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## ANNOUNCEMENT OF 2012 INTERIM RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2012 (Unaudited) HK\$'M	Six months ended 30th June, 2011 (Unaudited) HK\$'M	% Change
Revenue	599.1	410.4	+46.0%
Gross profit	136.1	82.1	+65.8%
Profit for the period attributable to equity holders of the parent	1,132.3	1,092.6	+3.6%
Basic earnings per ordinary share attributable to equity holders of the parent	HK35.02 cents	HK34.32 cents	+2.0%
Ordinary interim dividend per ordinary share	HK0.55 cent	HK0.50 cent	+10.0%
	As at 30th June, 2012 (Unaudited)	As at 31st December, 2011 (Unaudited)	
Net asset value per ordinary share after non-controlling interests	HK\$2.23	HK\$1.84	+21.2%

- For the six months ended 30th June, 2012, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$1,132.3 million, as compared to HK\$1,092.6 million recorded in the comparative period in 2011.
- The profit achieved for the period under review was principally attributable to the one-off net accounting gain recognised by Paliburg Holdings Limited, the listed intermediate subsidiary of the Company, on consolidating Regal Hotels International Holdings Limited, previously a listed associate of Paliburg, based on the fair values of the assets and liabilities of Regal as at 7th May, 2012, the date when Regal became a subsidiary of Paliburg and, in turn, effectively of the Company.
- To expand the scope of its investment portfolio, the Group has entered into a subscription agreement to subscribe for 84.9% of the Class B Participation Shares of JAR Aviation Fund PCC Limited at an aggregate cash subscription consideration of HK\$110 million. JAR Aviation Fund beneficially owns exclusively for the benefit of the Class B Participation Shares a 1998 new generation model of Boeing 737-800 single aisle aircraft, which has been leased to an airline company for a term of 62 months at an effective annual rental of HK\$22.6 million.
- The Group first started its fund management and related investment businesses in China in December 2011 with the establishment in Chongqing of the RMB250 million cross-border Renminbi fund, for which a wholly owned subsidiary of the Company acts as the general partner.
- Further in July 2012, the Group established another onshore equity investment fund in Chongqing, with a registered total subscription amount of RMB200 million. The Group also acts as the general partner and has subscribed for partnership units in an amount of RMB2 million, while the remaining partnership units for RMB198 million have been duly subscribed for by a major China state-owned enterprise.
- All the listed member companies of the Group have been achieving steady progress. To complement its overall investment portfolio, the Group has invested in JAR Aviation Fund to broaden its income base and has also been working to develop its fund management business in China.
- The Directors remain optimistic of the prospects of the Group as a whole and that the Company will be able to bring to its shareholders increasing returns.

## **FINANCIAL RESULTS**

For the six months ended 30th June, 2012, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$1,132.3 million, as compared to HK\$1,092.6 million recorded in the comparative period in 2011.

The profit achieved for the period under review was principally attributable to the one-off net accounting gain recognised by Paliburg Holdings Limited, the listed intermediate subsidiary of the Company, on consolidating Regal Hotels International Holdings Limited, previously a listed associate of Paliburg, based on the fair values of the assets and liabilities of Regal as at 7th May, 2012, the date when Regal became a subsidiary of Paliburg and, in turn, effectively of the Company.

## **BUSINESS OVERVIEW**

It has always been a long term objective of the Group to gradually expand the scope of its business and investment portfolio, with a view to broadening its income base.

In this regard, the Group has announced on 24th July, 2012 that a wholly owned subsidiary of the Company has entered into a subscription agreement with JAR Aviation Fund PCC Limited, an independent professional investment fund established in Gibraltar, to subscribe for approximately 84.9% of its Class B Participation Shares at an aggregate cash subscription consideration of approximately HK\$110 million. JAR Aviation Fund beneficially owns exclusively for the benefit of the Class B Participation Shares a 1998 new generation model of Boeing 737-800 single aisle aircraft, which was acquired from an independent third party at a cash consideration of approximately HK\$84.2 million. The aggregate subscription consideration for the Class B Participation Shares was agreed to by the Group after assessing the funds required for the purchase price of the aircraft, the additional contributions of approximately HK\$38.2 million required for the first engine performance restoration and replacement of parts under the terms of a lease agreement for the leasing of the aircraft to a third party airline company and other incidental costs and expenses. JAR Aviation Fund is

managed by a professional investment adviser and a professional aircraft asset manager, who would be entitled to management fees and performance fees, but the Group has control over all material decisions affecting the rights and benefits of the Class B Participation Shares.

The lease of the aircraft to the airline company is for a term of 62 months from July 2012 and the effective annual rental receivable under the lease is approximately HK\$22.6 million. The Group considers that the investment in JAR Aviation Fund would help to expand the scope of its investment portfolio, while providing good recurring investment returns.

As the first step for the expansion of its fund management and related investment businesses in China, the Group participated in the establishment in Chongqing, in December 2011, the Regal (Chongqing) Equity Investment Fund. The Regal (Chongqing) fund was established as a cross-border Renminbi fund in the form of a limited partnership. A wholly owned subsidiary of the Company acts as the general partner of this fund and partnership units in the amount of approximately RMB250 million have been subscribed for by two wholly owned subsidiaries of P&R Holdings Limited, a joint venture entity that is 50%-owned by each of Paliburg and Regal.

Further in July 2012, the Group established another onshore investment fund in Chongqing, named as Chongqing Fudu Equity Investment Fund, L.P.. The Chongqing Fudu fund is also established as a limited partnership and has a registered total subscription amount of RMB200 million. The same wholly owned subsidiary of the Company also acts as the general partner of the Chongqing Fudu fund and has subscribed for partnership units in an amount of RMB2 million, while the remaining partnership units for RMB198 million have been duly subscribed for by a major China state-owned enterprise. As the general partner of the fund, the Group will be entitled to normal management fees as well as incentive fees based on distributions to holders of partnership units.

With the Company as the ultimate holding company, the Century City Group now commands a total of three listed subsidiaries, including Paliburg, Regal and Regal Real Estate Investment Trust, and their financial results and operating performance during the period under review are set out below.

## **PALIBURG HOLDINGS LIMITED**

For the six months ended 30th June, 2012, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$2,220.3 million, an increase of 21.2% as compared to HK\$1,831.3 million recorded in the comparative period in 2011.

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

## **REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED**

For the six months ended 30th June, 2012, Regal achieved an unaudited consolidated profit attributable to shareholders of HK\$380.6 million, as compared to HK\$420.9 million attained in the same period last year.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, was contained in Regal's announcement released on 27th August, 2012.

## **REGAL REAL ESTATE INVESTMENT TRUST**

The Regal group's hotel ownership business is undertaken through Regal REIT, which is 74.5% held by the Regal group.

For the six months ended 30th June, 2012, Regal REIT attained an unaudited consolidated profit before distribution to Unitholders of HK\$675.2 million, as compared to HK\$1,957.6 million recorded in the corresponding period last year. Total distributable income for the period under review amounted to approximately HK\$221.8 million, which was an increase of 18.9% over the HK\$186.5 million attained for the same period last year.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, was contained in Regal REIT's announcement released on 27th August, 2012.

## **OUTLOOK**

The Group owns as its core assets the majority shareholdings in Paliburg which, in turn, controls Regal and Regal REIT. All these listed member companies have achieved steady progress during the period under review. To complement its overall investment portfolio, the Group has invested in JAR Aviation Fund to broaden its income base and has also been working to develop its fund management business in China. The Group will continue to expand its business scope and assets portfolio when suitable opportunities arise.

The Directors remain optimistic of the prospects of the Group as a whole and that the Company will be able to bring to its shareholders increasing returns.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including, in particular, its interests in an investment fund engaged in aircraft ownership and leasing business recently acquired by a wholly owned subsidiary of the Group in July 2012.

The operating review of the principal businesses of Paliburg, the Group's listed intermediate subsidiary, comprising its investment in Regal, its property development and investment (including those undertaken through the joint venture in P&R Holdings), construction and building related businesses and other investments during the period and their business prospects are contained in Paliburg's announcement separately released today.

The significant investments and business interests of Regal, the Paliburg group's principal subsidiary, comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the local hotel industry and changes in general market conditions and the potential impact on their operating performance and future prospects are also contained in Regal's and Regal REIT's announcements both released on 27th August, 2012.

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

## **FINANCIAL REVIEW**

### **CAPITAL RESOURCES AND FUNDING**

#### **Funding and Treasury Policy**

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

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

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. The Group had no or insignificant exchange risk and no currency hedging was considered necessary.

### **Cash Flow**

Net cash flows generated from operating activities during the period under review amounted to HK\$113.7 million (2011 – HK\$151.6 million). Net interest payment for the period amounted to HK\$19.7 million (2011 – net interest receipt of HK\$4.6 million).

### **Borrowings and Gearing**

As at 30th June, 2012, the Group had borrowings net of cash and bank balances and deposits of HK\$2,636.3 million (31st December, 2011 – cash and bank balances and deposits net of borrowings of HK\$1,946.1 million). The increase in the level of borrowings was mainly due to the consolidation of Regal and P&R Holdings during the period.

As at 30th June, 2012, the gearing ratio of the Group is 8.7%, representing the Group's borrowings net of cash and bank balances and deposits of HK\$2,636.3 million, as compared to the total assets of the Group of HK\$30,177.2 million. The Group had no gearing as at 31st December, 2011.

Details of the maturity profile of the borrowings of the Group as of 30th June, 2012 are shown in the condensed consolidated financial statements (“Interim Financial Statements”) contained in the interim report for the six months ended 30th June, 2012 of the Company to be published before 30th September, 2012.

### **Pledge of Assets**

As at 30th June, 2012, certain of the Group’s property, plant and equipment, investment properties, properties held for sale and held-to-maturity investments in the total amount of HK\$20,423.4 million and certain ordinary shares in two listed subsidiaries with an aggregate market value of HK\$640.5 million were pledged to secure general banking facilities granted to the Group and, in addition, part of the Group’s bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK\$330.5 million were pledged to secure a bank guarantee procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT.

As at 31st December, 2011, the held-to-maturity investments of HK\$73.4 million and certain ordinary shares in the listed subsidiary and a former listed associate with market value of HK\$355.1 million and HK\$224.3 million respectively were pledged to secure general banking facilities granted to the Group.

### **Capital Commitments**

Details of the capital commitments of the Group as at 30th June, 2012 are shown in the Interim Financial Statements.

### **Contingent Liabilities**

The Group had no contingent liability as at 30th June, 2012.

## **DIVIDEND**

The Directors have declared the payment of an interim dividend of HK0.55 cent for the financial year ending 31st December, 2012, absorbing a total amount of approximately HK\$17.7 million (2011 – ordinary interim dividend of HK0.5 cent and special interim dividend of HK1.0 cent, aggregating to HK1.5 cents, and absorbing total amount of HK\$48.7 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 12th October, 2012.

## **CLOSURE OF REGISTER**

The Register of Ordinary Shareholders will be closed from Wednesday, 10th October, 2012 to Friday, 12th October, 2012, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend declared, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:30 p.m. on Tuesday, 9th October, 2012. The relevant dividend warrants are expected to be despatched on or about 25th October, 2012.

## HALF YEAR RESULTS

### Condensed Consolidated Income Statement

	Six months ended 30th June, 2012  (Unaudited)  HK\$'M	Six months ended 30th June, 2011  (Unaudited)  HK\$'M
REVENUE (Note 2)	599.1	410.4
Cost of sales	(463.0)	(328.3)
Gross profit	136.1	82.1
Other income and gains (Note 3)	13.7	6.0
Fair value gains on investment properties, net	4.8	–
Fair value losses on financial assets at fair value through profit or loss, net	(58.2)	(375.6)
Fair value loss on remeasurement of investments in a listed associate and an unlisted jointly controlled entity, net	(4,355.9)	–
Gain on bargain purchase of a listed subsidiary	6,473.4	–
Impairment of goodwill	(202.0)	–
Administrative expenses	(62.4)	(20.2)
Other operating income/(expenses), net (Note 4)	1.4	(12.2)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	1,950.9	(319.9)
Depreciation	(78.4)	(0.8)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	1,872.5	(320.7)
Finance costs (Note 6)	(27.1)	(0.5)
Share of profits and losses of:		
Jointly controlled entities	(0.8)	68.7
Associates	130.1	2,081.8
PROFIT BEFORE TAX	1,974.7	1,829.3
Income tax (Note 7)	27.3	(0.1)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,002.0	1,829.2

### Condensed Consolidated Income Statement (Cont'd)

	Six months ended 30th June, 2012 (Unaudited) HK\$'M	Six months ended 30th June, 2011 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	1,132.3	1,092.6
Non-controlling interests	869.7	736.6
	<u>2,002.0</u>	<u>1,829.2</u>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	<u>HK35.02 cents</u>	<u>HK34.32 cents</u>
Diluted	<u>HK35.02 cents</u>	<u>HK33.23 cents</u>

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2012  (Unaudited)  HK\$'M	Six months ended 30th June, 2011  (Unaudited)  HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,002.0	1,829.2
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value	1.5	0.1
Reclassification adjustment for gains included in the condensed consolidated income statement	–	(0.6)
	<u>1.5</u>	<u>(0.5)</u>
Exchange differences on translating foreign operations	(8.0)	1.2
Reclassification adjustments on deemed disposals of a listed associate and an unlisted jointly controlled entity	(31.7)	–
Share of other comprehensive income/(loss) of:		
A jointly controlled entity	(0.5)	–
Associates	(55.4)	11.7
	<u>(94.1)</u>	<u>12.4</u>
Other comprehensive income/(loss) for the period	(94.1)	12.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,907.9</u>	<u>1,841.6</u>
Attributable to:		
Equity holders of the parent	1,076.8	1,099.7
Non-controlling interests	831.1	741.9
	<u>1,907.9</u>	<u>1,841.6</u>

## Condensed Consolidated Statement of Financial Position

	30th June, 2012	31st December, 2011
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	20,241.4	3.7
Investment properties	892.2	0.2
Properties under development	368.1	–
Investment in a jointly controlled entity	357.5	786.7
Investments in associates	43.4	5,967.1
Available-for-sale investments	35.4	13.2
Financial assets at fair value through profit or loss	182.7	360.6
Loans receivable	21.2	3.0
Trademark	610.2	–
Goodwill	–	202.0
Other assets	0.2	0.2
Total non-current assets	<u>22,752.3</u>	<u>7,336.7</u>
<b>CURRENT ASSETS</b>		
Properties under development	779.4	–
Properties held for sale	1,514.6	6.0
Inventories	33.5	9.4
Debtors, deposits and prepayments (Note 10)	505.0	97.8
Loans receivable	15.3	–
Held-to-maturity investments	229.3	73.4
Available-for-sale investment	7.8	–
Financial assets at fair value through profit or loss	1,117.4	183.7
Restricted cash	17.7	–
Pledged time deposits and bank balances	238.8	–
Time deposits	1,693.1	1,460.9
Cash and bank balances	1,273.0	631.2
Total current assets	<u>7,424.9</u>	<u>2,462.4</u>

**Condensed Consolidated Statement of Financial Position (Cont'd)**

	<b>30th June, 2012</b>	<b>31st December, 2011</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals (Note 11)	(512.5)	(50.9)
Deposits received	(17.8)	(0.2)
Interest bearing bank borrowings	(318.8)	(146.0)
Tax payable	(28.9)	(3.7)
Total current liabilities	<u>(878.0)</u>	<u>(200.8)</u>
NET CURRENT ASSETS	<u>6,546.9</u>	<u>2,261.6</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>29,299.2</u>	<u>9,598.3</u>
<b>NON-CURRENT LIABILITIES</b>		
Creditor	(648.1)	–
Interest bearing bank borrowings	(5,540.1)	–
Deferred tax liabilities	(2,303.0)	–
Total non-current liabilities	<u>(8,491.2)</u>	<u>–</u>
Net assets	<u>20,808.0</u>	<u>9,598.3</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	322.5	323.6
Reserves	6,865.6	5,589.4
Dividends	17.7	55.0
	<u>7,205.8</u>	<u>5,968.0</u>
<b>Non-controlling interests</b>	<u>13,602.2</u>	<u>3,630.3</u>
Total equity	<u>20,808.0</u>	<u>9,598.3</u>

Notes:

## 1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2011, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>

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

## 2. OPERATING SEGMENT INFORMATION

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

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;

- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through Regal REIT;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services, provision of asset management services to Regal REIT, travel agency services and sale of food products.

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

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

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

## Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2012		Six months ended 30th June, 2011		Six months ended 30th June, 2012		Six months ended 30th June, 2011		Six months ended 30th June, 2012		Six months ended 30th June, 2011		Six months ended 30th June, 2012	
	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M
Segment revenue:														
Sales to external customers	288.5	376.9	34.5	30.3	259.6	-	3.8	3.2	12.7	-	-	-	599.1	410.4
Intersegment sales	0.8	-	6.2	-	-	-	-	-	12.6	-	(19.6)	-	-	-
Total	<u>289.3</u>	<u>376.9</u>	<u>40.7</u>	<u>30.3</u>	<u>259.6</u>	<u>-</u>	<u>3.8</u>	<u>3.2</u>	<u>25.3</u>	<u>-</u>	<u>(19.6)</u>	<u>-</u>	<u>599.1</u>	<u>410.4</u>
Segment results before depreciation	(2.5)	75.3	7.5	0.5	109.6	-	(53.1)	(384.4)	(1.3)	0.2	-	-	60.2	(308.4)
Depreciation	(0.1)	-	(0.3)	(0.2)	(77.4)	-	-	-	(0.1)	-	-	-	(77.9)	(0.2)
Segment results	<u>(2.6)</u>	<u>75.3</u>	<u>7.2</u>	<u>0.3</u>	<u>32.2</u>	<u>-</u>	<u>(53.1)</u>	<u>(384.4)</u>	<u>(1.4)</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>(17.7)</u>	<u>(308.6)</u>
Unallocated interest income and unallocated non-operating and corporate gains													6,485.4	6.5
Unallocated non-operating and corporate expenses													<u>(4,595.2)</u>	<u>(18.6)</u>
Operating profit/(loss)													1,872.5	(320.7)
Finance costs													<u>(27.1)</u>	<u>(0.5)</u>
Share of profits and losses of:														
Jointly controlled entities	(0.8)	68.7	-	-	-	-	-	-	-	-	-	-	(0.8)	68.7
Associates	(3.1)	1,866.7	-	-	133.6 *	215.1 *	-	-	(0.4)	-	-	-	<u>130.1</u>	<u>2,081.8</u>
Profit before tax													1,974.7	1,829.3
Income tax													<u>27.3</u>	<u>(0.1)</u>
Profit for the period before allocation between equity holders of the parent and non-controlling interests													<u>2,002.0</u>	<u>1,829.2</u>
Attributable to:														
Equity holders of the parent													1,132.3	1,092.6
Non-controlling interests													<u>869.7</u>	<u>736.6</u>
													<u>2,002.0</u>	<u>1,829.2</u>
Other segment information:														
Interest income	0.3	-	-	-	0.6	-	1.9	-	0.1	0.2				

\*The amount represents contribution from the Regal group.

3. Other income and gains represent the following items:

	<b>Six months ended 30th June, 2012</b>	<b>Six months ended 30th June, 2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest income	13.3	5.0
Gain on disposal of investment property	–	0.2
Gain on disposal of available-for-sale investment	–	0.8
Others	0.4	–
	<u>13.7</u>	<u>6.0</u>

4. Other operating income/(expenses), net, represent the following items:

	<b>Six months ended 30th June, 2012</b>	<b>Six months ended 30th June, 2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Loss on disposal of financial assets at fair value through profit or loss	–	(12.3)
Reversal of impairment of loans receivable	1.4	0.1
	<u>1.4</u>	<u>(12.2)</u>

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

	<b>Six months ended 30th June, 2012</b>	<b>Six months ended 30th June, 2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit/(loss) on disposal of listed investments	1.3	(10.9)
Profit on disposal of available-for-sale investment	–	0.8
	<u>1.3</u>	<u>(10.1)</u>

6. Finance costs of the Group are as follows:

	<b>Six months ended 30th June, 2012</b>	<b>Six months ended 30th June, 2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest in respect of bank loans wholly repayable within five years	<b>19.3</b>	0.2
Amortisation of debt establishment costs	<b>4.3</b>	–
Other loan costs	<b>3.5</b>	0.3
	<hr/>	<hr/>
Total finance costs	<b>27.1</b>	0.5
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Six months ended 30th June, 2012</b>	<b>Six months ended 30th June, 2011</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Group:		
Current – Hong Kong		
Charge for the period	<b>4.6</b>	0.1
Current – Overseas		
Overprovision in prior years	<b>(0.9)</b>	–
Deferred	<b>(31.0)</b>	–
	<hr/>	<hr/>
Total tax charge/(credit) for the period	<b>(27.3)</b>	0.1
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2011 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

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

The share of tax charge attributable to associates amounting to HK\$7.7 million (2011 – HK\$376.1 million) is included in “Share of profits and losses of associates” in the condensed consolidated income statement.

No provision for tax is required for the jointly controlled entities as no assessable profits were earned by the jointly controlled entities during the period (2011 – Nil).

8. Dividend:

	<b>For year ending 31st December, 2012</b>	<b>For year ended 31st December, 2011</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interim – HK0.55 cent (2011 – HK0.5 cent and special interim of HK1.0 cent, aggregating to HK1.5 cents) per ordinary share	<b>17.7</b>	48.7

9. The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$1,132.3 million (2011 – HK\$1,092.6 million) and on the weighted average of 3,233.6 million (2011 – 3,183.3 million) ordinary shares of the Company in issue during the period.

No adjustment has been made to the basic earnings per ordinary share amount presented for the period ended 30th June, 2012 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the period.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2011 was based on the profit for that period attributable to equity holders of the parent, adjusted for the decrease in the Group’s proportionate interest in the earnings of Paliburg group of HK\$13.5 million assuming all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that period. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of

ordinary shares of 64.2 million that would be issued at no consideration assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period. The exercise prices of the share options of the Company and Regal outstanding during that period were higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$123.8 million (31st December, 2011 – HK\$11.0 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30th June, 2012</b>	<b>31st December, 2011</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>105.2</b>	4.2
Between 4 to 6 months	<b>12.4</b>	–
Between 7 to 12 months	<b>3.3</b>	0.5
Over 1 year	<b>5.9</b>	8.0
	<hr/> <b>126.8</b>	<hr/> 12.7
Impairment	<b>(3.0)</b>	(1.7)
	<hr/> <b>123.8</b> <hr/>	<hr/> 11.0 <hr/>

### **Credit terms**

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

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

11. Included in creditors and accruals is an amount of HK\$52.1 million (31st December, 2011 – HK\$1.6 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30th June, 2012</b>	<b>31st December, 2011</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>51.4</b>	1.6
Between 4 to 6 months	–	–
Between 7 to 12 months	<b>0.4</b>	–
Over 1 year	<b>0.3</b>	–
	<hr/> <b>52.1</b> <hr/>	<hr/> 1.6 <hr/>

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

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2012, the Company repurchased a total of 10,684,000 ordinary shares of the Company at aggregate purchase prices of HK\$5,839,480 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May 2012	6,740,000	0.570	0.530	3,732,120
June 2012	3,944,000	0.550	0.520	2,107,360
	10,684,000			5,839,480
		Total expenses on shares repurchased		19,196
			Total	5,858,676

Out of the 10,684,000 repurchased ordinary shares, 10,604,000 repurchased ordinary shares, together with 164,000 ordinary shares repurchased in 2011 but not cancelled during that year, in aggregate 10,768,000 repurchased ordinary shares, were cancelled during the period. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The remaining 80,000 repurchased ordinary shares were cancelled subsequent to the period end date. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the period.

## **REVIEW OF RESULTS**

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2012 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2012 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for the six months ended 30th June, 2012, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

## **CORPORATE GOVERNANCE**

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30th June, 2012, except that:

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

## **BOARD OF DIRECTORS**

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

***Executive Directors:***

Mr. LO Yuk Sui

*(Chairman and Chief Executive Officer)*

Mr. Kenneth NG Kwai Kai

*(Chief Operating Officer)*

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

Mr. Jimmy LO Chun To

Miss LO Po Man

***Independent Non-Executive Directors:***

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 28th August, 2012