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## ANNOUNCEMENT OF 2009 INTERIM RESULTS

### FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2009 (Unaudited) HK\$'M	Six months ended 30th June, 2008 (Unaudited) HK\$'M
<b>Revenue</b>	<b>115.1</b>	133.3
<b>Operating profit</b>	<b>130.9</b>	77.1
<b>Profit for the period attributable to equity holders of the parent</b>	<b>123.3</b>	210.3
<b>Basic earnings per ordinary share attributable to equity holders of the parent</b>	<b>HK5.34 cents</b>	HK9.44 cents*
<b>Interim dividend</b>	<b>HK0.3 cent</b>	HK0.5 cent *
	As at 30th June, 2009 (Unaudited)	As at 31st December, 2008 (Unaudited)
<b>† Adjusted net asset value per ordinary share</b>	<b>HK\$1.66</b>	HK\$1.62

\*adjusted for the effect of the 10-into-1 share consolidation in October 2008

† compiled on an adjusted basis, for the purpose of reference, to restate the Group's interest in Regal based on its adjusted net assets to reflect the share of the underlying adjusted net assets of Regal REIT attributable to Regal

## **FINANCIAL RESULTS**

For the six months ended 30th June, 2009, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$123.3 million, which was relatively lower than the profit of HK\$210.3 million recorded in the last corresponding period, due primarily to the decrease in the profit contribution from Regal Hotels International Holdings Limited, the Group's listed associate, for reasons as explained in the financial results of Regal in the section below.

For the purpose of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to reflect more fairly the share of net assets as attributable to the interests held by Regal in Regal Real Estate Investment Trust, is provided in the section headed "Management Discussion and Analysis" below.

## **REVIEW OF OPERATIONS**

Although the timing of a general revival in the global economies is still uncertain, the stock market as well as the property market in Hong Kong has rebounded substantially, which is largely attributable to the immensely increased market liquidity and the low interest rate environment. Benefiting from this market rebound, the investment portfolio held by the Group has generated satisfactory returns during the period under review.

Presently, the Group owns beneficially approximately 57.7% of Paliburg Holdings Limited. Paliburg owns an effective controlling shareholding interest of approximately 47.2% in Regal which, in turn, owns approximately 74.0% of the issued units of Regal REIT.

The financial results and the operating performance of Paliburg, Regal and Regal REIT during the period under review are set out below.

## **PALIBURG HOLDINGS LIMITED**

For the six months ended 30th June, 2009, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$162.3 million, as compared with the profit of HK\$305.1 million attained in the corresponding period in 2008.

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, 2009, Regal achieved an unaudited consolidated profit attributable to shareholders of HK\$147.2 million, which is lower than the comparative profit of HK\$600.1 million in 2008. However, it should be noted that the profit attained by Regal in the corresponding period last year included fair value gains of approximately HK\$358.5 million arising from reclassification of the retained houses in Regalia Bay, Stanley to investment properties.

Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, is also contained in Regal's announcement separately released today.

## **REGAL REAL ESTATE INVESTMENT TRUST**

For the six months ended 30th June, 2009, Regal REIT attained an unaudited consolidated profit of approximately HK\$187.5 million. The profit attained in the period under review was comparatively lower than the profit of HK\$278.3 million recorded in the corresponding period in 2008, primarily due to the fact that while there is a deferred tax charge of approximately HK\$51.9 million incurred in the period under review, a net deferred tax credit of approximately HK\$53.9 million was recorded in the last corresponding period.

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 20th August, 2009.

## **OUTLOOK**

The Group is strongly committed to the planned diversification of its business and asset base and is at all times closely monitoring available opportunities with a view to achieving this objective. However, given the uncertainty on the overall recovery of the global economies, the diversification plans will continue to be conducted cautiously.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the period under review, there was a net cash inflow on operating activities of HK\$20.0 million (2008 – outflow of HK\$40.9 million). Net interest receipt for the period amounted to HK\$0.7 million (2008 – HK\$7.0 million).

Based on the condensed consolidated statement of financial position as at 30th June, 2009, the unaudited book net asset value of the ordinary shares of the Company was HK\$1.36 per share. Such book net asset value has been significantly affected by the elimination in the books of Regal of its unrealised gain on the disposal of the subsidiaries owning the hotel properties to Regal REIT in 2007 against the interest held by Regal in Regal REIT as well as the sharing by Regal of the fair value loss on the hotel properties held by Regal REIT for the year ended 31st December, 2008. The interest held by Regal in Regal REIT represented one of Regal's most significant investments but, as at 30th June, 2009, such interest was only stated at a value of HK\$118.6 million. In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to restate the Group's interest in Regal based on its adjusted net assets to reflect the share of the underlying adjusted net assets of Regal

REIT attributable to Regal. Accordingly, on the basis that Regal's interest in Regal REIT were to be stated based on the published unaudited adjusted net asset value per unit of Regal REIT of HK\$2.849 as at 30th June, 2009, calculated on the basis that the deferred tax liabilities provided by Regal REIT with regard to the revaluation surplus of its hotel properties are added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$1.66 per share.

	<b>As at 30th June, 2009</b>	
	<b>HK\$'M</b>	<b>HK\$ per ordinary share</b>
<b>Unaudited book net assets after minority interests and convertible preference shares</b>	<b>3,139.5</b>	<b>1.36</b>
<b>Adjustment to restate the Group's interest in Regal on the basis noted above</b>	<b>702.7</b>	
<b>Unaudited adjusted net assets after minority interests and convertible preference shares</b>	<b>3,842.2</b>	<b>1.66</b>

As at 30th June, 2009, the Group had cash and bank balances and deposits, net of borrowings of HK\$132.6 million (31st December, 2008 – HK\$102.7 million).

As at 30th June, 2009, certain of the Group's investment properties with a total carrying value of HK\$404.0 million (31st December, 2008 – HK\$358.0 million) and certain ordinary shares in the listed associate with a market value of HK\$194.7 million (31st December, 2008 – HK\$115.7 million) were pledged to secure general banking facilities granted to the Group.

As the Group's borrowings were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed during the period under review.

Information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 30th June, 2009 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2008 (the “2008 Annual Report”). During the period under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company’s 2008 Annual Report. Detailed information in such aspects is contained in the interim report of the Company for the six months ended 30th June, 2009.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed “Review of Operations” and “Outlook” above.

The Group’s significant investments and principal business activities mainly comprise property development and investment, construction related businesses and other investments including, in particular, its interest in Regal, which is held through Paliburg. The operating results of Paliburg during the period and its business prospects are contained in Paliburg’s announcement separately released today. The significant investments of Regal comprise its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT, the asset management of Regal REIT, the interest in the remaining houses in Regalia Bay in Stanley and other investment businesses. The performance of Regal’s hotel operations, its 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 Regal’s announcement separately released today.

## **DIVIDEND**

The Directors have declared the payment of an interim dividend of HK0.3 cent (2008 – HK0.5 cent, as adjusted for the 10-into-1 share consolidation implemented in October 2008) per ordinary share for the financial year ending 31st December, 2009, absorbing an amount of approximately HK\$6.9 million (2008 – HK\$11.1 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 15th October, 2009.

According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

## **CLOSURE OF REGISTER**

The Register of Ordinary Shareholders will be closed from Tuesday, 13th October, 2009 to Thursday, 15th October, 2009, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants of the Company, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Monday, 12th October, 2009. The relevant dividend warrants are expected to be despatched on or about 28th October, 2009.

## HALF YEAR RESULTS

### Condensed Consolidated Income Statement

	Six months ended 30th June, 2009  (Unaudited)  HK\$'M	Six months ended 30th June, 2008  (Unaudited)  HK\$'M
REVENUE (Note 2)	115.1	133.3
Cost of sales	(85.9)	(116.9)
Gross profit	29.2	16.4
Other income and gains (Note 3)	8.4	78.5
Fair value gain on an investment property	46.0	–
Fair value gains on financial assets at fair value through profit or loss, net	117.3	5.6
Administrative expenses	(19.3)	(22.4)
Other operating expenses, net (Note 4)	(50.7)	(1.0)
OPERATING PROFIT (Notes 2 & 5)	130.9	77.1
Finance costs (Note 6)	(0.9)	(2.8)
Share of profits and losses of associates	71.2	274.2
PROFIT BEFORE TAX	201.2	348.5
Tax (Note 7)	(9.2)	(0.5)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	192.0	348.0
Attributable to:		
Equity holders of the parent	123.3	210.3
Minority interests	68.7	137.7
	192.0	348.0



EARNINGS PER ORDINARY SHARE  
ATTRIBUTABLE TO EQUITY HOLDERS  
OF THE PARENT (Note 8)

Basic

**HK5.34 cents**

(Restated)

HK9.44 cents

Diluted

**HK5.16 cents**

HK8.41 cents

DIVIDEND PER ORDINARY SHARE

**HK0.3 cent**

(Restated)

HK0.5 cent

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2009	Six months ended 30th June, 2008
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	192.0	348.0
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value for the period	5.0	(5.5)
Less: Reclassification adjustment for fair value losses included in the income statement	1.4	–
	<u>6.4</u>	<u>(5.5)</u>
Exchange differences on translating foreign operations	–	3.7
Share of other comprehensive income of the associates	0.5	44.1
	<u>6.9</u>	<u>42.3</u>
Other comprehensive income for the period	6.9	42.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>198.9</u>	<u>390.3</u>
Attributable to:		
Equity holders of the parent	129.8	233.5
Minority interests	69.1	156.8
	<u>198.9</u>	<u>390.3</u>

**Condensed Consolidated Statement of Financial Position**

	<b>30th June, 2009</b>	<b>31st December, 2008</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7.8	3.3
Investment properties	404.3	358.3
Goodwill	202.0	202.0
Interests in associates	4,187.6	4,136.8
Available-for-sale investments	7.7	14.0
Financial assets at fair value through profit or loss	373.1	211.3
Loans receivable	6.0	6.5
Other assets	0.2	0.2
Total non-current assets	<u>5,188.7</u>	<u>4,932.4</u>
<b>CURRENT ASSETS</b>		
Financial assets at fair value through profit or loss	79.4	192.9
Properties held for sale	6.0	6.0
Inventories	14.1	10.0
Debtors, deposits and prepayments (Note 9)	53.4	93.5
Time deposits	182.4	206.8
Cash and bank balances	161.4	110.5
	<u>496.7</u>	<u>619.7</u>
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	<u>746.1</u>	<u>869.1</u>

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

	<b>30th June, 2009</b>	<b>31st December, 2008</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals (Note 10)	(63.6)	(105.9)
Tax payable	(5.1)	(3.7)
Deposits received	(220.1)	(221.3)
	<u>(288.8)</u>	<u>(330.9)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	<u>(387.7)</u>	<u>(429.8)</u>
<b>NET CURRENT ASSETS</b>	<b>358.4</b>	439.3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>5,547.1</b>	5,371.7
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing bank borrowings	(211.2)	(214.6)
Deferred tax liabilities	(14.7)	(6.9)
Total non-current liabilities	<u>(225.9)</u>	<u>(221.5)</u>
Net assets	<u><b>5,321.2</b></u>	<u>5,150.2</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	312.2	312.2
Reserves	2,901.6	2,777.4
Dividends	6.9	11.6
	<u>3,220.7</u>	<u>3,101.2</u>
<b>Minority interests</b>	<b>2,100.5</b>	2,049.0
Total equity	<u><b>5,321.2</b></u>	<u>5,150.2</u>

Notes:

## 1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards 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, 2008, 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, 2009.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement - Embedded Derivatives</i>

HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
Improvements of HKFRSs (2008)	

Except for HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no impact on the Group's results of operation and financial position. The principal effects of adopting HKFRS 8 and HKAS 1 (Revised) are as follows:

#### *HKFRS 8 Operating Segments*

This standard, which replaced HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

#### *HKAS 1 (Revised) Presentation of Financial Statements*

This revised standard introduces changes in the presentation and disclosures of financial statements, which require owner and non-owner changes in equity to be separately presented. The statement of changes in equity will only include details of transactions with owner and all non-owner changes in equity will be presented in a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expense recognised in income statement, together with all other items of income and expense recognised directly in equity, to be presented either in one

single statement, or in two linked statements. The Group has elected to present in two statements.

## 2. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit, the operating results of which are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Summary details of the operating segments are as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises 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 segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

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.

## Operating segments

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		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2009		Six months ended 30th June, 2008		Six months ended 30th June, 2009		Six months ended 30th June, 2008		Six months ended 30th June, 2009		Six months ended 30th June, 2008		Six months ended 30th June, 2009	
	(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	7.8	8.1	98.2	124.7	-	-	9.1	0.3 <sup>*</sup>	-	0.2	-	-	115.1	133.3
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7.8</b>	<b>8.1</b>	<b>98.2</b>	<b>124.7</b>	<b>-</b>	<b>-</b>	<b>9.1</b>	<b>0.3</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>115.1</b>	<b>133.3</b>
Segment results	51.7	5.7	12.9	8.7	-	-	75.5	12.2	1.2	1.6	-	-	141.3	28.2
Interest income and unallocated non-operating and corporate gains													7.7	71.7
Unallocated non-operating and corporate expenses													(18.1)	(22.8)
Operating profit													130.9	77.1
Finance costs													(0.9)	(2.8)
Share of profits and losses of associates	(1.5)	(3.1)	-	-	72.7	277.3	-	-	-	-	-	-	71.2	274.2
Profit before tax													201.2	348.5
Tax													(9.2)	(0.5)
Profit for the period before allocation between equity holders of the parent and minority interests													192.0	348.0
Attributable to:														
Equity holders of the parent													123.3	210.3
Minority interests													68.7	137.7
													192.0	348.0



\* In prior years, the Group's proceeds from sale of listed investments at fair value through profit or loss was presented under "Revenue" with the corresponding cost of sales included under "Cost of sales". Subsequent to the publication of the 2008 interim results, the Group has changed the presentation, as in the opinion of the Directors, it is more appropriate to include the gain/loss from sale of listed investments at fair value through profit or loss in the "Revenue" only. Accordingly, the revenue and cost of sales in the prior period were decreased by the same amount of HK\$16.9 million with the gross profit remaining the same.

3. Other income and gains represent the following items:

	<b>Six months ended 30th June, 2009</b>	<b>Six months ended 30th June, 2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest income	1.0	9.4
Dividend income from listed investments	–	0.8
Excess over the cost of additional interests in the listed subsidiary	7.4	68.2
Others	–	0.1
	<u>8.4</u>	<u>78.5</u>

4. Other operating expenses, net, include the following major items:

	<b>Six months ended 30th June, 2009</b>	<b>Six months ended 30th June, 2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Depreciation	0.6	1.2
Loss on redemption of financial assets at fair value through profit or loss	49.1	–
	<u>49.7</u>	<u>1.2</u>

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

	<b>Six months ended 30th June, 2009</b>	<b>Six months ended 30th June, 2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit on disposal of listed investments	6.2	0.3
Loss on disposal of available-for-sale investments	(1.6)	–
	<u>4.6</u>	<u>0.3</u>

6. Finance costs of the Group are as follows:

	<b>Six months ended 30th June, 2009</b>	<b>Six months ended 30th June, 2008</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>0.7</b>	2.8
Other loan costs	<b>0.2</b>	–
	<hr/>	<hr/>
Total finance costs	<b>0.9</b>	2.8
	<hr/> <hr/>	<hr/> <hr/>

7. The tax charge for the period arose as follows:

	<b>Six months ended 30th June, 2009</b>	<b>Six months ended 30th June, 2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Current – Hong Kong		
Charge for the period	<b>1.4</b>	0.5
Deferred tax expense	<b>7.8</b>	–
	<hr/>	<hr/>
Total tax charge for the period	<b>9.2</b>	0.5
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2008 – 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, based on existing legislation, practices and interpretations thereof.

The share of tax charge attributable to associates amounting to HK\$1.7 million (2008 – HK\$0.3 million) is included in “Share of profits and losses of associates” on the face of the condensed consolidated income statement.

Deferred tax expense has been calculated by applying the rate that is expected to apply in the period when the asset is realised or the liability is settled.

8. 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\$123.3 million (2008 – HK\$210.3 million) and on the weighted average of 2,310.5 million (2008 – 2,227.3 million, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued and unissued ordinary shares of HK\$0.01 each were consolidated into one ordinary share of HK\$0.10 effective from 23rd October, 2008 (the “Share Consolidation”)) ordinary shares of the Company in issue during the period.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2009 is based on the profit for the period attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 81.2 million that would be issued assuming all the 812.4 million convertible preference shares of the Company were converted into 81.2 million ordinary shares of the Company at the beginning of the period. The exercise prices of the share options of the Company, Paliburg and Regal and the subscription prices of the warrants of the Company and Paliburg outstanding during the period are higher than the average market prices of the respective ordinary shares of the Company, Paliburg and Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2008 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 the Paliburg group of HK\$6.3 million assuming all outstanding convertible preference shares of Regal were converted into ordinary shares of Regal at the beginning of that period and

all outstanding share options of Paliburg and the subscription rights attaching to all outstanding warrants 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 (as adjusted for the Share Consolidation) during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 199.4 million (as adjusted for the Share Consolidation) that would be issued assuming (i) all the 1,695.4 million convertible preference shares of the Company were converted into 169.5 million (as adjusted for the Share Consolidation) ordinary shares of the Company at the beginning of that period; and (ii) 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.

9. Included in debtors, deposits and prepayments is an amount of HK\$11.2 million (31st December, 2008 – HK\$46.1 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	<b>30th June, 2009</b>	<b>31st December, 2008</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>12.9</b>	47.5
Between 4 to 6 months	<b>0.3</b>	0.6
Between 7 to 12 months	<b>0.1</b>	0.1
Over 1 year	<b>0.1</b>	0.1
	<hr/>	<hr/>
	<b>13.4</b>	48.3
Impairment	<b>(2.2)</b>	(2.2)
	<hr/>	<hr/>
	<b>11.2</b>	46.1
	<hr/>	<hr/>

### **Credit terms**

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

10. Included in creditors and accruals is an amount of HK\$3.5 million (31st December, 2008 – HK\$25.6 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	<b>30th June, 2009</b>	<b>31st December, 2008</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>3.3</b>	25.6
Between 4 to 6 months	<b>0.2</b>	–
	<hr/> <b>3.5</b> <hr/>	<hr/> 25.6 <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**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2009.

## **REVIEW OF RESULTS**

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2009 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, 2009 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, 2009, 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 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2009, 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 arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

## **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. 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, 8th September, 2009