* broadcast a promotional documentary about the hotel's 85th anniversary celebration, titled *The Making of a Gala*.

The Peninsula Shanghai	
Revenue	- 1%
Occupancy	+ 1 pp
Average Room Rate	- 1%
RevPAR	0%
Proceeds from sale of apartments	HK$ 173m

The Peninsula Shanghai had a stable first half of the year with occupancy slightly above last year. The hotel remains the market leader in RevPAR in the city amidst stiff competition and continuing austerity measures by the Chinese government. All food and beverage businesses located on the Bund were impacted when the government boarded up the area and reduced street lighting following the tragic events on the Bund on New Year's Eve, which affected our revenue in the first quarter. The domestic Chinese market remained strong and we saw increasing numbers of arrivals from Australia, the Middle East, South Africa and Russia. We were delighted to receive the accolade of Number 1 in Asia and Number 8 in the world of The World's Best Hotels by *Travel + Leisure* magazine. Of the 39 apartments within the hotel complex, 19 apartment units were made available for sale in 2014. During the first half of 2015, two more apartment units were sold, making a total number of 13 units sold as at 30 June 2015.

The Peninsula Beijing	
Revenue	- 24%
Available Rooms	- 42%
Occupancy	+ 6 pp
Average Room Rate	+ 3%
RevPAR	+ 12%

The Beijing market was relatively steady and occupancies improved across the city, although rates were still under pressure due to heavy competition. Consumer spending remained slow due to the continued government austerity programme, which had an impact on both food and beverage and the shopping arcade at **The Peninsula Beijing**. The Peninsula Beijing continued its strategy of focusing on the domestic market which is growing at an impressive rate. In preparation for the extensive renovation of The Peninsula Beijing, some areas were closed and we did not accept the usual level of group bookings, resulting in lower revenues for the hotel for the period. The hotel's room count was reduced as rooms were taken out of inventory in preparation for construction, which will begin in September. This renovation will significantly increase the room sizes and enhance the quality of the guestrooms and in-room technology to current Peninsula standards.

The Peninsula Tokyo (JPY)	
Revenue	+ 5%
Occupancy	+ 3 pp
Average Room Rate	+12%
RevPAR	+ 16%

The Peninsula Tokyo enjoyed a strong first half of the year. The government's financial stimulus policies continued to contribute to local economic recovery and the weak yen is making Tokyo more affordable for overseas visitors, with both regional and long-haul markets recording robust growth, and with the RevPAR in Japanese yen terms recording an increase of 16% over the same period last year. Food and beverage performed strongly, with increasing patronage from the local market particularly at weekends. Corporate events have increased with more business travellers attending conferences in Tokyo. With forward bookings we are optimistic about Tokyo's outlook for the remainder of the year.

The Peninsula Bangkok	
Revenue	+ 33%
Occupancy	+ 21 pp
Average Room Rate	- 7%
RevPAR	+ 46%

The Peninsula Bangkok continued to recover with revenue increasing 33% and RevPAR up 46% over the previous year, with business particularly strong during Chinese New Year. In the second quarter, the Thai Government ended martial law which was positive news for our MICE (Meetings, Incentives, Conferences and Exhibitions) business. The second quarter, which is traditionally slow in Bangkok, enjoyed its strongest year since 2008. The regional visitor market is increasing although traditional long-haul markets from Europe and Australia have softened due to their weaker currencies. Group marketing initiatives during the first half were particularly focused on promoting Thailand and The Peninsula Bangkok, including the global *Peninsula Wellness* programme launched at The Peninsula Bangkok Spa. Highlights included a Thai massage programme in collaboration with Wat Pho Temple, new treatments and product lines, and *Tastefully Thai*, a group-wide three-month celebration of Thai cuisine, culture, art and wellness.

The Peninsula Manila	
Revenue	+ 3%
Available Rooms	- 5%
Occupancy	+ 2 pp
Average Room Rate	+ 9%
RevPAR	+ 13%

The Peninsula Manila reported a positive first six months, with revenue increasing 3% and RevPAR up 13% over the same period last year, partially due to consolidation in the local market with some competitor set hotels closing and others under renovation. Various bans on local airlines were lifted for the EU and US and new routes opened up to Russia, significantly boosting traffic. Cruise ship arrivals to the Philippines are increasing rapidly. The rise of the middle class in the Philippines is having a significant effect on our business with domestic travellers now comprising our second largest group after the US. Madrid Fusion Manila, a gastronomic event held in April, attracted a significant number of international and local visitors and celebrity chefs to our food and beverage outlets. The Peninsula Manila's corporate responsibility and sustainability activities are very proactive and we are delighted to report that The Peninsula's global campaign for charity, *Hope for the Philippines*, has started to build a complex of 75 houses, classrooms and a community centre for people displaced after Typhoon Yolanda in 2013.

<u>USA</u>

The Peninsula New York	
Revenue	- 5%
Available Rooms	- 1%
Occupancy	- 4 pp
Average Room Rate	- 3%
RevPAR	- 8%

The Peninsula New York had a challenging start to the year due to a severe winter and snowstorms affecting the city which heavily impacted domestic travel. The hotel was also negatively impacted by a short-term decline in our Middle East diplomatic business. The European market has remained flat and the Brazilian and American domestic market have not been as strong as previous years. In response to demand particularly from the Middle East, the hotel will create an additional theme suite by combining five existing guest rooms, which will open in December.

The Peninsula Chicago	
Revenue	0%
Occupancy	- 5 pp
Average Room Rate	+ 10%
RevPAR	+ 2%

The Chicago market experienced a positive first six months, despite unusually cold summer weather after a very cold winter, and increased supply in the market. **The Peninsula Chicago** commenced its major rooms renovation and the new rooms delivered so far, together with the new in-room technology, are receiving positive feedback from guests. There was a small impact on occupancy and revenue as the hotel could not accept its usual level of large group bookings and catering business was affected. However, the hotel renovation programme is being well-managed to ensure minimal displacement of our rooms business.

The Peninsula Beverly Hills	
Revenue	+ 7%
Occupancy	0 pp
Average Room Rate	+ 9%
RevPAR	+ 9%

The Peninsula Beverly Hills had a positive first half of the year, remaining number one in RevPAR with increased market share although occupancy was flat to the previous year, albeit from a very high base. Average room rates remained strong with an increase of 9% due to a revenue maximising strategy of promoting suites. The Belvedere restaurant will be renovated from September which will impact revenue in the third and fourth quarters. We are delighted that the hotel was ranked as a finalist in Virtuoso's Most Innovative Guest Experience.

Europe

After its soft opening in August 2014, **The Peninsula Paris** held a dazzling Grand Opening Party in April 2015 attracting international stars and guests from France and around the world. Since its opening, this hotel has garnered a high level of acclaim from guests, media and the industry. However, the general Paris market had a very challenging first quarter of the year due to the terrorist attacks in January, short-term decline in Middle East diplomatic business, and a substantial drop in Russian business. Pickup has been much better in the second quarter and we are seeing a large number of guests arriving from regional European markets, the US and China. The food and beverage outlets at The Peninsula Paris are performing well and attracting a large percentage of local clients as well as hotel guests. We are optimistic for the second half of the year.

Commercial Properties Division

Commercial Properties	Revenue
The Repulse Bay Complex	+ 11%
The Peak Tower	+ 1%
St. John's Building	+ 4%
The Landmark	+ 8%
1-5 Grosvenor Place	- 4%
21 avenue Kléber	- 92%

The Repulse Bay Complex is a premier residential property offering one of the finest and most enjoyable living environments in Hong Kong. In the first six months, The Complex reported 11% higher revenue due to buoyant rental income from de Ricou apartment tower after its renovation in 2013 and a slight increase in rents from our other apartment towers at 101 and 109 Repulse Bay Road. The operating results were pleasing in light of the general uncertainty in the high-end property leasing market in Hong Kong.

The Peak Tower remained fully occupied in the first six months and has undertaken some retail restructuring during the first half, which will lead to improvement in rental income. This property generates most of its revenue from commercial leasing, with additional revenue coming from admission fees to the open-air rooftop attraction of Sky Terrace 428 with its unparalleled views of Hong Kong. **St. John's Building,** located at the lower terminus of the Peak Tram, was also fully let with revenue growth of 4%.

The Landmark in Ho Chi Minh City, Vietnam, which is a mixed-use commercial building comprised of serviced apartments and office and retail space, reported an 8% increase in revenue despite a highly competitive market situation in the city. The complex celebrated its 20th anniversary at the end of 2014. We are pleased to have secured some more long-term tenants due to the high quality of management and very competitive service offered.

The Group's commercial properties of **1-5 Grosvenor Place** in London and **21 avenue Kléber** in Paris, which were acquired during 2013, saw a revenue decline in their local currencies of 4% and 92% respectively, due to lower rental income as we prepare the buildings for renovation. Together with Grosvenor, we have submitted planning approval to Westminster City Council to demolish the existing building of 1-5 Grosvenor Place and redevelop it into The Peninsula London hotel and residential apartments. We target to commence demolition and construction during 2017. We are currently undertaking a renovation of 21 avenue Kléber, which is located immediately adjacent to The Peninsula Paris, to prepare it for future leasing to tenants.

Clubs and Services Division

Clubs & Services		
Peak Tram	Revenue	- 3%
Peak Tram	Patronage	- 1%
Thai Country Club	Revenue	+ 15%
Quail Lodge & Golf Club	Revenue	+ 16%
Peninsula Clubs & Consultancy Services	Revenue	+ 7%
Peninsula Merchandising	Revenue	- 4%
Tai Pan Laundry	Revenue	+ 8%

The Peak Tram is one of Hong Kong's most popular tourist attractions. Revenue remained relatively flat in the first half as we did not increase fares in 2015. We saw decreased patronage of 1% due to lower overall visitor numbers in Hong Kong.

Thai Country Club had a positive six months with an increase of 15% in revenue and strong business levels as Thailand's economy recovered, compared to last year's political uncertainty.

Quail Lodge & Golf Club had a stronger first half of the year with revenue increasing by 16% and increased occupancy rates due to a successful marketing strategy to attract business from online travel agents. The renovated golf course was officially opened in May after six months of renovations. *The Quail Motorcycle Gathering* continues to grow in popularity with more than 2,000 visitors in May including celebrities and international guests.

Peninsula Clubs & Consultancy Services manages prestigious clubs in Hong Kong including The Hong Kong Club, The Hong Kong Bankers Club and Butterfield's. PCCS revenue increased by 7% over the previous year.

Revenue at **Peninsula Merchandising** was 4 % lower than the same period last year, owing to lower retail volumes in Hong Kong in general, partly due to the reduced number of Japanese visitors.

Tai Pan Laundry increased revenue by 8% due to the increased volume of laundry from its non-hotel customers.

Projects

1-5 Grosvenor Place, London

Together with our partner, Grosvenor, the Group is planning to develop a mixed-use building designed by British-based Hopkins Architects which comprises The Peninsula London – a 190-room luxury hotel, and residential apartments, located at 1-5 Grosvenor Place, Belgravia. The new building will replace existing offices at the site, which were built in the 1960s, with a design that responds to the heritage of its immediate neighbours, providing a new focal point and vibrancy to Hyde Park Corner. After an intensive period of design and planning work, the formal planning application was submitted to Westminster City Council in July 2015. Subject to obtaining planning approvals, we are targeting to commence demolition and construction by 2017.

The Peninsula Yangon

Progress continues to be made together with our partners Yoma Strategic Holdings Ltd. and First Myanmar Investment Co., Ltd. for the development of the former Myanmar Railway Headquarters into a hotel to be called The Peninsula Yangon. The agreement, subject to conditions and approval, will seek to redevelop and restore the heritage building, which dates from the 1880s and is one of the oldest existing colonial buildings in Yangon. We continue to work on obtaining the necessary approvals in order to fulfil the conditions in our agreement.

Proposed hotel development in Istanbul

The Group signed a conditional shareholders' agreement with our Turkish partners Doğuş Holding A.Ş., one of the leading business conglomerates in Turkey, and BLG Gayrimenkul Yatırımları ve Ticaret A.Ş., a private equity fund focused on real estate assets, for a proposed hotel development in Istanbul, Turkey. Istanbul is a vibrant, beautiful city that embodies both ancient and modern cultures and has become one of the world's most popular tourist destinations. We are excited to develop this project in such a unique location, overlooking the Bosphorus, which is consistent with our Group's long-term strategy to invest and operate Peninsula hotels in strategically selected cities. Subject to fulfilment of the conditions, the parties have agreed to jointly develop the property with an investment commitment of approximately €300 million (equivalent to approximately HK$2,568 million), of which HSH will be responsible for 50% or approximately €150 million (equivalent to approximately HK$1,284 million).

Human Resources

Recruiting and retaining the industry's best talent remains a key focus of our Company and with this in mind, our human resources function undertook several initiatives in the first half of 2015.

These included addressing the important issue of succession planning with the development of a Succession Management Process in our Talent Management System. We launched an "Interview Guide Builder" based on our bespoke HSH Competency Framework to assist colleagues to find and hire the best talent when interviewing candidates. In June, we held an annual HR Conference at The Peninsula Bangkok with over 50 HR colleagues attending, with a focus on our Human Resources strategy for the next five years.

As of 30 June 2015, there were 7,804 full time employees in the Group.

Sustainable Luxury Vision 2020

As a company with 150 years of history, HSH is committed to delivering the highest standards of luxury in a sustainable way. In the first half of 2015 we continued to implement our Sustainable Luxury Vision 2020, working group-wide to deliver progress towards the ambitions set out in our blueprint for sustainable growth. Our operations have the opportunity to make sustainability desirable for our guests without compromising on the high quality of our luxury products and services, while ensuring that we make a positive impact on the local society and environment.

Outlook

The philosophy and strategy of our Group is focused on the development and maintenance of the highest quality portfolio of hotels and other property assets for the long term, as well as providing the products and services to sustain one of the top global luxury hotel brands. Given the nature of our business, shareholder value is created over time through asset value appreciation and an increased operation yield on our assets. We believe this approach has created significant value over the years as shown by the continued increase in our net asset value.

Over the short term, the yield on our assets is relatively low due to high entry prices into the exceptional locations that we seek, high construction costs of our super luxury assets, intense competition in the luxury hotel sector in many of our key markets, and the low yield in the initial years of operation of our more recently opened hotels.

Within this context, it is a constant challenge to drive revenues, control costs and maintain or improve our operating margins. The first half of this year has seen mixed conditions in some of our key hotel markets. However, our hotels remain well-placed in the markets that they operate and we expect to perform in line with expectations in the traditional autumn high season in many of our markets.

It should be noted that our earnings at The Peninsula Beijing and The Peninsula Chicago will be affected in the remainder of this year by rooms being taken out of commission for their renovation projects.

Hong Kong remains the key source of income for us, from commercial and residential lettings as well as our hotel operations. Despite some mixed impressions about the recent business environment in Hong Kong, our commercial and residential leasing activities at The Peninsula Hong Kong, The Repulse Bay Complex and The Peak Complex remain stable.

Overall, our company remains in a strong financial position, with high quality and conservatively valued assets in its balance sheet and a modest level of gearing. With our long-term outlook and the exciting new projects that we are developing, we remain confident and positive about the future, whilst being ready and able to ride out the shorter term fluctuations in the markets in which we operate.

Clement K.M. Kwok
17 August 2015

The Directors hereby announce the unaudited interim results of the Group for the six months ended 30 June 2015. The Interim Financial Report has been reviewed by the Company's Audit Committee, comprising a majority of Independent Non-Executive Directors, one of whom chairs the Committee. The Interim Financial Report is unaudited but has been reviewed by the Company's auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the Interim Report to be sent to shareholders.

Financial Review

Basis of preparation

The Group's Interim Financial Report has been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim financial reporting*" issued by the Hong Kong Institute of Certified Public Accountants.

The Group's underlying earnings

Our operating results are mainly derived from the operation of hotels and letting of commercial properties. We manage the Group's operations with principal reference to their underlying operating cash flows and recurring earnings. However, to comply with the applicable accounting standards, we are required to include non-operating and non-recurring items, such as any changes in fair value of investment properties, in our income statement. In order to provide a better reflection of the performance of the Group, we have provided calculations of the Group's underlying profit attributable to shareholders and underlying earnings per share, which are determined by excluding the post-tax effects of the property revaluation movements and other non-operating and non-recurring items.

The Group's underlying profit attributable to shareholders and underlying earnings per share for the six months ended 30 June 2015 amounted to HK$265 million and HK$0.17 respectively.

	For the 6 months ended 30 June		2015 vs
HK$m	**2015**	2014	2014
Profit attributable to shareholders	**477**	452	
Increase in fair value of investment properties	**(236)**	(166)	
Share of property revaluation loss/(gain) of The Peninsula Shanghai, net of tax	**26**	(18)	
Other non-operating and non-recurring item	**-**	11	
Tax and non-controlling interests attributable to non-operating item	**(2)**	14	
Underlying profit attributable to shareholders	**265**	293	(10%)
Underlying earnings per share (HK$)	**0.17**	0.19	(11%)

The Group's adjusted net assets value

In the Financial Statements, the Group's hotels (other than shopping arcades and offices within the hotels) and golf courses are stated at depreciated cost less accumulated impairment losses, if any, and not at fair value. We believe fair value better represents the underlying economic value of our properties.

Accordingly, we have commissioned an independent third-party fair valuation of the Group's hotels and golf courses as at 30 June 2015, the details of which are set out on page 17. If these assets were to be stated at fair value, the Group's net assets attributable to shareholders would increase by 10% to HK$39,849 million as indicated in the table below.

HK$m		**As at 30 June 2015**		As at 31 December 2014
Net assets attributable to shareholders per statement of financial position		**36,215**		35,901
Adjusting the value of hotels and golf courses to fair value	**4,384**		4,378	
Less: Related deferred tax and non-controlling interests	**(750)**		(783)	
		3,634		3,595
Adjusted net assets attributable to shareholders		**39,849**		39,496
Net assets per share (HK$)		**23.59**		23.67
Adjusted net assets per share (HK$)		**25.96**		26.04

Income statement

The Group's consolidated income statement for the six months ended 30 June 2015 is set out on page 20. The following table summarises the key components of the Group's profit attributable to shareholders. This table should be read in conjunction with the commentaries set out on pages 3 to 10 of the Chief Executive Officer's Review.

	For the 6 months ended 30 June		2015 vs
HK$m	**2015**	2014	2014
Revenue	**2,690**	2,718	(1%)
Operating costs	**(2,048)**	(2,058)	-
EBITDA	**642**	660	(3%)
Depreciation and amortisation	**(207)**	(207)	-
Net financing charges	**(37)**	(36)	3%
Share of results of associates*	**(14)**	(8)	75%
Share of result of a joint venture**	**(41)**	(4)	925%
Increase in fair value of investment properties	**236**	166	42%
Taxation	**(102)**	(118)	(14%)
Profit for the period	**477**	453	5%
Non-controlling interests	**-**	(1)	(100%)
Profit attributable to shareholders	**477**	452	6%

* *Being the Group's 20% share of The Peninsula Paris' ("PPR") operating loss net of its 20% share of The Peninsula Beverly Hills' profit. PPR opened for business on 1 August 2014 and the 2014 comparative figure includes the Group's 20% share of pre-opening expenses of the hotel.*

** *Being the Group's 50% share of The Peninsula Shanghai's ("PSH") result. The 2015 figure includes the Group's share of unrealised loss of HK$52 million (2014: unrealised gain of HK$36 million) arising from the revaluation of PSH's investment properties.*

Revenue

The Group's revenue for the six months ended 30 June 2015 decreased by 1% to HK$2,690 million. A breakdown of this by business segment and geographical segment is set out below.

Consolidated revenue by business segment HK$m	**2015**	2014	2015 vs 2014
Hotels	**1,954**	2,019	(3%)
Commercial Properties	**459**	437	5%
Clubs and Services	**277**	262	6%
	2,690	2,718	(1%)

Consolidated revenue by geographic location HK$m	**2015**	2014	2015 vs 2014
Arising in			
Hong Kong	**1,323**	1,276	4%
Other Asia	**798**	852	(6%)
United States of America	**551**	560	(2%)
Europe	**18**	30	(40%)
	2,690	2,718	(1%)

The hotels division is the main contributor to the Group's revenue, accounting for 73% (2014: 74%) of total revenue. The operating performance of the Group's hotel businesses is subject to a higher degree of volatility by nature. The decrease in revenue of the hotels division was due to a combination of factors, including the room closures in preparation for the renovation programmes to be undertaken by The Peninsula Beijing and The Peninsula Chicago, the severe winter weather in the US during the first quarter and declining tourist arrivals in Hong Kong.

Further details of the operating performances of the Group's individual operations are set out in the Chief Executive Officer's Review on pages 3 to 8.

EBITDA and EBITDA Margin

EBITDA (earnings before interest, taxation, depreciation and amortisation) of the Group decreased by HK$18 million or 3% to HK$642 million in the first half of 2015. The table below sets out the breakdown of the Group's EBITDA by business segment and by geographical segment.

EBITDA (HK$m)	**Hong Kong**	**Other Asia**	**United States of America**	**Europe**	**Total**
2015					
Hotels	**255**	**94**	**(32)**	**-**	**317**
Commercial Properties	**273**	**9**	**-**	**13**	**295**
Clubs and Services	**39**	**7**	**(16)**	**-**	**30**
	567	**110**	**(48)**	**13**	**642**
2014					
Hotels	263	93	(12)	-	344
Commercial Properties	255	8	-	25	288
Clubs and Services	40	4	(16)	-	28
	558	105	(28)	25	660
Change in EBITDA 2015 vs 2014	2%	5%	71%	(48%)	(3%)

EBITDA margin	**2015**	2014
Hotels	**16%**	17%
Commercial Properties	**64%**	66%
Clubs and Services	**11%**	11%
Overall EBITDA margin	**24%**	24%
Arising in:		
Hong Kong	**43%**	44%
Other Asia	**14%**	12%
United States of America	**(9%)**	(5%)
Europe	**72%**	83%

Given the nature of operating high-end luxury hotels, the Group's hotels are subject to a higher cost base. During the first half of 2015, the EBITDA margin of the hotels division decreased by one percentage point with a three percent decrease in revenue. The decrease in the EBITDA margin for the commercial properties division was mainly due to a reduction in rental income from 21 avenue Kléber, following the departure of its main tenant in December 2014 ahead of our renovation of this property.

Increase in fair value of investment properties

The amount represented the revaluation surplus of the Group's investment properties, which amounted to HK$236 million (2014: HK$166 million). This surplus was principally attributable to the increase in the appraised market value of The Repulse Bay Complex.

Share of results of a joint venture and associates

The Group, through a joint venture, owns a 50% interest in The Peninsula Shanghai Complex ("PSH") which comprises a hotel, a shopping arcade and a residential tower of 39 apartments, of which 19 apartment units were reclassified as apartments held for sale in 2014.

In addition, the Group has a 20% interest in each of The Peninsula Beverly Hills ("PBH") and The Peninsula Paris ("PPR"). Given the difference in investment structures, PSH is accounted for as a joint venture whereas PBH and PPR are accounted for as associates.

Several factors should be taken into account when comparing the Group's share of results of a joint venture and associates.

During the period, PSH sold two apartment units for HK$173 million (2014: three apartment units for HK$387 million). The share of PSH's result includes a net unrealised loss of HK$52 million (2014: unrealised gain of HK$36 million) arising from the revaluation of PSH's shopping arcade and apartments held for leasing. After accounting for this revaluation adjustment, the Group's share of loss of PSH amounted to HK$41 million (2014: HK$4 million).

PPR opened for business on 1 August 2014. The Group's share of results of this associate in 2014 was inclusive of the pre-opening expenses of the hotel. In the first half of 2015, the hotel sustained a loss after interest partly as it is still becoming established in the market.

Details of the operating results of PSH, PBH and PPR are set out in the Chief Executive Officer's Review on pages 4 and 7.

Statement of financial position

The Group's financial position as at 30 June 2015 remained strong and net assets attributable to shareholders amounted HK$36,215 million (as at 31 December 2014: HK$35,901 million), representing a per share value of HK$23.59 compared to HK$23.67 as at 31 December 2014. The key components of the Group's assets and liabilities as at 30 June 2015 and 31 December 2014 are set out in the table on the following page.

HK$m	**As at 30 June 2015**	As at 31 December 2014
Fixed assets	**38,425**	38,168
Interest in a joint venture	**973**	1,016
Interest in associates	**728**	807
Hotel operating rights	**562**	611
Cash at banks and in hand	**2,698**	2,477
Other assets	**852**	903
	44,238	43,982
Interest-bearing borrowings	**(5,443)**	(5,481)
Other liabilities	**(2,336)**	(2,350)
	(7,779)	(7,831)
Net assets	**36,459**	36,151
Represented by		
Shareholders' funds	**36,215**	35,901
Non-controlling interests	**244**	250
Total equity	**36,459**	36,151

Fixed assets

The Group has interests in ten operating hotels in Asia, the USA and Europe. In addition to its hotel properties, the Group owns residential apartments, office towers and commercial buildings for rental purposes.

Our hotel properties (other than shopping arcades and offices within the hotels) and golf courses are being regarded as operating assets and are stated at cost less accumulated depreciation and any provision for impairment losses. On the other hand, our investment properties (including shopping arcades and offices within our hotels) are stated at fair value as appraised by independent valuers.

A summary of the Group's hotel, commercial and other properties showing both the book value and the fair value as at 30 June 2015 is set out in the table on the following page.

	Group's interest	Value of 100% of the property: Fair value valuation (HK$m)	Value of 100% of the property: Book value (HK$m)
Hotel properties *			
The Peninsula Hong Kong	100%	12,156	10,037
The Peninsula New York	100%	2,406	1,743
The Peninsula Beijing	76.6% **	1,477	1,255
The Peninsula Chicago	100%	1,339	1,168
The Peninsula Tokyo	100%	1,209	685
The Peninsula Bangkok	75%	721	719
The Peninsula Manila	77.4%	180	170
		19,488	15,777
Commercial properties			
The Repulse Bay Complex	100%	16,736	16,736
The Peak Tower	100%	1,343	1,343
St. John's Building	100%	936	936
21 avenue Kléber	100%	511	511
1-5 Grosvenor Place	50%	3,480	3,480
The Landmark	70%△	83	83
		23,089	23,089
Other properties			
Thai Country Club golf course	75%	224	248
Quail Lodge resort, golf course and vacant land	100%	304	288
Vacant land near Bangkok	75%	322	322
Others	100%	328	205
		1,178	1,063
Total market/ book value		43,755	39,929
Hotel and investment property held by a joint venture			
The Peninsula Shanghai Complex △△	50%	5,221	4,906
Hotel properties held by associates			
The Peninsula Paris	20%	6,076	5,571
The Peninsula Beverly Hills	20%	2,533	418

* *Including the shopping arcades and offices within the hotels*

** *The Group owns 100% economic interest of The Peninsula Beijing with a reversionary interest to the PRC partner in 2033 upon expiry of the co-operative joint venture period.*

△ *The Group owns 50% economic interest of The Landmark with a reversionary interest to the Vietnamese partner in 2026 upon expiry of the joint venture period.*

△△ *Excluding the apartment units which are held for sale.*

Interest in associates and hotel operating rights

The decreases in the balances of interest in associates and hotel operating rights were mainly due to the exchange on re-translation of the Group's investment in The Peninsula Paris and the related hotel operating right resulting from the weakening of the Euro. The exchange differences were accounted for as other comprehensive income during the period.

Statement of cash flows

The Group's cash flows for the first six months of 2015 are summarised as follows:

	For the 6 months ended 30 June	
HK$m	**2015**	2014
EBITDA	**642**	660
Net change in debtors/creditors	**(8)**	(18)
Tax payment	**(22)**	(27)
Net cash generated from operating activities	**612**	615
Capital expenditure on fixed assets	**(335)**	(153)
Net cash inflow after capital expenditure	**277**	462

During the period, net cash generated from operating activities amounted to HK$612 million (2014: HK$615 million), of which HK$335 million (2014: HK$153 million) was applied to fund the capital expenditure on fixed assets.

Treasury Management

The Group's treasury activities are centrally managed and controlled at the corporate level, where currency and interest rate risk exposures are monitored.

During the period, net borrowings decreased by 9% to HK$2,745 million (31 December 2014: HK$3,004 million) and the Group's gearing, expressed as the percentage of net borrowings to the total of net borrowings and shareholders' funds, decreased to 7% (31 December 2014: 8%). Net interest cover, expressed as operating profit divided by net financing charges, decreased to 11.8 times (2014: 12.6 times).

In addition to the Group's consolidated borrowings, The Peninsula Beverly Hills (20% owned), The Peninsula Shanghai (50% owned) and The Peninsula Paris (20% owned) have non-recourse bank borrowings, which are not consolidated in the statement of financial position as the entities owning the assets are not subsidiaries of the Group. Including the Group's share of the net debt of these non-consolidated entities, total net borrowings would amount to HK$4,400 million at 30 June 2015 (31 December 2014: HK$4,684 million).

As at 30 June 2015, the Group's fixed-to-floating interest rate ratio was 50% as compared to 44% as at 31 December 2014. The weighted average gross interest rate for the period remained at 2.3% (2014: 2.3%) after taking hedging activities into account.

The Group manages its liquidity risk by constantly monitoring its loan portfolio and by obtaining sufficient borrowing facilities to meet its obligations and commitments. During the period, the Group arranged two credit facilities totalling JPY12 billion to refinance its maturing term loans.

Non-adjusting event after the reporting period

On 7 July 2015, the Group entered into a conditional shareholders' agreement with Doğuş Holding A.Ş. and BLG Gayrimenkul Yatırımları ve Ticaret A.Ş. for a proposed joint development of a luxury hotel property within the Salıpazarı Port Project Area overlooking the Bosphorus in Istanbul, Turkey. The Group has a 50% interest in the project and its share of investment commitment is estimated to be €150 million (equivalent to approximately HK$1,284 million). The shareholders' agreement is subject to a number of conditions, including the approval of the joint venture arrangement from the Turkish Competition Board. The long stop date for the fulfilment of the conditions is 31 December 2015, which may be extended by written agreement of the parties.

Consolidated Income Statement - unaudited (HK$m)

		For the six months ended 30 June	
	Note	**2015**	2014
Revenue	3	**2,690**	2,718
Cost of inventories		**(194)**	(201)
Staff costs and related expenses		**(1,034)**	(1,009)
Rent and utilities		**(275)**	(291)
Other operating expenses		**(545)**	(557)
Operating profit before interest, taxation, depreciation and amortisation (EBITDA)	3	**642**	660
Depreciation and amortisation		**(207)**	(207)
Operating profit		**435**	453
Interest income		**29**	30
Financing charges	4	**(66)**	(66)
Net financing charges		**(37)**	(36)
Profit after net financing charges	5	**398**	417
Share of result of a joint venture	10	**(41)**	(4)
Share of results of associates	11	**(14)**	(8)
Increase in fair value of investment properties	9(b)	**236**	166
Profit before taxation		**579**	571
Taxation			
Current tax	6	**(85)**	(88)
Deferred tax	6	**(17)**	(30)
Profit for the period		**477**	453
Profit attributable to:			
Shareholders of the Company		**477**	452
Non-controlling interests		**-**	1
Profit for the period		**477**	453
Earnings per share, basic and diluted (HK$)	7	**0.31**	0.30

Details of dividends payable to shareholders of the Company are set out in note 8.

Consolidated Statement of Comprehensive Income - unaudited (HK$m)

	For the six months ended 30 June	
	2015	2014
Profit for the period	**477**	453
Other comprehensive income for the period, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain/(loss) on translation of:		
- financial statements of overseas subsidiaries	**13**	(20)
- financial statements of a joint venture	**(2)**	(26)
- loans to an associate	**(65)**	(10)
- hotel operating rights	**(42)**	(7)
	(96)	(63)
Cash flow hedges:		
- effective portion of changes in fair value	**(13)**	(28)
- transfer from equity to profit or loss	**11**	12
	(98)	(79)
Total comprehensive income for the period	**379**	374
Total comprehensive income attributable to:		
Shareholders of the Company	**385**	371
Non-controlling interests	**(6)**	3
Total comprehensive income for the period	**379**	374

Consolidated Statement of Financial Position – unaudited (HK$m)

	Note	As at 30 June 2015	As at 31 December 2014
Non-current assets			
Investment properties		**32,763**	32,548
Other properties, plant and equipment		**5,662**	5,620
	9	**38,425**	38,168
Interest in a joint venture	10	**973**	1,016
Interest in associates	11	**728**	807
Hotel operating rights	12	**562**	611
Deferred tax assets		**43**	40
		40,731	40,642
Current assets			
Inventories		**88**	92
Trade and other receivables	14	**534**	583
Amount due from a joint venture		**187**	188
Cash at banks and in hand		**2,698**	2,477
		3,507	3,340
Current liabilities			
Trade and other payables	15	**(1,112)**	(1,180)
Interest-bearing borrowings	16	**(224)**	(878)
Current taxation		**(131)**	(70)
		(1,467)	(2,128)
Net current assets		**2,040**	1,212
Total assets less current liabilities		**42,771**	41,854
Non-current liabilities			
Interest-bearing borrowings	16	**(5,219)**	(4,603)
Trade and other payables	15	**(235)**	(260)
Net defined benefit retirement obligations		**(17)**	(17)
Derivative financial instruments	13	**(44)**	(38)
Deferred tax liabilities		**(797)**	(785)
		(6,312)	(5,703)
Net assets		**36,459**	36,151
Capital and reserves			
Share capital	17	**4,746**	4,544
Reserves		**31,469**	31,357
Total equity attributable to shareholders of the Company		**36,215**	35,901
Non-controlling interests		**244**	250
Total equity		**36,459**	36,151

Consolidated Statement of Changes in Equity – unaudited (HK$m)

		Attributable to shareholders of the Company								
	Note	Share capital	Share premium	Capital redemption reserve	Hedging reserve	Exchange and other reserves	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2014		751	3,610	13	(35)	577	30,189	35,105	269	35,374
Changes in equity for the six months ended 30 June 2014										
Profit for the period		-	-	-	-	-	452	452	1	453
Other comprehensive income		-	-	-	(16)	(65)	-	(81)	2	(79)
Total comprehensive income for the period		-	-	-	(16)	(65)	452	371	3	374
Transition to no-par value regime on 3 March 2014	17	3,623	(3,610)	(13)	-	-	-	-	-	-
Dividends approved in respect of the previous year	8	120	-	-	-	-	(180)	(60)	-	(60)
Balance at 30 June 2014 and 1 July 2014		4,494	-	-	(51)	512	30,461	35,416	272	35,688
Changes in equity for the six months ended 31 December 2014										
Profit for the period		-	-	-	-	-	694	694	(16)	678
Other comprehensive income		-	-	-	4	(187)	-	(183)	(1)	(184)
Total comprehensive income for the period		-	-	-	4	(187)	694	511	(17)	494
Dividends approved in respect of the current year	8	50	-	-	-	-	(76)	(26)	-	(26)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(5)	(5)
Balance at 31 December 2014 and 1 January 2015		**4,544**	**-**	**-**	**(47)**	**325**	**31,079**	**35,901**	**250**	**36,151**
Changes in equity for the six months ended 30 June 2015										
Profit for the period		**-**	**-**	**-**	**-**	**-**	**477**	**477**	**-**	**477**
Other comprehensive income		**-**	**-**	**-**	**(2)**	**(90)**	**-**	**(92)**	**(6)**	**(98)**
Total comprehensive income for the period		**-**	**-**	**-**	**(2)**	**(90)**	**477**	**385**	**(6)**	**379**
Dividends approved in respect of the previous year	8	**202**	**-**	**-**	**-**	**-**	**(273)**	**(71)**	**-**	**(71)**
Balance at 30 June 2015		**4,746**	**-**	**-**	**(49)**	**235**	**31,283**	**36,215**	**244**	**36,459**

Condensed Consolidated Statement of Cash Flows - unaudited (HK$m)

	For the six months ended 30 June	
	2015	2014
Operating activities		
EBITDA	**642**	660
Tax paid	**(22)**	(27)
Changes in working capital	**(8)**	(18)
Net cash generated from operating activities	**612**	615
Investing activities		
Payment for the purchase of fixed assets	**(335)**	(153)
Loan to an associate	**-**	(123)
Net cash used in investing activities	**(335)**	(276)
Financing activities		
Interest received	**31**	29
Interest and other financing charges paid	**(63)**	(58)
Placement of interest-bearing bank deposits with maturity of more than three months	**(340)**	(207)
Net increase in bank borrowings	**48**	343
Dividends paid to shareholders of the Company	**(71)**	(60)
Net cash (used in)/generated from financing activities	**(395)**	47
Net (decrease)/increase in cash and cash equivalents	**(118)**	386
Cash and cash equivalents at 1 January	**839**	1,036
Effect of changes in foreign exchange rates	**(5)**	(23)
Cash and cash equivalents at 30 June (note)	**716**	1,399

Note *Analysis of cash and cash equivalents*

	As at 30 June	
	2015	*2014*
Interest-bearing bank deposits	***2,513***	*1,917*
Cash at banks and in hand	***185***	*142*
Total cash at banks and in hand	***2,698***	*2,059*
Less: Interest-bearing bank deposits with maturity of more than three months	***(1,973)***	*(647)*
Less: Bank overdrafts (note 16)	***(9)***	*(13)*
Cash and cash equivalents in the condensed consolidated statement of cash flows	***716***	*1,399*

Total cash at banks and in hand at the end of the reporting period include deposits with banks of HK$997 million (30 June 2014: HK$952 million) held by overseas subsidiaries which are subject to prevailing regulations and foreign exchange restrictions.

Notes to the unaudited interim financial report

1. Significant accounting policies

Basis of preparation

This unaudited Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue by the Board of Directors of the Company on 17 August 2015.

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

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

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

The Interim Financial Report is unaudited, but has been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2014 that is included in the Interim Financial Report as being previously reported information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

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

3. Segment reporting (HK$m)

In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group's reportable segments are as follows:

Hotels	This segment includes revenue generated from operating hotels, leasing of commercial shopping arcades and office premises located within the hotel buildings.
Commercial Properties	This segment comprises the leasing of commercial and office premises (other than those in hotel properties) and residential apartments, as well as operating food and beverage outlets in such premises.
Clubs and Services	This segment comprises the operation of golf courses and resort, The Peak Tram, wholesaling and retailing of food and beverage products, laundry services and the provision of management and consultancy services for clubs.

No operating segments have been aggregated to form the reportable segments.

3. Segment reporting (HK$m) *continued*

(a) Segment results (HK$m)

The results of the Group's reportable segments for the six months ended 30 June 2015 and 2014 are set out as follow:

	Hotels		Commercial Properties		Clubs and Services		Consolidated	
	For the six months ended 30 June							
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Reportable segment revenue*	**1,954**	2,019	**459**	437	**277**	262	**2,690**	2,718
Reportable segment operating profit before interest, taxation, depreciation and amortisation (EBITDA)	**317**	344	**295**	288	**30**	28	**642**	660
Depreciation and amortisation	**(187)**	(188)	**(5)**	(5)	**(15)**	(14)	**(207)**	(207)
Segment operating profit	**130**	156	**290**	283	**15**	14	**435**	453

* *Analysis of segment revenue*

	2015	*2014*
Hotels		
- Rooms	***851***	*891*
- Food and beverage	***542***	*582*
- Commercial	***381***	*370*
- Others	***180***	*176*
	1,954	*2,019*
Commercial Properties		
- Residential properties	***243***	*218*
- Offices	***54***	*65*
- Shopping arcades	***162***	*154*
	459	*437*
Clubs and Services		
- Clubs and consultancy services	***91***	*85*
- Peak Tram operation	***58***	*60*
- Others	***128***	*117*
	277	*262*
Total	***2,690***	*2,718*

Reconciliation of segment operating profit to the profit before taxation in the consolidated income statement is not presented as the segment operating profit is the same as the operating profit presented in the consolidated income statement.

3. Segment reporting (HK$m) *continued*

(b) Segment assets (HK$m)

Segment assets include all tangible and intangible assets and current assets held directly by the respective segments.

The Group's segment assets and unallocated assets as at 30 June 2015 and 31 December 2014 are set out as follows:

	As at 30 June 2015	As at 31 December 2014
Reportable segment assets		
Hotels	**16,888**	16,978
Commercial properties	**21,678**	21,440
Clubs and services	**1,043**	1,036
	39,609	39,454
Unallocated assets		
Interest in a joint venture	**973**	1,016
Interest in associates	**728**	807
Deferred tax assets	**43**	40
Amount due from a joint venture	**187**	188
Cash at banks and in hand	**2,698**	2,477
Consolidated total assets	**44,238**	43,982

4. Financing charges (HK$m)

	For the six months ended 30 June	
	2015	2014
Interest on bank borrowings	**43**	44
Other borrowing costs	**8**	9
Total interest expense on financial liabilities carried at amortised cost	**51**	53
Derivative financial instruments:		
- cash flow hedges, transfer from equity	**12**	13
- at fair value through profit or loss	**3**	-
	66	66

5. Profit after net financing charges (HK$m)

Profit after net financing charges is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2015	2014
Amortisation of hotel operating rights	**7**	2
Depreciation	**200**	205
Interest income	**(29)**	(30)

6. Taxation (HK$m)

	For the six months ended 30 June	
	2015	2014
Current tax		
Hong Kong	**68**	66
Overseas	**17**	22
	85	88
Deferred tax		
Increase in net deferred tax liabilities relating to revaluation of overseas investment properties	**1**	10
Increase in net deferred tax liabilities relating to other temporary differences	**16**	20
	17	30
	102	118

The provision for Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period. Taxation for overseas subsidiaries is calculated at the current tax rates applicable in the relevant jurisdictions.

7. Earnings per share

(a) Earnings per share - basic

	For the six months ended 30 June **2015**	2014
Profit attributable to shareholders of the Company (HK$m)	**477**	452
Weighted average number of shares in issue (million shares)	**1,518**	1,503
Earnings per share (HK$)	**0.31**	0.30

	2015 *(million shares)*	*2014* *(million shares)*
Issued shares at 1 January	***1,517***	*1,502*
Effect of new shares issued and allotted to shareholders who opted to take scrip as an alternative to cash in respect of the 2014 final dividend	***1***	*1*
Weighted average number of shares in issue at 30 June	***1,518***	*1,503*

(b) Earnings per share - diluted

There were no potential dilutive ordinary shares in existence during the periods ended 30 June 2015 and 30 June 2014 and hence diluted earnings per share is the same as the basic earnings per share.

8. Dividends (HK$m)

(a) Dividends payable to shareholders of the Company attributable to the interim period

	For the six months ended 30 June **2015**	2014
Interim dividend declared and to be paid after the interim period of 5 HK cents per share (2014: 5 HK cents per share)	**77**	76

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

8. Dividends (HK$m) *continued*

(b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	For the six months ended 30 June	
	2015	2014
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 18 cents per share (year ended 31 December 2013: 12 HK cents per share)	**273**	180

For the final dividend in respect of 2014, scrip dividend elections were offered to shareholders other than those with registered addresses in Australia and the United States of America. Shareholders holding approximately 74% of the issued share capital of the Company elected to receive their entitlement to the 2014 final dividend in the form of scrip, which resulted in the issue and allotment of approximately 18.2 million new shares on 19 June 2015.

9. Investment properties, other properties, plant and equipment (HK$m)

(a) Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired items of properties, plant and equipment with a cost of HK$311 million (six months ended 30 June 2014: HK$107 million). Items of properties, plant and equipment disposed of during the six months ended 30 June 2015 and 30 June 2014 were insignificant in value.

(b) Valuation of investment properties

All investment properties of the Group were revalued as at 30 June 2015 on an open market value basis, mainly calculated by reference to net rental income and allowing for reversionary income potential, which are the same valuation techniques as were used by the valuers when carrying out the December 2014 valuations. The changes in fair value of the investment properties during the period were accounted for in the consolidated income statement. The valuations were carried out by valuers independent of the Group, whose staff have recent and relevant experience in the location and category of the properties being valued.

As a result of the revaluation, a net gain of HK$236 million (2014: HK$166 million) has been included in the consolidated income statement.

9. Investment properties, other properties, plant and equipment (HK$m) *continued*

(c) Valuation of hotel properties and golf courses

To provide additional information for shareholders, the Directors commissioned an independent valuation of the Group's hotel properties and golf courses as at 30 June 2015. The total valuation placed on the hotel properties and golf courses, which have a net book value of HK$5,251 million (31 December 2014: HK$5,339 million), was HK$8,954 million as at 30 June 2015 (31 December 2014: HK$9,044 million). It is important to note that the surplus of HK$3,703 million (31 December 2014: HK$3,705 million) and the related deferred taxation and non-controlling interests have not been incorporated in this Interim Financial Report but are provided for additional information only.

10. Interest in a joint venture (HK$m)

	As at 30 June 2015	As at 31 December 2014
Share of net assets	**452**	495
Loan to a joint venture *(note 10(b))*	**521**	521
	973	1,016

(a) Details of the joint venture are as follows:

Company name	Form of business structure	Place of incorporation	Particulars of issued and paid up capital	Group's effective interest *	Principal activity
The Peninsula Shanghai (BVI) Limited ("TPS")	Incorporated	British Virgin Islands	US$1,000	50%	Investment holding

* *The Group's interest in TPS is held indirectly by the Company. TPS holds a 100% direct interest in Evermore Gain Limited ("EGL"), a company incorporated in Hong Kong in 2007, which in turn holds a 100% direct interest in The Peninsula Shanghai Waitan Hotel Company Limited ("PSW"). PSW is a wholly owned foreign enterprise incorporated in the People's Republic of China and is engaged in the development and operation of the hotel, apartments, retail arcade and ancillary facilities of The Peninsula Shanghai. At 30 June 2015, the paid up capital of EGL and PSW amounted to HK$1 (31 December 2014: HK$1) and US$117,500,000 (31 December 2014: US$117,500,000) respectively.*

10. Interest in a joint venture (HK$m) *continued*

(b) The loans to the joint venture are denominated in US dollars, unsecured, interest free and have no fixed repayment terms.

(c) PSW has pledged its properties inclusive of the land use rights as security for a loan facility amounting to RMB2,500 million (HK$3,121 million). As at 30 June 2015, the loan drawn down amounted to HK$2,276 million (RMB1,823 million) (31 December 2014: HK$2,367 million (RMB1,893 million)). The net carrying amount of these pledged assets amounted to HK$5,080 million (RMB4,069 million) (31 December 2014: HK$5,278 million (RMB4,221 million)).

(d) Set out below is a summary of the financial information of the joint venture, of which the Group has a 50% share:

	As at 30 June 2015	As at 31 December 2014
Non-current assets	**4,906**	5,019
Current assets	**346**	475
Current liabilities	**(470)**	(516)
Non-current liabilities	**(3,879)**	(3,989)
Net assets	**903**	989

	For the six months ended 30 June **2015**	2014
Income *	**450**	671
Cost of inventories and operating expenses	**(360)**	(574)
EBITDA	**90**	97
Depreciation	**(42)**	(52)
Net financing charges	**(78)**	(90)
Loss before non-operating items	**(30)**	(45)
Non-operating item, net of tax **	**(52)**	36
Loss for the period	**(82)**	(9)
The Group's share of result of the joint venture	**(41)**	(4)

* Including proceeds of HK$173 million (2014: HK$387 million) from sale of apartments.
** Being the net re-valuation adjustment on investment properties.

11. Interest in associates (HK$m)

	As at 30 June 2015	As at 31 December 2014
Interest in associates	**728**	807

11. Interest in associates (HK$m) *continued*

(a) Details of the principal unlisted associates are as follows:

Company name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up / contributed capital	Group's effective interest*	Principal activity
Al Maha Majestic S.à r.l. ("Al Maha") **	Incorporated	Luxembourg/ France	EUR 12,500	20%	Investment holding
Majestic EURL ("Majestic")	Incorporated	France	EUR 80,000,000	20%	Hotel investment and investment holding
Le 19 Avenue Kléber	Incorporated	France	EUR 100,000	20%	Hotel operation
The Belvedere Hotel Partnership ("BHP") #	Partnership	United States of America	US$46,500,000	20%	Hotel investment

* *The Group's effective interest is held indirectly by the Company.*
** *Al Maha holds a 100% direct interest in Majestic which in turn owns The Peninsula Paris.*
\# *BHP holds 100% interest in The Peninsula Beverly Hills.*

(b) Included in the balance of interest in associates are loans to Al Maha of HK$714 million (31 December 2014: HK$796 million). The loans were made pro rata to the Group's shareholding in Al Maha and bear interest at rates published by the French tax authorities. Of the balance of HK$714 million, HK$372 million is repayable in April 2017 and the remaining balance is repayable in December 2020.

(c) Majestic has pledged its hotel property as security for a loan facility amounting to EUR220 million (HK$1,912 million). As at 30 June 2015, the loan balance amounted to EUR218 million (HK$1,895 million) (31 December 2014: EUR217 million (HK$2,047 million)). As at 30 June 2015, the net carrying amount of these pledged assets amounted to EUR642 million (HK$5,577 million) (31 December 2014: EUR654 million (HK$6,169 million)).

(d) BHP has pledged its hotel property to an independent financial institution as security for BHP's loan facility, amounting to US$142 million (HK$1,108 million) (31 December 2014: US$145 million (HK$1,131 million)). The net carrying amount of the pledged assets amounted to US$53.6 million (HK$418 million) (31 December 2014: US$54.8 million (HK$427 million)).

(e) Set out below is a summary of the aggregate financial information of the associates, of which the Group has a 20% share:

	For the six months ended 30 June	
	2015	2014
Net loss from continuing operations, including pre-opening expenses	**(70)**	(40)
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**(70)**	(40)
The Group's share of results of the associates	**(14)**	(8)

12. Hotel operating rights

Hotel operating rights represent the cost attributable to securing the Group's rights to operate The Peninsula Beverly Hills and The Peninsula Paris. The amortisation charge for the period is included in "Depreciation and amortisation" in the consolidated income statement.

13. Derivative financial instruments (HK$m)

	As at 30 June 2015 Liabilities	As at 31 December 2014 Liabilities
Cash flow hedges:		
Interest rate swaps	**(41)**	(38)
At fair value through profit or loss:		
Interest rate swaps	**(3)**	-
Portion to be settled after one year	**(44)**	(38)

14. Trade and other receivables (HK$m)

	As at 30 June 2015	As at 31 December 2014
Trade debtors	**216**	241
Rental deposits, payments in advance and other receivables	**315**	338
Tax recoverable	**3**	4
	534	583

The amount of the Group's trade and other receivables expected to be recovered or recognised as expenses after more than one year is HK$78 million (31 December 2014: HK$88 million). All the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

The Directors consider that the carrying amounts of all trade and other receivables approximate their fair value.

The Group has no concentrations of credit risk in view of its large number of customers. The Group maintains a defined credit policy to ensure that credit is given only to customers with an appropriate credit history. In respect of the Group's rental income from operating leases, rentals are normally received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. As such, the Group normally does not obtain collateral from its customers.

14. Trade and other receivables (HK$m) *continued*

The ageing analysis of trade debtors is as follows:

	As at 30 June 2015	As at 31 December 2014
Current	**198**	215
Less than one month past due	**9**	18
One to three months past due	**7**	6
More than three months but less than 12 months past due	**2**	2
Amounts past due	**18**	26
	216	241

Trade debtors are normally due within 30 days from the date of billing.

No impairment is considered necessary for any of the trade debtors including those that are past due as they relate to a wide range of independent customers that have a good track record with the Group, with no recent history of default and are considered by the management to be fully recoverable.

15. Trade and other payables (HK$m)

	As at 30 June 2015	As at 31 December 2014
Trade creditors	**98**	145
Interest payable	**7**	7
Accruals for fixed assets	**33**	50
Tenants' deposits	**386**	381
Guest deposits and gift vouchers	**154**	139
Golf membership deposits	**96**	99
Other payables	**573**	619
Financial liabilities measured at amortised cost	**1,347**	1,440
Less: Non-current portion of trade and other payables	**(235)**	(260)
Current portion of trade and other payables	**1,112**	1,180

The amount of trade and other payables of the Group expected to be settled or recognised as income after more than one year is HK$355 million (31 December 2014: HK$375 million). All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

15. Trade and other payables (HK$m) *continued*

The ageing analysis of trade creditors is as follows:

	As at 30 June 2015	As at 31 December 2014
Less than three months	**95**	142
Three to six months	**2**	3
More than six months	**1**	-
	98	145

16. Interest-bearing borrowings (HK$m)

	As at 30 June 2015	As at 31 December 2014
Total facilities available:		
Term loans and revolving credits	**6,262**	6,359
Uncommitted facilities, including bank overdrafts	**328**	336
	6,590	6,695
Utilised:		
Term loans and revolving credits	**5,440**	5,477
Uncommitted facilities, including bank overdrafts	**39**	44
	5,479	5,521
Less: Unamortised financing charges	**(36)**	(40)
	5,443	5,481
Represented by:		
Short-term bank loans, repayable within one year or on demand	**215**	873
Bank overdrafts, repayable on demand	**9**	5
	224	878
Long-term bank loans, repayable:		
Between one and two years	**624**	716
Between two and five years	**4,062**	3,797
Over five years	**569**	130
	5,255	4,643
Less: Unamortised financing charges	**(36)**	(40)
Non-current portion of long-term bank loans	**5,219**	4,603
Total interest-bearing borrowings	**5,443**	5,481

All of the non-current interest-bearing borrowings are carried at amortised cost. The non-current portion of long-term bank loans is not expected to be settled within one year and all borrowings are unsecured.

17. Share capital

	At 30 June 2015 No. of shares (million)	**At 30 June 2015** HK$m	At 31 December 2014 No. of shares (million)	At 31 December 2014 HK$m
Ordinary shares, issued and fully paid				
As at 1 January	**1,517**	**4,544**	1,502	751
Shares issued under scrip dividend scheme (note i)	**18**	**202**	15	170
Transition to no-par value regime on 3 March 2014 (note ii)	**-**	**-**	-	3,623
At 30 June 2015/31 December 2014	**1,535**	**4,746**	1,517	4,544

Note i) During the six months ended 30 June 2015, the Company issued and allotted approximately 18.2 million new ordinary shares at HK$11.06 per share in respect of the 2014 final scrip dividend. The new shares issued have resulted in an increase in fully paid share capital of approximately HK$202 million. All ordinary shares issued during the period rank pari passu in all respects with the existing shares in issue. All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note ii) The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on 3 March 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

18. Fair values measurement of financial instruments

(a) Financial instruments carried at fair value

HKFRS 13, *Fair value measurement* requires disclosure of the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

18. Fair values measurement of financial instruments *continued*

(a) Financial instruments carried at fair value *continued*

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

(b) Fair values of financial instruments carried at other than fair value

Financial instruments are carried at amounts not materially different from their fair values as at 30 June 2015. The loans to an associate (note 11) are at floating interest rates and the carrying amount of these loans approximate their fair value. The loan to a joint venture (note 10(b)) is unsecured, interest free and has no fixed repayment terms. Given these terms, it is not meaningful to disclose its fair value. The Group has no intention of disposing of the loans to an associate and a joint venture.

19. Commitments (HK$m)

Capital commitments outstanding at 30 June 2015 not provided for in the Interim Financial Report were as follows:

	As at 30 June 2015			As at 31 December 2014		
	Contracted for	Authorised but not contracted for	Total	Contracted for	Authorised but not contracted for	Total
Capital commitments of the Group	**121**	**2,301**	**2,422**	242	2,523	2,765
The Group's share of capital commitments of						
- a joint venture	**5**	**4**	**9**	-	10	10
- associates	**-**	**8**	**8**	-	17	17
	126	**2,313**	**2,439**	242	2,550	2,792

The Group's capital commitments include the authorised capital expenditure for the major renovation programmes of The Peninsula Beijing, The Peninsula Chicago and 21 avenue Kléber as well as normal capital expenditure for the Group's existing properties. In respect of The Peninsula London and The Peninsula Yangon projects, the figures include the amounts authorised to complete the planning and preparation stage of these projects.

20. Material related party transactions

There were no material related party transactions during the six months ended 30 June 2015, other than the nature of those as disclosed in the Group's annual financial statements for the year ended 31 December 2014.

21. Non-adjusting event after the reporting period

On 7 July 2015, the Group entered into a conditional shareholders' agreement with Doğuş Holding A.Ş. and BLG Gayrimenkul Yatırımları ve Ticaret A.Ş. for a proposed joint development of a luxury hotel property within the Salıpazarı Port Project Area overlooking the Bosphorus in Istanbul, Turkey. The Group has a 50% interest in the project and its share of investment commitment is estimated to be €150 million (equivalent to approximately HK$1,284 million). The shareholders' agreement is subject to a number of conditions, including the approval of the joint venture arrangement from the Turkish Competition Board. The long stop date for the fulfilment of the conditions is 31 December 2015, which may be extended by written agreement of the parties.

Other Corporate Information

Corporate Responsibility and Sustainability

The Group's Sustainable Luxury Vision 2020 guides our commitment to managing sustainability risks and opportunities. With seven areas of focus covering all divisions of our business, Vision 2020 sets out more than 50 economic, social and environmental goals that we are targetting to achieve by year 2020.

The Sustainability Review and Data Statements (the "Sustainability Report") in the 2014 Annual Report discuss in detail our progress towards Vision 2020 and specific material issues that contribute to the sustainable development of the Group. The Sustainability Report discloses the Group's corporate responsibility and sustainability performance in accordance with the G4 Sustainability Reporting Guidelines of Global Reporting Initiative ("GRI") at Core disclosure level. The reported information has been verified by independent auditor KPMG and accredited by GRI in Materiality Disclosures.

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2015.

Corporate Governance

The Company believes the principles of integrity, transparency and accountability are the basis of a successful and sustainable company and thus is committed to operate to the highest standards of corporate governance. The Company recognises that good corporate governance promotes and safeguards the interests of its shareholders and other stakeholders, and the Company's goal is to operate within a well-established framework of policies, processes and management systems. The Corporate Governance Report in the 2014 Annual Report outlines the Company's approach to governance and its initiatives and activities.

The Company has adopted its own Corporate Governance Code ("HSH Code"). It applies all of the principles in the Corporate Governance Code in Appendix 14 of the Listing Rules ("CG Code"). The HSH Code has already encompassed all code provisions and recommended best practices of the CG Code, save for the recommended best practices including publication of quarterly financial results and disclosure of individual senior management remuneration, as disclosed in the Corporate Governance Report.

Throughout the six months ended 30 June 2015, the Company has complied with all the code provisions in the CG Code.

Dealings in the Company's Securities by Directors and specified employees

The Company has adopted its Code for Dealing in the Company's Securities by Directors ("Securities Code") on terms no less exacting than the required standard set out in the Stock Exchange's Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules ("Model Code").

The Company has made specific enquiries with all the Directors regarding any non-compliance with the Model Code and the Securities Code during the six months ended 30 June 2015. The Directors have confirmed their full compliance with the required standard set out in the Model Code and the Securities Code.

The Company has further extended the Securities Code to specified employees including senior management who may from time to time come across inside information. All specified employees have also confirmed their full compliance with the required standards set out in the adopted Code for Dealing in the Company's Securities by Specified Employees.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend of 5 HK cents per share (2014: 5 HK cents per share) for the six months ended 30 June 2015. The interim dividend will be payable on 30 October 2015 to shareholders whose names appear on the register of members on 21 September 2015.

The interim dividend will be payable in cash but shareholders will have the option of receiving the interim dividend in cash or in the form of new shares in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of the Stock Exchange.

A circular containing details of this scrip dividend scheme will be dispatched to shareholders together with an election form for the scrip dividend on 25 September 2015.

Closure of Register of Members

The register of members will be closed from 17 September 2015 to 21 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to receive the interim dividend, shareholders must ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 16 September 2015.

Interim Report

The Interim Report of the Company will be dispatched to the shareholders as well as published on the websites of the Company and the Stock Exchange on or about 8 September 2015.

By Order of the Board
Christobelle Liao
Company Secretary

Hong Kong, 17 August 2015

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

Non-Executive Chairman
The Hon. Sir Michael Kadoorie

Non-Executive Deputy Chairman
Andrew Clifford Winawer Brandler

Executive Directors
Managing Director and Chief Executive Officer
Clement King Man Kwok

Chief Operating Officer
Peter Camille Borer

Chief Financial Officer
Alan Philip Clark

Non-Executive Directors
Ronald James McAulay
William Elkin Mocatta
John Andrew Harry Leigh
Nicholas Timothy James Colfer

Independent Non-Executive Directors
Dr the Hon. Sir David Kwok Po Li
Patrick Blackwell Paul
Pierre Roger Boppe
Dr William Kwok Lun Fung
Dr Rosanna Yick Ming Wong