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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	597.5	409.3	+46.0%
Gross profit	134.5	81.0	+66.0%
Profit for the period attributable to equity holders of the parent	2,220.3	1,831.3	+21.2%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$1.94	HK\$1.62	+19.8%
Ordinary interim dividend per ordinary share	HK2.0 cents	HK1.8 cents	+11.1%
	As at 30th June, 2012 (Unaudited)	As at 31st December, 2011 (Unaudited)	
Net asset value per ordinary share after non-controlling interests	HK\$9.88	HK\$7.78	+27.0%

- **The Group 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.**
- **The profit achieved was principally attributable to the one-off net accounting gain of HK\$2,118.4 million recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Group, 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 the Company.**
- **P&R Holdings Limited, a 50:50 owned joint venture entity established with Regal, is undertaking four wholly owned property projects in Hong Kong and a majority-owned composite development project in Chengdu, Sichuan, China. The projects are on the whole progressing steadily.**
- **The Group will continue to seek prudently new acquisition opportunities with a view to further expanding its properties portfolio in Hong Kong.**
- **In the meantime, the Group is also actively reviewing and negotiating some proposed development projects in certain prime cities in China, which are considered to have good profit potentials.**
- **With its substantial cash resources, the Paliburg Group is well-poised financially to implement its business development plans.**
- **The Directors are confident that when the various development projects currently undertaken are completed as scheduled in the course of the next few years, the Group's underlying capital values and growth potentials will be gradually realised.**

FINANCIAL RESULTS

For the six months ended 30th June, 2012, the Group 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.

The profit achieved for the period under review was principally attributable to the one-off net accounting gain of HK\$2,118.4 million recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Group, 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 the Company.

BUSINESS OVERVIEW

PROPERTIES

The 30%-owned luxury residential development at Larvotto in Ap Lei Chau was completed in 2011. Most of the residential apartment units in Larvotto have been sold in 2011 and the profit realised was already accounted for in the last financial year. There are still 8 special featured apartment units and some 80 car parks remaining unsold. It is expected that further profit contribution will be derived when these unsold units are eventually disposed of.

The Group established in 2011 with Regal a 50:50 owned joint venture entity to undertake development of real estate projects, which is now named as P&R Holdings Limited. As Regal became a subsidiary of the Group on 7th May, 2012, P&R Holdings has since also been treated as a subsidiary.

P&R Holdings is undertaking four wholly owned property projects in Hong Kong and a majority-owned composite development project in Chengdu, Sichuan, China. Information regarding the updated progress of these development projects is contained in the section headed “Management Discussions and Analysis” below.

The Group has during the past months participated on a number of occasions in the tendering for the acquisitions of development sites offered by the Hong Kong Government and other governmental bodies, albeit not having been successful so far. The Group will continue to seek prudently new acquisition opportunities with a view to further expanding its properties portfolio in Hong Kong.

In the meantime, the Group is also actively reviewing and negotiating some proposed development projects in certain prime cities in China, which are considered to have good profit potentials.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group operates a comprehensive range of construction and other building businesses. The development consultancy arm is now primarily providing support on architectural, engineering and interior design services to Group companies, due to the many development and renovation projects currently in progress. Chatwin Engineering Limited, the Group's construction arm, is undertaking the main contract for the hotel construction works at Nos.132-140 Bonham Street, Sheung Wan being developed by P&R Holdings.

OTHER INVESTMENTS

In addition to those held by Regal, the Group itself directly holds 17.1% of the issued shares and certain convertible bonds and optional convertible bonds of Cosmopolitan International Holdings Limited. The optional bonds of Cosmopolitan will be due for subscription in November 2012 and the convertible bonds for conversion in January 2013. The Group will in time determine the appropriate course for the Group's strategic holdings in Cosmopolitan, which will take into consideration the financial position and business prospects of Cosmopolitan as well as the then prevailing market environment.

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 and a very minor percentage is directly held by the Group through acceptances under the general offer launched by the Group for the units of Regal REIT in July 2012.

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

With its substantial cash resources, the Paliburg Group is well-poised financially to implement its business development plans. The Group remains optimistic of the real estate markets in Hong Kong and in China and intends to take steps to expand prudently its property portfolio in Hong Kong and in selected prime cities in the Mainland.

The Directors are confident that when the various development projects currently undertaken are completed as scheduled in the course of the next few years, the Group's underlying capital values and growth potentials will be gradually realised.

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.

The significant investments and business interests of Regal, the 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 the Group's property, construction and building related and other investment businesses, 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 contained in the sections headed "Business Overview"

and “Outlook” above and 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 above sections headed “Business Overview” and “Outlook” and in this sub-section.

Joint Venture – P&R Holdings Limited

P&R Holdings is a 50:50 owned joint venture established with Regal, with maximum total capital commitment presently capped at HK\$3,800 million. The maximum capital commitment for each of the Company and Regal is HK\$1,900 million, which is to be contributed on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. P&R Holdings and its subsidiaries are principally engaged in property development business. Further information relating to the property development projects being carried out by P&R Holdings group is set out below:

Hong Kong

Nos.132-140 Bonham Strand, Sheung Wan

This development site has a site area of approximately 5,430 square feet. It is planned for the development of a hotel with 248 guestrooms and suites with gross floor area of approximately 83,700 square feet. The foundation works have been completed. The superstructure works for this hotel development have also commenced and are expected to be completed in the fourth quarter of 2013.

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

This development site is constituted by two adjoining properties having an aggregate site area of approximately 3,710 square feet. The general building plans for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 59,090 square feet, have been approved. Due to some delay encountered in the foundation works for this site, the completion schedule of the hotel development originally targeted for the fourth quarter of 2014 might be deferred.

Nos.14-20 Merlin Street, North Point

The properties have an aggregate site area of approximately 5,300 square feet and the plans for their development into a hotel with about 338 guestrooms and suites, with total gross floor area of approximately 79,390 square feet, have been approved. Foundation works will be completed shortly and the superstructure works will commence later this year. This development project is scheduled for completion in the third quarter of 2014.

Lot No.4309 in Demarcation District No.124, Tan Kwai Tsuen Road,

Yuen Long, New Territories

This development site, acquired through a government public auction, has an area of approximately 120,470 square feet and is planned for a residential development with a total of 170 units, comprising 36 houses and 134 apartments, having an aggregate gross floor area of approximately 120,470 square feet. The building plans have been approved. Site formation and foundation works will commence in the fourth quarter of 2012.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan

P&R Holdings group holds 70% interest in this property project and the remaining 30% interest is held by a jointly controlled entity owned as to 50% each by Regal group and Cosmopolitan group.

This project in Chengdu is a mixed use development planned to consist of hotel, commercial, office and residential components. The project has an overall total gross floor area of approximately 5,360,000 square feet and will be developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 438,000 square feet. The structural frame for the hotel development has been completed and the first phase of hotel is presently scheduled to be soft opened in the fourth quarter of 2013. The three residential towers included in the first stage will have about 340 apartment units with car parks and some ancillary commercial accommodation, commanding total gross floor area of approximately 489,000 square feet.

The structural frames for this part of the development have also been completed, with overall construction works scheduled to be completed in the second quarter of 2013. Presale of the residential units is anticipated to be launched in the first quarter of 2013. Development works for the other stages are planned to be carried out progressively.

Regal (Chongqing) Equity Investment Fund

P&R Holdings group also holds limited partnership interest of approximately RMB250 million in a cross-border Renminbi fund, named as Regal (Chongqing) Equity Investment Fund, the investment objective of which is principally to support the businesses undertaken by P&R Holdings group in China. A wholly owned subsidiary of Century City International Holdings Limited, the ultimate listed holding company of the Company, acts as the general partner of the fund and holds a very minor interest in the partnership.

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\$135.6 million (2011 – HK\$160.8 million). Net interest payment for the period amounted to HK\$22.8 million (2011 – net interest receipt of HK\$3.8 million).

Borrowings and Gearing

As at 30th June, 2012, the Group had borrowings net of cash and bank balances and deposits of HK\$3,150.4 million (31st December, 2011 – cash and bank balances and deposits net of borrowings of HK\$1,395.2 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 10.6%, representing the Group's borrowings net of cash and bank balances and deposits of HK\$3,150.4 million, as compared to the total assets of the Group of HK\$29,745.0 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\$20,386.7 million and certain ordinary shares in a listed subsidiary with a market value of HK\$271.0 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\$36.7 million and certain ordinary shares in a former listed associate with a market value of HK\$224.3 million 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 HK2.0 cents for the financial year ending 31st December, 2012, absorbing a total amount of approximately HK\$22.4 million (2011 – ordinary interim dividend of HK1.8 cents and special interim dividend of HK10 cents, aggregating to HK11.8 cents, and absorbing total amount of HK\$136.3 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	Six months ended 30th June, 2011
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Note 2)	597.5	409.3
Cost of sales	(463.0)	(328.3)
Gross profit	134.5	81.0
Other income and gain (Note 3)	10.2	4.8
Fair value gains on investment properties, net	4.8	–
Fair value losses on financial assets at fair value through profit or loss, net	(55.4)	(376.1)
Fair value loss on remeasurement of investments in a listed associate and an unlisted jointly controlled entity, net	(4,355.0)	–
Gain on bargain purchase of a listed subsidiary	6,473.4	–
Administrative expenses	(57.6)	(15.5)
Other operating income/(expenses), net (Note 4)	0.6	(12.2)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	2,155.5	(318.0)
Depreciation	(78.0)	(0.3)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	2,077.5	(318.3)
Finance costs (Note 6)	(26.8)	(0.8)
Share of profits and losses of:		
Jointly controlled entities	(0.2)	68.7
Associates	131.9	2,081.8
PROFIT BEFORE TAX	2,182.4	1,831.4
Income tax (Note 7)	27.3	(0.1)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,209.7	1,831.3

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	2,220.3	1,831.3
Non-controlling interests	(10.6)	–
	<hr/> 2,209.7	<hr/> 1,831.3
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	<hr/> HK\$1.94	<hr/> HK\$1.62
Diluted	<hr/> HK\$1.94	<hr/> HK\$1.60

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	2,209.7	1,831.3
OTHER COMPREHENSIVE INCOME/(LOSS):		
Changes in fair value of available-for-sale investments	1.4	–
Exchange differences on translating foreign operations	(7.0)	1.2
Reclassification adjustments on deemed disposals of a listed associate and an unlisted jointly controlled entity	(32.6)	–
Share of other comprehensive income/(loss) of:		
A jointly controlled entity	(1.1)	–
Associates	(56.2)	11.7
Other comprehensive income/(loss) for the period	(95.5)	12.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,114.2	1,844.2
Attributable to:		
Equity holders of the parent	2,126.4	1,844.2
Non-controlling interests	(12.2)	–
	2,114.2	1,844.2

Condensed Consolidated Statement of Financial Position

	30th June, 2012	31st December, 2011
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	20,239.2	1.7
Investment properties	892.2	0.2
Properties under development	368.1	–
Investment in a jointly controlled entity	357.5	940.9
Investments in associates	349.7	6,043.3
Available-for-sale investments	25.4	3.6
Financial assets at fair value through profit or loss	173.9	348.3
Loans receivable	21.2	3.0
Trademark	610.2	–
	<hr/>	<hr/>
Total non-current assets	23,037.4	7,341.0
	<hr/>	<hr/>
CURRENT ASSETS		
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)	490.0	88.3
Loans receivable	15.3	–
Held-to-maturity investments	184.1	36.7
Available-for-sale investment	7.8	–
Financial assets at fair value through profit or loss	1,037.4	112.2
Restricted cash	17.7	–
Pledged time deposits and bank balances	238.8	–
Time deposits	1,535.0	1,317.6
Cash and bank balances	854.0	160.6
	<hr/>	<hr/>
Total current assets	6,707.6	1,730.8
	<hr/>	<hr/>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2012	31st December, 2011
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(505.1)	(38.1)
Deposits received	(17.8)	(0.2)
Interest bearing bank borrowings	(255.8)	(83.0)
Tax payable	(28.9)	(3.7)
Total current liabilities	<u>(807.6)</u>	<u>(125.0)</u>
NET CURRENT ASSETS	<u>5,900.0</u>	<u>1,605.8</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>28,937.4</u>	<u>8,946.8</u>
NON-CURRENT LIABILITIES		
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>20,446.2</u>	<u>8,946.8</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	112.3	114.9
Reserves	10,954.2	8,739.1
Dividends	22.4	91.9
	<u>11,088.9</u>	<u>8,945.9</u>
Non-controlling interests	<u>9,357.3</u>	<u>0.9</u>
Total equity	<u>20,446.2</u>	<u>8,946.8</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	-	2.2	2.1	12.7	-	-	-	597.5	409.3
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>2.2</u>	<u>2.1</u>	<u>25.3</u>	<u>-</u>	<u>(19.6)</u>	<u>-</u>	<u>597.5</u>	<u>409.3</u>
Segment results before depreciation	(2.5)	75.3	7.5	0.5	109.6	-	(52.4)	(386.5)	(1.3)	0.2	-	-	60.9	(310.5)
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>(52.4)</u>	<u>(386.5)</u>	<u>(1.4)</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>(17.0)</u>	<u>(310.7)</u>
Unallocated interest income and unallocated non-operating and corporate gains													6,481.7	5.7
Unallocated non-operating and corporate expenses													<u>(4,387.2)</u>	<u>(13.3)</u>
Operating profit/(loss)													2,077.5	(318.3)
Finance costs													(26.8)	(0.8)
Share of profits and losses of:														
Jointly controlled entities	(0.2)	68.7	-	-	-	-	-	-	-	-	-	-	(0.2)	68.7
Associates	(2.1)	1,866.7	-	-	134.3 *	215.1 *	-	-	(0.3)	-	-	-	<u>131.9</u>	<u>2,081.8</u>
Profit before tax													2,182.4	1,831.4
Income tax													27.3	(0.1)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													<u>2,209.7</u>	<u>1,831.3</u>
Attributable to:														
Equity holders of the parent													2,220.3	1,831.3
Non-controlling interests													<u>(10.6)</u>	<u>-</u>
													<u>2,209.7</u>	<u>1,831.3</u>
Other segment information:														
Interest income	<u>0.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.6</u>	<u>-</u>	<u>1.3</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>				

*The amount represents contribution from the Regal group.

3. Other income and gain represent the following items:

	Six months ended 30th June, 2012	Six months ended 30th June, 2011
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest income	9.9	4.6
Gain on disposal of investment property	–	0.2
Others	0.3	–
	<hr/> 10.2 <hr/>	<hr/> 4.8 <hr/>

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

	Six months ended 30th June, 2012	Six months ended 30th June, 2011
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Loss on disposal of financial assets at fair value through profit or loss	–	(12.3)
Reversal of impairment of loans receivable	0.6	0.1
	<hr/> 0.6 <hr/>	<hr/> (12.2) <hr/>

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

	Six months ended 30th June, 2012	Six months ended 30th June, 2011
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit/(loss) on disposal of listed investments	0.6	(10.9)
	<hr/> 0.6 <hr/>	<hr/> (10.9) <hr/>

6. Finance costs of the Group are as follows:

	Six months ended 30th June, 2012	Six months ended 30th June, 2011
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest in respect of bank loans wholly repayable within five years	19.1	0.6
Amortisation of debt establishment costs	4.3	–
Other loan costs	3.4	0.2
	<hr/>	<hr/>
Total finance costs	26.8	0.8
	<hr/> <hr/>	<hr/> <hr/>

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

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

	For year ending 31st December, 2012	For year ended 31st December, 2011
	HK\$'M	HK\$'M
Interim – HK2.0 cents (2011 – HK1.8 cents and special interim HK10.0 cents, aggregating to HK11.8 cents) per ordinary share	22.4	136.3

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\$2,220.3 million (2011 – HK\$1,831.3 million) and on the weighted average of 1,144.5 million (2011 – 1,131.6 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. 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 9.8 million that would be issued at no consideration assuming all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period. The exercise price of the

share options of Regal outstanding during that period was higher than the average market price of the ordinary shares of 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:

	30th June, 2012	31st December, 2011
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	103.8	2.7
Between 4 to 6 months	12.4	–
Between 7 to 12 months	3.2	0.4
Over 1 year	5.7	7.9
	<hr/> 125.1	<hr/> 11.0
Impairment	(1.3)	–
	<hr/> 123.8 <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:

	30th June, 2012	31st December, 2011
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	51.4	1.6
Between 4 to 6 months	–	–
Between 7 to 12 months	0.4	–
Over 1 year	0.3	–
	<hr/> 52.1 <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 26,436,000 ordinary shares of the Company at aggregate purchase prices of HK\$60,386,800 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\$)	
January 2012	586,000	2.250	2.160	1,296,740
May 2012	4,234,000	2.410	2.280	10,005,100
June 2012	21,616,000	2.380	2.190	49,084,960
Total	26,436,000			60,386,800
			Total expenses on shares repurchased	205,840
			Total	60,592,640

Out of the 26,436,000 repurchased ordinary shares, 26,080,000 repurchased ordinary shares, together with 304,000 ordinary shares repurchased in 2011 but not cancelled during that year, in aggregate 26,384,000 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 356,000 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 benefiting 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.
- (3) One of the Independent Non-Executive Directors of the Company was unable to attend the Annual General Meeting of the Company held in May 2012 due to other engagement.

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. Donald FAN Tung

(Chief Operating Officer)

Mr. Jimmy LO Chun To

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP

Mr. NG Siu Chan

Hon Abraham SHEK Lai Him, SBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 28th August, 2012