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ANNOUNCEMENT OF 2014 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2014 (Unaudited) HK\$'M	Six months ended 30th June, 2013 (Unaudited) HK\$'M	% Change
Revenue	1,061.0	975.2	+8.8%
Gross profit	511.2	462.5	+10.5%
Operating profit before depreciation and finance costs	377.2	375.2	+0.5%
Depreciation	(242.9)	(223.2)	+8.8%
Profit for the period attributable to equity holders of the parent	16.2	27.5	-41.1%
Basic earnings per ordinary share attributable to equity holders of the parent	HK1.45 cents	HK2.47 cents	-41.3%
Interim dividend per ordinary share	HK2.3 cents	HK2.2 cents	+4.5%
	As at 30th June, 2014 (Unaudited)	As at 31st Dec., 2013 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent	HK\$11.23	HK\$10.90	+3.0%

- **Gross profit amounted to HK\$511.2 million, as mainly contributed by the core hotel business of the Group, and represents an increase of 10.5% over that in the last comparative period.**
- **Aggregate depreciation charges in an amount of HK\$228.6 million have been provided on the Group's hotel properties for the period which, though having no immediate cash flow impact, have adversely affected the overall reported profit performance.**
- **Although P&R Holdings Limited, the Group's subsidiary engaged in property development business in Hong Kong, has disposed of two of its hotel developments in Hong Kong to Regal Real Estate Investment Trust, a listed subsidiary of the Group, in February and July this year, respectively, for an aggregate consideration of HK\$3,232.5 million, the substantial profits associated with such disposals have not been reflected in the Group's results due to elimination on account of the corporate holding structure.**
- **Apart from the two hotel developments sold, P&R Holdings is undertaking a total of six property projects in Hong Kong, encompassing residential, commercial, hotel, and shopping mall developments.**
- **When the new iclub Fortress Hill Hotel comes on stream, the total number of hotels owned by Regal REIT in Hong Kong will increase to eight and the total hotel room inventory will have an aggregate of about 4,570 guestrooms and suites.**
- **Cosmopolitan International Holdings Limited became a listed subsidiary of the Group in September 2013, which is undertaking in Mainland China two large-scale composite development projects in Chengdu, Sichuan Province and Tianjin, which are being developed in stages, and a re-forestation and land grant project in Urumqi, Xinjiang Uygur Autonomous Region.**
- **The Group has developed a strong assets portfolio spreading across property, hotel and other investments. As most of these development projects have only been acquired in recent years, they are still at various stages of development and are scheduled for completion over the course of the next few years.**

- **Sale programmes have been planned for most of the development projects presently undertaken by P&R Holdings and Cosmopolitan, which are expected to generate for the Group significant cash flows and profit contribution when the projects are gradually completed.**
- **The Directors are optimistic on the future prospects of the Group and will continue to seek suitable growth opportunities.**

FINANCIAL RESULTS

For the six months ended 30th June, 2014, the Group recorded an unaudited consolidated profit attributable to shareholders of HK\$16.2 million, as compared to HK\$27.5 million for the corresponding period in 2013.

During the period under review, the Group's gross profit amounted to HK\$511.2 million, which was mainly contributed by the core hotel business of Regal Hotels International Holdings Limited, the Group's most significant subsidiary, and represents an increase of 10.5% over the HK\$462.5 million attained in the last comparative period. As the Group's hotel properties are all self-operated within the Group, they are carried in the Group's financial statements at cost less accumulated depreciation as required under the currently applicable accounting standards. Accordingly, depreciation charges in an aggregate amount of HK\$228.6 million have thus been provided on the Group's hotel properties for the half year under review which, though having no immediate cash flow impact, have adversely affected the overall reported profit performance. Moreover, although P&R Holdings Limited, the Group's subsidiary engaged in property development business in Hong Kong, has disposed of two of its hotel developments in Hong Kong to Regal Real Estate Investment Trust, the listed subsidiary of Regal, in February and July this year, respectively, for an aggregate consideration of HK\$3,232.5 million, the substantial profits associated with such disposals have not been reflected in the Group's results due to elimination on account of the corporate holding structure.

BUSINESS OVERVIEW

PROPERTIES

After a relatively stagnant period, the residential property market in Hong Kong recently regained some momentum with the release of the penned up demand, especially for the smaller-sized apartment units. While the Hong Kong Government is continuing with its ongoing land sales programme to boost supply, the underlying demands for different types of properties in Hong Kong are strong and the outlook of the local real estate sector remains positive.

The Group's property development and investment business in Hong Kong is principally undertaken through P&R Holdings, which was first established in 2011 as a joint venture owned as to 50% each by Regal and the Group itself. As Regal became a subsidiary of the Group in May 2012, P&R Holdings has since effectively become a subsidiary of the Group.

As mentioned in the 2013 Annual Report, P&R Holdings completed in February this year the sale of the new hotel development located at Nos.132-140 Bonham Strand, Sheung Wan to Regal REIT for a total consideration of HK\$1,581.1 million, pursuant to the terms of the Share Purchase Agreement.

On 28th July, 2014, following the satisfaction of the conditions precedent for the due exercise of the option by Regal REIT, P&R Holdings further completed the sale of another new hotel development located at Nos.14-20 Merlin Street, North Point to Regal REIT for a total consideration of HK\$1,651.4 million, comprising the final exercise price of HK\$1,650 million, based on an updated valuation of the hotel property as of 30th April, 2014 by a jointly appointed independent valuer, and current assets adjustment of HK\$1.4 million, pursuant to the terms of the Option Agreement entered into with Regal REIT in June 2013.

Though these transactions have generated substantial profits and cash flow to P&R Holdings, the profits associated with such disposals have not been reflected in the Group's financial statements due to elimination under the current corporate holding structure.

Apart from the two hotel developments sold, P&R Holdings is undertaking a total of six property projects in Hong Kong, encompassing residential, commercial, hotel, and shopping mall developments. P&R Holdings also holds ten residential duplex units and fourteen car parks in Rainbow Lodge located in Tong Yan San Tsuen, Yuen Long, which it acquired from Cosmopolitan International Holdings Limited in September 2013, and a sale programme is planned to be launched for the disposal of these residential units.

Further details on the ongoing projects and properties owned by P&R Holdings are contained in the section headed "Management Discussion and Analysis" in this announcement.

CONSTRUCTION AND BUILDING RELATED BUSINESS

The Group's wholly owned construction arm, Chatwin Engineering Limited, is the main contractor for the construction of P&R Holdings' hotel development in Merlin Street, which has recently been completed in May 2014. Chatwin has also been awarded the main contract works for the residential project of P&R Holdings in Yuen Long through competitive tender process. Due to the increasing number of projects undertaken, the Group's development consultancy division, which provides professional services on architectural, engineering and interior design aspects, is now principally supporting the needs of the Group's member companies.

OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, bonds as well as treasury and yield enhancement products, some of which are denominated in Renminbi.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2014, Regal achieved an unaudited consolidated profit attributable to shareholders of HK\$167.1 million, an increase of about 1.8 times over the HK\$60.5 million attained for the comparative period last year.

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

As at 30th June, 2014, the Regal group held 74.6% of the outstanding units of Regal REIT and Regal Portfolio Management Limited, a wholly owned subsidiary of the Regal group, acts as the REIT Manager.

For the six months ended 30th June, 2014, Regal REIT attained an unaudited consolidated profit before distribution to unitholders of HK\$319.6 million, as compared to the profit of HK\$335.4 million recorded in the corresponding period in 2013. Based on the market valuations as of 30th June, 2014, there was an increase of HK\$74.0 million in the fair value of Regal REIT's investment properties portfolio reflected in the results for the period under review, while for the comparative period last year, a gain of HK\$124.8 million was reported for such fair value changes. If the fair value changes are excluded, the core profit before distribution to unitholders for the period would amount to HK\$245.6 million, representing an increase of 16.6% over the HK\$210.6 million attained for the corresponding period in 2013.

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

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan became a listed subsidiary of the Group in September 2013 and the Group's investments in Cosmopolitan are all held through P&R Holdings.

For the six months ended 30th June, 2014, Cosmopolitan recorded an unaudited consolidated loss of HK\$78.1 million, as compared to the consolidated loss of HK\$45.3 million (as restated) for the six months ended 30th September, 2013. The loss incurred for the period under review was largely attributable to the non-capitalised interest accruing on the consideration payable for the development project in Chengdu acquired in September 2013.

Further information on the principal business operations and outlook of Cosmopolitan, including its Management Discussion and Analysis, was contained in Cosmopolitan's announcement released on 4th August, 2014.

OUTLOOK

The Group has developed a strong assets portfolio spreading across property, hotel and other investments. As most of these development projects have only been acquired in recent years, they are still at various stages of development and are scheduled for completion over the course of the next few years. In this regard, sale programmes have been planned for most of the development projects presently undertaken by P&R Holdings and Cosmopolitan, which are expected to generate for the Group significant cash flows and profit contribution when the projects are gradually completed.

Overall, the Directors are optimistic on the future prospects of the Group and will continue to seek suitable growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including financial assets investments, and aircraft ownership and leasing business.

The significant investments and business interests of Regal, a principal listed subsidiary of the Group, 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. Cosmopolitan has become a listed subsidiary of the Company since 16th September, 2013, which is held by the Group through P&R Holdings. The principal business activities of the Cosmopolitan group comprise property development and investment, mainly focused in the PRC, and financial assets and other investments.

The performance of the Group's property, construction and building related and other investment businesses, and the principal businesses of Regal, Regal REIT as well as those of Cosmopolitan during the period under review, the commentary on the hotel and property sectors in which the Group operates and the 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 this sub-section as well as in the separate interim results announcements for 2014 released by Regal, Regal REIT and Cosmopolitan.

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 capital contributions to be provided by the Company and Regal on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. The business scope of P&R Holdings is the development of real estate projects for sale and/or leasing, the undertaking of related investment and financial activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects being undertaken and properties owned by the P&R Holdings group is set out below:

Hong Kong

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon, awarded by the Urban Renewal Authority of Hong Kong, all the following development projects and properties are wholly owned by P&R Holdings group.

Nos.14-20 Merlin Street, North Point

This development project has an aggregate site area of approximately 457 square metres (4,915 square feet) and has been developed into a hotel with about 338 guestrooms, with total gross floor area of approximately 6,849 square metres (73,721 square feet) and covered floor area of approximately 9,393 square metres (101,105 square feet). The occupation permit for the hotel building was issued in May 2014 and the relevant hotel licence is anticipated to be obtained in September 2014.

This property has been sold to Regal REIT on 28th July, 2014 pursuant to the Option Agreement, as mentioned in the above section headed “Business Overview”.

*Lot No.4309 in Demarcation District No.124, Tan Kwai Tsuen Road,
Yuen Long, New Territories*

This development project has a site area of approximately 11,192 square metres (120,470 square feet) and is planned for a residential development with a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The superstructure works are progressing steadily and the project is scheduled to be completed in the first quarter of 2015. A sale programme for this project is being planned and may be launched within the next six months.

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

The properties have an aggregate site area of approximately 345 square metres (3,710 square feet) and are planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 6,420 square metres (69,120 square feet). The foundation works have been completed but due to some technical difficulties relating to the adjoining property, the progress of the construction works has been delayed.

Nos.8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

The properties have an aggregate site area of approximately 700 square metres (7,535 square feet) and is being developed into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The foundation works are near completion and the superstructure works are expected to be proceeded with shortly. This hotel development project is scheduled to be completed in 2016.

Sha Tin Town Lot No.482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site is planned to be developed into a shopping mall and the general building plans have been approved. The foundation works are expected to commence before the end of this year and the development is scheduled to be completed in 2017. The project is intended to be retained for rental income after completion.

Sha Tin Town Lot No.578, Area 56A, Kau To, Sha Tin, New Territories

This development site has a site area of 17,476 square metres (188,100 square feet). The project is planned for a luxurious residential development comprising 7 mid-rise apartment blocks with about 138 units, 21 detached garden houses and 198 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The general building plans for the development have been approved and site formation works are expected to commence in the fourth quarter of 2014. This development is scheduled to be completed in 2017.

Nos.69-83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and is planned for a commercial/residential development with total gross floor area of 7,159 square metres (77,059 square feet), providing 155 residential units, 2 storeys of shops and 1 storey of basement carpark. The general building plans and foundation plans have already been submitted for approval and the development is scheduled to be completed in 2017.

Rainbow Lodge, 9 Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories

These existing properties were acquired from Cosmopolitan in September 2013, which comprise ten residential duplex units with gross area of approximately 1,832 square metres (19,720 square feet) and 14 car parks in a completed residential development. Presently, 5 of the duplex units have been leased to third parties for rental income and a sale programme is planned to be launched for the disposal of these residential units.

Mainland China

Regal (Chongqing) Equity Investment Fund, L.P.

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, L.P., which was established 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.

Cosmopolitan International Holdings Limited

Cosmopolitan is a listed subsidiary of the Group held through P&R Holdings. Further information relating to the property development projects being undertaken by the Cosmopolitan group in Mainland China, all of which are wholly-owned, is set out below:

Property Development

Chengdu Project

This property development project is located in Chengdu, Sichuan Province, the PRC. It is a mixed use development project consisting of hotel, commercial, office, service apartments and residential components, with an overall total gross floor area of approximately 497,000 square metres, and the project is being developed in stages spanning over a period to 2017. The first stage of the development, which includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 residential units with car parking spaces and ancillary commercial accommodation, is expected to be completed in 2015. Presale of these residential units included in the first stage is anticipated to be launched in the fourth quarter of 2014.

Tianjin Project

Located in Tianjin, the PRC, this property development project entails a development site with total site area of about 31,700 square metres, which is presently planned to include commercial, office, hotel and residential components with total gross floor area of about 145,000 square metres. The piling works for the project have already been completed and the entire development is anticipated to be completed in stages before the end of 2017.

Xinjiang Project

The Cosmopolitan group is engaged in a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. The Cosmopolitan group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the reforested area by the relevant government authorities are already in progress. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded as soon as practicable. Should the Cosmopolitan group successfully secure the development land and depending on the permitted land use, the Cosmopolitan group preliminarily plans to develop in stages on the land a large scale mixed use development comprising residential, hotel, recreational and commercial properties. Cosmopolitan has recently applied for an increase of US\$10 million in the registered capital of the wholly owned subsidiary engaged in the Xinjiang Project and the requisite approval has been obtained from the relevant government authorities.

Wuxi Project

With a view to expanding the Cosmopolitan group's property portfolio and business coverage in the PRC, the Cosmopolitan group entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission for a parcel of land of about 937 mu (equivalent to approximately 624,700 square metres) located in Huishan District, Wuxi, Jiangsu Province, the PRC. The Co-operation Agreement for the Wuxi Project is subject to certain terms to be agreed by the parties within six months of the date of the agreement. As at the date of this announcement, the Cosmopolitan group has not reached agreement in respect of certain terms with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission. The Cosmopolitan group is continuing its negotiations with the relevant parties on the outstanding terms under the Co-operation Agreement.

Property Investment

Beijing Tongzhou Project

A wholly owned subsidiary of Cosmopolitan established in Beijing, the PRC, has entered into an agreement in February 2014 to subscribe for 82.5% equity interest in a company which is involved in a primary development project located in Tongzhou District, Beijing, the PRC. The principal purpose of the project is to develop buildings for the purposes of housing resettlement under PRC government policies. The total site area planned to be developed under the project is approximately 181,000 square metres and the planned above-ground construction area is approximately 412,000 square metres. The Cosmopolitan group's investment in the Tongzhou Project, if concluded, is expected to generate returns on satisfactory terms, which will have support from the PRC government. Moreover, the undertaking of the project is also expected to strengthen the Cosmopolitan group's experience in the management of primary land development projects and foster its relationship with the PRC government authorities in furtherance of its future strategic business development in the PRC. The Cosmopolitan group has recently applied for an increase of approximately RMB200 million in the registered capital of the Beijing subsidiary, with a view to strengthening the capital base of the Beijing subsidiary for potential investment in other property development and investment projects in the PRC. In the meantime, the Beijing subsidiary is negotiating a supplemental agreement with the relevant party to further agree on the timing and conditions for the Beijing subsidiary to complete the subscription of equity interest in the aforesaid investee company.

FINANCIAL REVIEW

ASSETS VALUE

As at 30th June, 2014, the Group's net assets attributable to equity holders of the parent amounted to HK\$12,518.9 million, representing HK\$11.23 per ordinary share.

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 treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects in Hong Kong 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. Property development projects in the PRC are presently financed by internal resources. Project financing may be arranged on appropriate terms and will normally be in local currency to cover a part of the land cost and/or construction cost, and with 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, while its senior unsecured notes were denominated in US dollar and Hong Kong dollar with fixed coupon interest 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. As the US dollars are pegged to the Hong Kong dollars, the exchange risks are considered to be insignificant and no currency hedging has been deployed.

Cash Flow

Net cash flows used in operating activities during the period under review amounted to HK\$130.3 million (2013 – HK\$1,092.2 million). Net interest payment for the period amounted to HK\$128.8 million (2013 – HK\$102.7 million).

Borrowings and Gearing

As at 30th June, 2014, the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$9,633.0 million (31st December, 2013 – HK\$8,553.9 million).

As at 30th June, 2014, the gearing ratio of the Group was 26.8% (31st December, 2013 – 24.4%), representing the Group’s borrowings net of cash and bank balances and deposits of HK\$9,633.0 million (31st December, 2013 – HK\$8,553.9 million), as compared to the total assets of the Group of HK\$35,985.5 million (31st December, 2013 – HK\$34,993.4 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2014 are shown in the condensed consolidated interim financial statements (“Interim Financial Statements”) contained in the interim report for the six months ended 30th June, 2014 of the Company to be published on or before 30th September, 2014.

Pledge of Assets

As at 30th June, 2014, certain of the Group’s property, plant and equipment, investment properties, properties held for sale, properties under development, financial assets at fair value through profit or loss, held-to-maturity investments, bank deposits and bank balances in the total amount of HK\$17,154.6 million (31st December, 2013 – HK\$14,529.3 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\$409.4 million (31st December, 2013 – HK\$428.5 million) were pledged to secure bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2014, certain ordinary shares in a listed subsidiary with a market value of HK\$460.0 million (31st December, 2013 – HK\$460.0 million) were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2014 are shown in the Interim Financial Statements.

Contingent Liabilities

The Group had no contingent liability as at 30th June, 2014.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK2.3 cents per ordinary share for the financial year ending 31st December, 2014, representing an increase of 4.5% over the interim dividend of HK2.2 cents per ordinary share paid for the last financial year. This interim dividend will absorb an amount of approximately HK\$25.6 million (2013 – HK\$24.5 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 10th October, 2014.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Wednesday, 8th October, 2014 to Friday, 10th October, 2014, 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, 7th October, 2014. The relevant dividend warrants are expected to be despatched on or about 24th October, 2014.

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2014 (Unaudited) HK\$'M	Six months ended 30th June, 2013 (Unaudited) HK\$'M
REVENUE (Notes 2 & 3)	1,061.0	975.2
Cost of sales	(549.8)	(512.7)
Gross profit	511.2	462.5
Other income and gain (Note 3)	28.9	52.8
Fair value gains on investment properties, net	1.2	8.0
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	16.3	(20.0)
Administrative expenses	(180.4)	(128.1)
OPERATING PROFIT BEFORE DEPRECIATION	377.2	375.2
Depreciation	(242.9)	(223.2)
OPERATING PROFIT (Notes 2 & 4)	134.3	152.0
Finance costs (Note 5)	(114.5)	(117.6)
Share of profits and losses of:		
A joint venture	–	0.1
Associates	(8.6)	46.3
PROFIT BEFORE TAX	11.2	80.8
Income tax (Note 6)	45.9	(20.4)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	57.1	60.4

Condensed Consolidated Statement of Profit or Loss (Cont'd)

	Six months ended 30th June, 2014 (Unaudited) HK\$'M	Six months ended 30th June, 2013 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	16.2	27.5
Non-controlling interests	40.9	32.9
	<hr/> 57.1 <hr/>	<hr/> 60.4 <hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK1.45 cents	HK2.47 cents
	<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	57.1	60.4
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	29.3	0.5
Cash flow hedges:		
Changes in fair value of cash flow hedges	(4.4)	4.8
Transfer from hedge reserve to the statement of profit or loss	3.1	2.9
	(1.3)	7.7
Exchange differences on translating foreign operations	(70.2)	45.1
Share of other comprehensive loss of an associate	(0.2)	–
Other comprehensive income/(loss) for the period	(42.4)	53.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14.7	113.7
Attributable to:		
Equity holders of the parent	(3.2)	57.0
Non-controlling interests	17.9	56.7
	14.7	113.7

Condensed Consolidated Statement of Financial Position

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	19,286.6	19,345.0
Investment properties	1,845.4	1,715.4
Properties under development	1,304.7	1,308.6
Investments in associates	29.5	27.6
Available-for-sale investments	74.1	18.3
Financial assets at fair value through profit or loss	1.9	–
Loans receivable	8.4	8.4
Deposits and prepayments	67.1	60.9
Deferred tax assets	62.0	–
Trademark	610.2	610.2
Goodwill	261.0	261.0
Total non-current assets	<u>23,550.9</u>	<u>23,355.4</u>
CURRENT ASSETS		
Properties under development	6,271.4	5,750.4
Properties held for sale	1,393.7	1,513.3
Inventories	64.2	56.5
Debtors, deposits and prepayments (Note 9)	280.2	422.6
Loans receivable	6.6	6.7
Held-to-maturity investments	436.3	229.3
Financial assets at fair value through profit or loss	829.3	764.6
Derivative financial instruments	6.1	22.0
Tax recoverable	–	2.2
Restricted cash	43.8	51.9
Pledged time deposits and bank balances	408.5	433.2
Time deposits	1,444.1	1,143.9
Cash and bank balances	1,250.4	1,241.4
Total current assets	<u>12,434.6</u>	<u>11,638.0</u>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(509.5)	(511.7)
Deposits received	(22.8)	(27.0)
Interest bearing bank borrowings	(3,025.1)	(1,624.0)
Derivative financial instruments	(6.6)	–
Tax payable	(125.7)	(108.7)
Total current liabilities	<u>(3,689.7)</u>	<u>(2,271.4)</u>
NET CURRENT ASSETS	<u>8,744.9</u>	<u>9,366.6</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>32,295.8</u>	<u>32,722.0</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(22.2)	(13.9)
Interest bearing bank borrowings	(5,550.7)	(5,599.8)
Other borrowings	(4,204.0)	(4,200.5)
Derivative financial instruments	–	(4.1)
Deferred tax liabilities	(2,293.9)	(2,322.4)
Total non-current liabilities	<u>(12,070.8)</u>	<u>(12,140.7)</u>
Net assets	<u>20,225.0</u>	<u>20,581.3</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	111.5	111.5
Reserves	12,381.8	11,936.7
Dividends	25.6	103.7
	<u>12,518.9</u>	<u>12,151.9</u>
Non-controlling interests	7,706.1	8,429.4
Total equity	<u>20,225.0</u>	<u>20,581.3</u>

Notes:

1. Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2013, 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, 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</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 six 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 asset management segment engages in the provision of asset management services to Regal REIT;
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments; and
- (f) the others segment mainly comprises aircraft ownership and leasing business, the provision of financing services, travel agency services and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

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		Asset management		Financial assets investments		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(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	(Unaudited) HK\$'M	(Unaudited) HK\$'M
Segment revenue:																
Sales to external customers	6.5	5.1	3.7	12.6	1,019.1	942.7	-	-	3.8	(3.3)	27.9	18.1	-	-	1,061.0	975.2
Intersegment sales	3.8	2.4	117.8	78.0	-	-	64.2	43.8	-	-	-	-	(185.8)	(124.2)	-	-
Total	10.3	7.5	121.5	90.6	1,019.1	942.7	64.2	43.8	3.8	(3.3)	27.9	18.1	(185.8)	(124.2)	1,061.0	975.2
Segment results before depreciation	(28.3)	16.0	(6.5)	2.0	446.9	422.0	(5.4)	(6.5)	22.6	(20.7)	20.3	1.4	-	-	449.6	414.2
Depreciation	(0.9)	(0.6)	(0.5)	(0.2)	(232.1)	(220.3)	-	-	-	-	(9.1)	(2.0)	-	-	(242.6)	(223.1)
Segment results	(29.2)	15.4	(7.0)	1.8	214.8	201.7	(5.4)	(6.5)	22.6	(20.7)	11.2	(0.6)	-	-	207.0	191.1
Unallocated interest income and unallocated non-operating and corporate gains															13.8	17.5
Unallocated non-operating and corporate expenses															(86.5)	(56.6)
Operating profit															134.3	152.0
Finance costs															(114.5)	(117.6)
Share of profits and losses of:																
A joint venture	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
Associates	0.2	47.3	-	-	-	(0.3)	-	-	-	-	(8.8)	(0.7)	-	-	(8.6)	46.3
Profit before tax															11.2	80.8
Income tax															45.9	(20.4)
Profit for the period before allocation between equity holders of the parent and non-controlling interests															57.1	60.4
Attributable to:																
Equity holders of the parent															16.2	27.5
Non-controlling interests															40.9	32.9
															57.1	60.4

3. Revenue (which is also the Group's turnover), other income and gain are analysed as follows:

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Revenue</u>		
Rental income:		
Hotel properties	23.0	17.8
Investment properties	7.5	7.2
Properties held for sale	1.4	0.1
Aircraft	16.7	3.7
Construction and construction-related income	1.3	10.3
Proceeds from sale of property	–	0.3
Estate management fees	2.4	2.2
Property development consultancy and project management fees	–	0.1
Loss from sale of financial assets at fair value through profit or loss	(3.7)	(10.7)
Loss on settlement of derivative financial instruments	(5.4)	–
Interest income from financial assets at fair value through profit or loss	9.4	–
Dividend income from listed investments	3.5	7.4
Hotel operations and management services	993.8	922.4
Other operations	11.1	14.4
	1,061.0	975.2

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
<u>Other income and gain</u>		
Bank interest income	12.8	12.7
Other interest income	15.1	9.9
Fair value gain upon reclassification of a property held for sale to an investment property	0.1	–
Forfeiture of deposits	–	27.1
Others	0.9	3.1
	28.9	52.8

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

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Loss from sale of financial assets at fair value through profit or loss	(3.7)	(10.7)
Loss on settlement of derivative financial instruments	(5.4)	–
Profit on disposal of property	–	0.2

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Interest on bank loans wholly repayable within five years	73.0	64.7
Interest on other borrowings wholly repayable within five years	90.6	65.1
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	3.1	2.9
Amortisation of debt establishment costs	15.8	16.2
Other loan costs	4.1	3.5
	186.6	152.4
Less: Finance costs capitalised	(72.1)	(34.8)
	114.5	117.6

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

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Group:		
Current – Hong Kong		
Charge for the period	42.2	38.3
Current – Overseas		
Charge for the period	2.4	3.4
Underprovision in prior years	–	0.1
Deferred	(90.5)	(21.4)
Total tax charge/(credit) for the period	(45.9)	20.4

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2013 – 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.

No provision for tax is required for the associates as no assessable profits were earned by the associates during the period. The share of tax charge attributable to associates amounting to HK\$9.3 million was included in “Share of profits and losses of associates” in the condensed consolidated statement of profit or loss during the prior period.

7. Dividend:

	For year ending 31st December, 2014	For year ended 31st December, 2013
	HK\$'M	HK\$'M
Interim – HK2.3 cents (2013 – HK2.2 cents) per ordinary share	<u>25.6</u>	<u>24.5</u>

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\$16.2 million (2013 – HK\$27.5 million) and on the weighted average of 1,115.0 million (2013 – 1,115.0 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 periods ended 30th June, 2014 and 2013 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

9. Included in debtors, deposits and prepayments is an amount of HK\$120.8 million (31st December, 2013 – HK\$130.2 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	99.1	110.2
Between 4 to 6 months	6.6	9.3
Between 7 to 12 months	5.3	3.8
Over 1 year	12.0	9.1
	<hr/>	<hr/>
	123.0	132.4
Impairment	(2.2)	(2.2)
	<hr/>	<hr/>
	120.8	130.2
	<hr/> <hr/>	<hr/> <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.

10. Included in creditors and accruals is an amount of HK\$76.1 million (31st December, 2013 – HK\$85.0 million) representing the trade creditors of the Group. The aged analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	75.5	84.2
Between 4 to 6 months	0.2	0.3
Over 1 year	0.4	0.5
	<hr/> 76.1 <hr/>	<hr/> 85.0 <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, 2014, the Company repurchased a total of 326,000 ordinary shares of the Company at aggregate purchase prices of HK\$855,360 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\$)	
June 2014	326,000	2.660	2.610	855,360
Total	<u>326,000</u>			<u>855,360</u>
	Total expenses on shares repurchased			2,582
			Total	<u><u>857,942</u></u>

All the above 326,000 repurchased ordinary shares were cancelled subsequent to the period end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. 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, 2014 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, 2014 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, 2014, 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 Corporate Governance Code 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, 2014, except that:

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

BOARD OF DIRECTORS

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

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman and Managing Director)

Mr. Donald FAN Tung

(Chief Operating Officer)

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, GBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 26th August, 2014