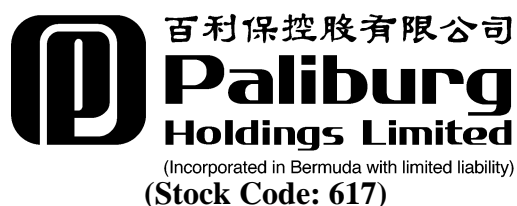


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ANNOUNCEMENT OF 2009 INTERIM RESULTS

| FINANCIAL HIGHLIGHTS | Six months ended | Six months ended |
|---|-------------------------|----------------------------|
| | 30th June, 2009 | 30th June, 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Revenue | 106.7 | 133.1 |
| Operating profit | 101.2 | 34.2 |
| Profit for the period attributable to equity holders of the parent | 162.3 | 305.1 |
| Basic earnings per ordinary share attributable to equity holders of the parent | HK15.9 cents | HK29.9 cents* |
| Interim dividend | HK1.0 cent | HK1.8 cents* |
| | As at | As at |
| | 30th June, 2009 | 31st December, 2008 |
| | (Unaudited) | (Unaudited) |
| † Adjusted net asset value per ordinary share | HK\$6.41 | HK\$6.31 |

*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\$162.3 million, which was relatively lower than the profit of HK\$305.1 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

PROPERTIES

Hong Kong

Ap Lei Chau Inland Lot No. 129, Ap Lei Chau East

The Group has a 30% joint venture interest in this development project. The development has a total gross floor area of about 913,000 square feet, comprising 9 residential towers with 715 luxury residential apartments and certain commercial areas on the ground floor, which will be complemented with club house and car parking facilities. The superstructure works for the project are progressing and the presale marketing program is expected to be commenced early next year.

211 Johnston Road, Wanchai

The Group owns certain ground floor units and all the office floors above the podium level in this commercial building. With a view to enhancing the property value, the Group is undertaking a conversion program to convert 9 upper floors into a hotel with 50 guest rooms. Two other units owned on the ground floor are also included in the program for conversion into restaurant use, which are planned to be operated in conjunction with the hotel. It is currently anticipated that the conversion works for the hotel portion will be completed and ready for operation around the end of this year.

The People's Republic of China

Development Project in the Central Business District of Beijing

This development project is held through a Sino-foreign joint venture entity that is 59%-owned by Hang Fok Properties Limited, an associate that is in turn 50% each held by the Group and the Regal group. The joint venture entity is now in the course of finalising with the Beijing Municipal Bureau of Land and Resources the terms of the contract for the grant of the primary development rights for the Phase II land. In the meantime, Hang Fok is engaged in arbitration disputes over certain claims made by the vendor under the contracts entered into between the parties in 2005 with respect to the purchase by Hang Fok of the additional 36% interests in the joint venture entities, which Hang Fok and its legal advisers consider to be without merit. Pending the satisfactory resolution of the arbitration disputes by Hang Fok and the settlement of the differences with the local partner over the detailed terms of the joint venture, it is intended that the development work for this joint venture project is to be proceeded with in the not too distant future.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

Chatwin Engineering Limited, the Group's wholly-owned construction arm, continues to operate steadily and contributed satisfactory profit to the Group during the period under review. The contract works undertaken by Chatwin for the construction of three additional stories on top of the Regal Riverside Hotel in Shatin was recently completed in June, while the contract works for the Housing Authority for the redevelopment of Sau Mau Ping Estate Phases 13 & 16 have also been substantially completed. In the meantime, Chatwin has secured a number of new projects, including a school re-provisioning contract in Wanchai and a contract for maintenance works for the MTR stations. Despite the difficult environment encountered by the construction industry in Hong Kong, Chatwin will strive to secure further new contracts from different sectors, making use of its competitive advantage afforded by a relatively compact and cost effective operating structure.

In the meantime, the building related businesses encompassing development consultancy, project management, building services, estate management as well as technology-based building management and security systems and services are operating satisfactorily and are gradually expanding the services to external clients.

OTHER INVESTMENTS

As mentioned in the Annual Report 2008 published by the Company in April this year, the Group converted in February 2009 part of its holding of the convertible bonds due 2009 issued by a subsidiary of Cosmopolitan International Holdings Limited in a principal amount of HK\$14 million into 200 million new ordinary shares of Cosmopolitan and the Group's remaining holding of the convertible bonds due 2009 in a principal amount of HK\$31 million were redeemed on maturity by Cosmopolitan group in cash in March 2009.

Cosmopolitan is a listed company in Hong Kong principally engaged in property development and investment businesses in China and Hong Kong. With a view to maintaining the Group's strategic position in Cosmopolitan, the Group has earlier in January 2009 subscribed for certain zero coupon guaranteed convertible bonds due 2011 issued by Cosmopolitan group for a principal amount of HK\$28 million, which are convertible into new ordinary shares of Cosmopolitan at a prevailing conversion price of HK\$0.3 per share.

Presently, the Group holds approximately 16.9% of the issued ordinary shares of Cosmopolitan as well as substantial interests in the convertible bonds issued by Cosmopolitan group. The fair value gains on the Group's holdings of shares and convertible bonds of Cosmopolitan group, net of the loss on redemption of the convertible bonds due 2009, have been reflected in the results of the period under review.

Assuming all the outstanding convertible bonds of and the options on convertible bonds granted by Cosmopolitan group, including those held by the Group, are fully converted and/or exercised and converted, the Group can hold up to approximately 25.9% of the fully diluted shareholding of Cosmopolitan. At the same time, Regal group also holds substantial interests in the securities of Cosmopolitan group and, on the same fully-diluted basis, it can also come to own up to approximately 32.8% of the enlarged share capital of Cosmopolitan.

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 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 presale program for the joint venture development project in Ap Lei Chau is expected to be launched early next year. Having regard to the favourable sentiment towards the property sector and the limited supply of luxury apartments in the southern part of the Hong Kong Island, it is anticipated that the units in this residential development will be very well received and should generate to the Group substantial future profits and cash flow.

In the meanwhile, the Group is actively working on the plans to expand its business portfolio, with a view to broadening its income source.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, there was a net cash outflow on operating activities of HK\$8.8 million (2008 – HK\$48.3 million). Net interest receipt for the period amounted to HK\$0.2 million (2008 – HK\$1.5 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\$4.87 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\$6.41 per share.

| | As at 30th June, 2009 | |
|---|------------------------------|------------------------------------|
| | HK\$'M | HK\$ per ordinary share |
| Unaudited book net assets after minority interests | 4,960.4 | 4.87 |
| Adjustment to restate the Group's interest in Regal on the basis noted above | 1,569.0 | |
| Unaudited adjusted net assets after minority interests | 6,529.4 | 6.41 |

As at 30th June, 2009, the Group had cash and bank balances and deposits, net of borrowings of HK\$61.4 million (31st December, 2008 – HK\$63.4 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 interests in Regal. 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 the Group's property and construction related businesses, Regal's hotel operations and 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 the sections headed “Review of Operations” and “Outlook” above and in Regal’s announcement separately released today.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK1.0 cent (2008 – HK1.8 cents, 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\$10.2 million (2008 – HK\$18.3 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 15th October, 2009.

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 2010 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) | 106.7 | 133.1 |
| Cost of sales | (85.9) | (116.9) |
| Gross profit | 20.8 | 16.2 |
| Other income and gains (Note 3) | 0.8 | 4.0 |
| Fair value gain on an investment property | 46.0 | – |
| Fair value gains on financial assets at fair value through profit or loss, net | 97.2 | 29.6 |
| Administrative expenses | (14.1) | (15.1) |
| Other operating expenses, net (Note 4) | (49.5) | (0.5) |
| OPERATING PROFIT (Notes 2 & 5) | 101.2 | 34.2 |
| Finance costs (Note 6) | (0.9) | (2.8) |
| Share of profits and losses of associates | 71.2 | 274.2 |
| PROFIT BEFORE TAX | 171.5 | 305.6 |
| Tax (Note 7) | (9.2) | (0.5) |
| PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS | 162.3 | 305.1 |
| Attributable to: | | |
| Equity holders of the parent | 162.3 | 305.1 |
| Minority interests | – | – |
| | 162.3 | 305.1 |

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

(Restated)

Basic

HK15.9 cents

HK29.9 cents

Diluted

N/A

HK29.7 cents

DIVIDEND PER ORDINARY SHARE

(Restated)

HK1.0 cent

HK1.8 cents

Condensed Consolidated Statement of Comprehensive Income

| | Six months ended 30th June, 2009 (Unaudited) HK\$'M | Six months ended 30th June, 2008 (Unaudited) HK\$'M |
|--|--|--|
| PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS | 162.3 | 305.1 |
| OTHER COMPREHENSIVE INCOME/(LOSS): | | |
| Available-for-sale investments: | | |
| Changes in fair value for the period | – | (4.1) |
| Less: Reclassification adjustment for fair value losses included in the income statement | 0.7 | – |
| | <u>0.7</u> | <u>(4.1)</u> |
| Exchange differences on translating foreign operations | – | 3.7 |
| Share of other comprehensive income of the associates | 0.5 | 44.1 |
| | <u>1.2</u> | <u>43.7</u> |
| Other comprehensive income for the period | 1.2 | 43.7 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>163.5</u> | <u>348.8</u> |
| Attributable to: | | |
| Equity holders of the parent | 163.5 | 348.8 |
| Minority interests | – | – |
| | <u>163.5</u> | <u>348.8</u> |

Condensed Consolidated Statement of Financial Position

| | 30th June, 2009 | 31st December, 2008 |
|---|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 6.7 | 1.9 |
| Investment properties | 404.3 | 358.3 |
| Interests in associates | 4,187.6 | 4,136.8 |
| Available-for-sale investments | 0.1 | 3.2 |
| Financial assets at fair value through profit or loss | 373.1 | 211.3 |
| Loans receivable | 6.0 | 6.5 |
| Total non-current assets | 4,977.8 | 4,718.0 |
| CURRENT ASSETS | | |
| Financial assets at fair value through profit or loss | 5.0 | 121.0 |
| Properties held for sale | 6.0 | 6.0 |
| Inventories | 14.1 | 10.0 |
| Debtors, deposits and prepayments (Note 9) | 46.3 | 79.7 |
| Time deposits | 165.0 | 186.0 |
| Cash and bank balances | 107.6 | 92.0 |
| | 344.0 | 494.7 |
| Asset of a disposal group classified as held for sale | 249.4 | 249.4 |
| Total current assets | 593.4 | 744.1 |

Condensed Consolidated Statement of Financial Position (Cont'd)

| | 30th June, 2009 | 31st December, 2008 |
|---|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| CURRENT LIABILITIES | | |
| Creditors and accruals (Note 10) | (60.6) | (100.9) |
| Tax payable | (5.1) | (3.7) |
| Deposits received | (220.1) | (221.3) |
| | (285.8) | (325.9) |
| Liability directly associated with the asset of a disposal group classified as held for sale | (98.9) | (98.9) |
| Total current liabilities | (384.7) | (424.8) |
| NET CURRENT ASSETS | 208.7 | 319.3 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 5,186.5 | 5,037.3 |
| NON-CURRENT LIABILITIES | | |
| Interest bearing bank borrowings | (211.2) | (214.6) |
| Deferred tax liabilities | (14.7) | (6.9) |
| Total non-current liabilities | (225.9) | (221.5) |
| Net assets | 4,960.6 | 4,815.8 |
| EQUITY | | |
| Equity attributable to equity holders of the parent | | |
| Issued capital | 101.9 | 101.9 |
| Reserves | 4,848.3 | 4,693.3 |
| Dividends | 10.2 | 20.4 |
| | 4,960.4 | 4,815.6 |
| Minority interests | 0.2 | 0.2 |
| Total equity | 4,960.6 | 4,815.8 |

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 |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Segment revenue: | | | | | | | | | | | | | | |
| Sales to external customers | 7.8 | 8.1 | 98.2 | 124.7 | - | - | 0.7 | 0.3 [*] | - | - | - | - | 106.7 | 133.1 |
| Intersegment sales | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | <u>7.8</u> | <u>8.1</u> | <u>98.2</u> | <u>124.7</u> | <u>-</u> | <u>-</u> | <u>0.7</u> | <u>0.3</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>106.7</u> | <u>133.1</u> |
| Segment results | <u>51.7</u> | <u>5.7</u> | <u>12.9</u> | <u>8.7</u> | <u>-</u> | <u>-</u> | <u>47.9</u> | <u>30.9</u> | <u>1.1</u> | <u>1.3</u> | <u>-</u> | <u>-</u> | <u>113.6</u> | <u>46.6</u> |
| Interest income and unallocated non-operating and corporate gains | | | | | | | | | | | | | 0.3 | 2.6 |
| Unallocated non-operating and corporate expenses | | | | | | | | | | | | | (12.7) | (15.0) |
| Operating profit | | | | | | | | | | | | | 101.2 | 34.2 |
| 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 | | | | | | | | | | | | | 171.5 | 305.6 |
| Tax | | | | | | | | | | | | | (9.2) | (0.5) |
| Profit for the period before allocation between equity holders of the parent and minority interests | | | | | | | | | | | | | <u>162.3</u> | <u>305.1</u> |
| Attributable to: | | | | | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | | | | | 162.3 | 305.1 |
| Minority interests | | | | | | | | | | | | | - | - |
| | | | | | | | | | | | | | <u>162.3</u> | <u>305.1</u> |

* 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:

| | Six months ended 30th June, 2009 | Six months ended 30th June, 2008 |
|-----------------|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Interest income | 0.8 | 3.9 |
| Others | – | 0.1 |
| | <u>0.8</u> | <u>4.0</u> |

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

| | Six months ended 30th June, 2009 | Six months ended 30th June, 2008 |
|--|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Depreciation | 0.2 | 0.7 |
| Loss on redemption of financial assets at fair value through profit or loss | 49.1 | – |
| | <u>49.1</u> | <u>–</u> |

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

| | Six months ended 30th June, 2009 | Six months ended 30th June, 2008 |
|--|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Profit/(Loss) on disposal of listed investments | (0.3) | 0.3 |
| Loss on disposal of available-for-sale investments | (0.8) | – |
| | <u>(0.3)</u> | <u>–</u> |

6. Finance costs of the Group are as follows:

| | Six months ended 30th June, 2009 | Six months ended 30th June, 2008 |
|---|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Interest in respect of bank loans wholly repayable within five years | 0.7 | 2.8 |
| Other loan costs | 0.2 | – |
| Total finance costs | 0.9 | 2.8 |

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

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

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\$162.3 million (2008 – HK\$305.1 million) and on the weighted average of 1,019.4 million (2008 – 1,019.1 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.

No diluted earnings per ordinary share is presented for the period ended 30th June, 2009 as the exercise prices of the share options of the Company and Regal and the subscription price of the warrants of the Company outstanding during the period are higher than the average market prices of the respective ordinary shares of the Company 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 Regal group of HK\$1.3 million assuming all outstanding convertible preference shares of Regal were converted into ordinary shares of Regal 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 5.1 million (as adjusted for the Share Consolidation) that would be issued at no consideration assuming all outstanding share options and 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 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.

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:

| | 30th June, 2009 | 31st December, 2008 |
|---------------------------------|-------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 10.9 | 45.5 |
| Between 4 to 6 months | 0.3 | 0.6 |
| | <hr/> 11.2 <hr/> | <hr/> 46.1 <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:

| | 30th June, 2009 | 31st December, 2008 |
|---------------------------------|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 3.3 | 25.6 |
| Between 4 to 6 months | 0.2 | – |
| | <hr/> 3.5 <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. 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, 8th September, 2009