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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	1,057.3	971.8	+8.8%
Gross profit	511.0	469.3	+8.9%
Operating profit before depreciation and finance costs	573.3	421.9	+35.9%
Depreciation	(215.4)	(196.4)	+9.7%
Profit for the period attributable to equity holders of the parent	167.1	60.5	+176.2%
Basic earnings per ordinary share attributable to equity holders of the parent	HK17.89 cents	HK6.28 cents	+184.9%
Interim dividend per ordinary share	HK4.0 cents	HK3.6 cents	+11.1%
	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			
Book	HK\$12.66	HK\$12.47	+1.5%
*Adjusted	HK\$19.67	HK\$18.85	+4.4%

*compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio at its market value at 30th June, 2014 with the relevant deferred tax liabilities added back

- **Operating profit before depreciation and finance costs for the period amounted to HK\$573.3 million, a year-on-year increase of 35.9%.**
- **Core hotel business has achieved satisfactory performance, with the gross operating profits for the five initial Regal Hotels and the iclub Wan Chai Hotel amounting to HK\$476.0 million, a year-on-year increase of 8.9%.**
- **Total depreciation charges on the Group's hotel properties for the period amounted to HK\$202.7 million which, though having no immediate cash flow impact, have adversely affected the amount of profit reported.**
- **Adjusted net asset value of HK\$19.67 per share of the Company as at 30th June, 2014.**
- **The five initial Regal Hotels achieved during the period a combined average occupancy of 92.9%, an increase of 6.4% over the 87.3% in the last comparative period, while the combined average room rate also gained by 2.9%, overall resulting in an increase in RevPAR of 9.5% year-on-year.**
- **The iclub Wan Chai Hotel also performed satisfactorily, with occupancy having maintained at virtually 100% and, despite keen competition, has achieved a year-on-year growth of 2.5% in RevPAR.**
- **Regal Real Estate Investment Trust completed the acquisition in February 2014 from P&R Holdings Limited, a joint venture 50% owned by each of Paliburg Holdings Limited and the Group, the iclub Sheung Wan Hotel which has commenced business operations in June 2014.**
- **Regal REIT further completed in July 2014 the acquisition from P&R Holdings the iclub Fortress Hill Hotel, which is anticipated to commence business operations in September this year and will be the third "iclub" hotel of Regal REIT in Hong Kong.**
- **When the 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.**

- **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.**
- **Retaining 19 houses in Regalia Bay, Stanley, and pending sale at satisfactory price, the Group may consider leasing out further houses for rental income.**
- **As the tourist industry in Hong Kong continues to prosper, it is expected that the Group's core hotel business operations will generate increasing revenue and profit contribution.**
- **The Group has over the past year substantially invested in the property sector, through P&R Holdings, as well as in other investments, all with the objective to strengthen its earnings base.**
- **The Directors are confident that when these new investments gradually mature over the next few years, the Group's profitability and capital value will be further enhanced.**

FINANCIAL RESULTS

For the six months ended 30th June, 2014, the Group 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.

During the period under review, the Group's core hotel business has achieved satisfactory performance. The gross operating profits for the five initial Regal Hotels and the iclub Wan Chai Hotel for the first six months amounted to HK\$476.0 million, which represents an increase of 8.9% over the corresponding period in 2013. However, as previously explained, as all the Group's hotel properties, which are owned through Regal Real Estate Investment Trust, are effectively self-operated within the Group, they are required to be stated in the Group's consolidated financial statements at cost less accumulated depreciation under the currently applicable accounting standards. Accordingly, total depreciation charges on the Group's hotel

properties for the period amounted to HK\$202.7 million which, though having no immediate cash flow impact, have adversely affected the amount of profit reported.

Shareholders could also refer to the paragraph under “Assets Value” in the section headed “Management Discussion and Analysis” in this announcement, which showed, for the purpose of reference, that if all the Group’s hotel properties were to be stated in the Group’s unaudited financial statements under review at their appraised market values as at 30th June, 2014, the adjusted net asset value per share of the Company as at 30th June, 2014 would have amounted to HK\$19.67.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

The pace of recovery in the global economy during the period under review was slower than expected but is anticipated to pick up in the latter part of 2014. In China, the central government authorities have implemented limited and targeted policy measures to support economic activities in the second half of the year and the growth in its GDP in 2014 is projected to be around 7.4%. Meanwhile, Hong Kong’s economy expanded moderately in the first half of 2014 and its GDP for the year as a whole is now forecast to grow between 2 to 3%. Nevertheless, there are still concerns on potential downside risks, which could be caused by the persistent financial weakness in some economies in the Euro area and Latin America, the raising of long term interest rates and the increased geopolitical tensions in certain regions.

In the first half of 2014, total visitors to Hong Kong amounted to over 28.5 million, which is an increase of 12.5% year-on-year, with visitors from Mainland China accounting for over 76% of the total headcount. Although consumer spending by Mainland visitors in the retail market has contracted somewhat during this period, particularly on high end luxury goods, the hotel market in Hong Kong has continued to perform well. Based on the information

published by the Hong Kong Tourism Board, the average hotel room occupancy for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June has risen from 87% in 2013 to 89% in 2014, with the average achieved room rate also gaining by 2.8% over the same comparative period.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

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

The five initial Regal Hotels are under lease to a wholly owned subsidiary of the Company. Under the annual market rental review, the base rent for 2014 has been determined at HK\$743.0 million, with equal sharing of the excess of their aggregate net property income over the annual base rent.

Apart from the five initial Regal Hotels, Regal REIT also owns three other hotels in Hong Kong, all under the "iclub by Regal" brand name. The "iclub" brand is a new line of hotels developed by the Group, which are typically positioned as upscale select-service hotels, with contemporary and stylish décor, and equipped with tech-savvy facilities.

The first hotel operated under the “iclub” brand was the “iclub Wan Chai Hotel”, which was formerly named as the “Regal iClub Hotel”, in Wanchai and is self-operated by Regal REIT. The operating performance of iclub Wan Chai Hotel in the first half of 2014 was satisfactory, with occupancy having maintained at virtually 100% and, despite keen competition, has achieved a growth in RevPAR (Revenue per Available Room) of 2.5% as compared to the same period last year.

As mentioned in the 2013 Annual Report, Regal REIT completed the acquisition of the new hotel located at Nos.132-140 Bonham Strand, Sheung Wan in February 2014 from P&R Holdings Limited pursuant to the terms of the Share Purchase Agreement, which has been leased to the Group effective from the date of completion. The hotel, comprising 34 storeys with 248 guestrooms and suites, is named as the “iclub Sheung Wan Hotel” and has commenced business operations in June 2014.

Subsequent to the half year end date, on 28th July, 2014, Regal REIT further completed the acquisition of another new hotel located at Nos.14-20 Merlin Street, North Point, pursuant to the terms of the Option Agreement with P&R Holdings. The total consideration for the acquisition was HK\$1,651.4 million, comprising the final exercise price of HK\$1,650.0 million, based on an updated valuation of the hotel property as of 30th April, 2014 by an independent valuer, and current assets adjustment of HK\$1.4 million. The hotel has similarly been leased to the Group commencing from the date of acquisition. The hotel has 32 storeys with 338 guestrooms and will be named as the “iclub Fortress Hill Hotel”. Business operations are anticipated to commence in September this year and this will be the third “iclub” hotel of Regal REIT in Hong Kong.

Apart from strengthening the overall properties portfolio of Regal REIT, the two new “iclub” hotels are also expected to provide accretions to the distributable income of Regal REIT, particularly under the current low interest rate environment. When the 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.

HOTEL OPERATIONS

A wholly owned subsidiary of the Group has since 2007 been operating the five initial Regal Hotels as lessee. Benefiting from the continuing influx of visitors to Hong Kong, these five hotels achieved during the period under review a combined average occupancy of 92.9%, representing an increase of 6.4% over the 87.3% recorded in the same period last year. At the same time, the combined average room rate gained by 2.9%, which overall resulted in an increase in RevPAR of 9.5% year-on-year. The aggregate net property income for the period amounted to HK\$447.2 million, which exceeded the prorated base rent for the six months of HK\$371.5 million by HK\$75.7 million, 50% of which will be shared by Regal REIT as variable rent under the market rental package. As the latter part of the year is traditionally the busier season for the hotel market in Hong Kong, it is expected that the operating results of these hotels in the second half of 2014 will be even more satisfactory.

The rental review for the initial Regal Hotels for 2015 by the independent professional property valuer has been completed and the aggregate annual base rent for 2015 was determined at HK\$763 million, representing an increase of 2.7% over the annual base rent in 2014, with the excess of the aggregate net property income over the aggregate base rent continuing to be shared equally between Regal REIT as the lessors and the Group as the lessee. In the meanwhile, discussions are being conducted with Regal REIT on the renewal of the existing leases for the initial Regal Hotels, which are due to expire on 31st December, 2015 under their prevailing terms.

As mentioned above, the Group has further leased from Regal REIT the two new “iclub” hotels that it acquired from P&R Holdings, each for a fixed term from the respective dates of acquisition to 31st December, 2019 and extendable at the option of Regal REIT for another 5 years. The rentals under each of these leases for the first three years will be fixed and there will be market rental reviews annually for the determination of the rentals for the residual terms. As part of the overall arrangements, P&R Holdings will reimburse the lessee for the shortfall, if any, of the net operating income of the hotels below the rental payments during the first three years of the leases.

HOTEL MANAGEMENT

Regal Hotels International Limited, the wholly owned management arm of the Group, is the hotel manager providing hotel management services to all the five initial Regal Hotels and the three “iclub” hotels owned by Regal REIT in Hong Kong.

In the People’s Republic of China, the Group is providing hotel management services to five operating hotels, including four in Shanghai and one in Shandong, while the new Regal Airport Hotel in Xi’an is scheduled to be opened before the end of this year. Moreover, management contracts have been signed for various other hotels being planned or under construction and the Group will continue to work on securing new management contracts with a view to further expanding its hotel network in Mainland China.

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 property development business of the Group is now principally undertaken through P&R Holdings, a joint venture that is equally owned by the Group and Paliburg Holdings Limited, the immediate listed holding company of the Group.

As mentioned above, P&R Holdings has disposed of its two hotel developments, namely, the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel, to Regal REIT in February and July this year at total considerations of HK\$1,581.1 million and HK\$1,651.4 million, respectively. 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.

Furthermore, as previously reported, P&R Holdings now owns a controlling shareholding interest in Cosmopolitan, whose business activities are mainly focused on property development and investment in the PRC. The property projects that Cosmopolitan is currently undertaking include two large-scale composite development projects in Chengdu, Sichuan Province and Tianjin and a re-forestation and land grant project in Urumqi, Xinjiang Uygur Autonomous Region.

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

The Group is retaining 19 houses in Regalia Bay, Stanley, five of which have been leased to third parties. Pending sale at satisfactory price, the Group may consider leasing out further houses for rental income.

OTHER INVESTMENTS

The Group maintains a substantial portfolio of investments comprising listed financial assets and other investments, including investment funds, bonds as well as treasury and yield enhancement products, some of which are denominated in Renminbi. The Group’s investment portfolio as a whole contributed satisfactory profits during the period under review.

Lately in August 2014, the Group entered into agreements to subscribe for shares in HS Group Sponsor Fund Ltd. up to an aggregate consideration of US\$15 million, payable in cash on capital calls by the investment manager of the fund. The fund was recently established to

invest in hedge funds managed primarily by investment managers that pursue a variety of alternative investment strategies with an emphasis in Asia.

With a view to diversifying its income source, the Group has embarked on investing in the aircraft ownership and leasing business. The Group presently owns two aircraft, both Airbus A321 model, one wholly owned and the other effectively 85% owned, which have been leased to two separate airline operators generating relatively attractive returns. The Group is concurrently reviewing a number of potential investment proposals and might consider increasing its investment in this business sector.

OUTLOOK

The directors of the REIT Manager are optimistic on the outlook of the hotel industry in Hong Kong and will seek to maintain Regal REIT's strategic position as one of the pre-eminent hotel owners in Hong Kong, with a diversified portfolio of full-service and select-service hotels. Regal REIT will continue to review accretive acquisition opportunities that can serve to enhance its market positioning in Hong Kong as well as other suitable opportunities outside of Hong Kong which can complement and facilitate its business growth in the long term.

The Securities and Futures Commission has recently released the Consultation Conclusions on Amendments to the Code on Real Estate Investment Trusts, which are working towards allowing a higher degree of flexibility to REITs in Hong Kong to invest in property development and financial instruments. These amendments, when they become effective, is expected to enhance the competitiveness of REITs in Hong Kong as well as the attractiveness of the REIT market as a whole.

Hotel properties in Hong Kong remain to be the predominant component in the Group's assets portfolio. As the tourist industry in Hong Kong continues to prosper, it is expected that the Group's core hotel business operation will generate increasing revenue and profit contribution. The Group has over the past year substantially invested in the property sector, through P&R Holdings, as well as in other investments, all with the objective to strengthen its

earnings base. The Directors are confident that when these new investments gradually mature over the next few years, the Group's profitability and capital value will be further enhanced.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly 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 investments including financial assets investments, and aircraft ownership and leasing business.

The performance of the Group's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the hotel and property sectors and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the above sections headed "Financial Results", "Business Overview" and "Outlook" as well as in this sub-section.

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 Paliburg, with capital contributions to be provided by the Company and Paliburg 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 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

The Group's hotel properties are owned by Regal REIT and, with the exception of iclub Wan Chai Hotel and iclub Sheung Wan Hotel, were stated in the financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially but have not been reflected in the Group's financial statements. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio is restated in the consolidated financial statements at its market value as at 30th June, 2014, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK\$19.67 per share, as follows:

	As at 30th June, 2014	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	11,754.5	12.66
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	6,511.5	7.01
Unaudited adjusted net assets attributable to equity holders of the parent	18,266.0	19.67

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.

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

During the period under review, there were net cash flows generated from operating activities of HK\$285.5 million (2013 – net cash flows used in operating activities of HK\$563.9 million). Net interest payment for the period amounted to HK\$80.0 million (2013 – HK\$101.3 million).

Borrowings and Gearing

As at 30th June, 2014, the Group's borrowings net of cash and bank balances and deposits amounted to HK\$8,473.4 million (31st December, 2013 – HK\$7,942.4 million).

As at 30th June, 2014, the gearing ratio of the Group was 34.2% (31st December, 2013 – 32.6%), representing the Group's borrowings net of cash and bank balances and deposits of HK\$8,473.4 million (31st December, 2013 – HK\$7,942.4 million) as compared to the total assets of the Group of HK\$24,754.0 million (31st December, 2013 – HK\$24,333.8 million).

On the basis of the adjusted total assets as at 30th June, 2014 of HK\$32,835.2 million (31st December, 2013 – HK\$31,719.5 million) with the Group's hotel portfolio restated at its market value, the gearing ratio would be 25.8% (31st December, 2013 – 25.0%).

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, part of the Group's time deposits and 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, and certain of the Group's property, plant and equipment, investment properties, properties held for sale, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances in the total amount of HK\$10,646.4 million (31st December, 2013 – HK\$9,500.6 million) were also pledged to secure other 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

As at 30th June, 2014, the Group had contingent liabilities not provided for in the financial statements for corporate guarantees provided in respect of attributable share of banking facilities granted to subsidiaries of a joint venture in the amount of HK\$1,654.0 million (31st December, 2013 – HK\$1,224.0 million), of which HK\$1,278.5 million (31st December, 2013 – HK\$807.0 million) was utilised.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK4.0 cents per ordinary share for the financial year ending 31st December, 2014, representing an increase of 11.1% over the interim dividend of HK3.6 cents per ordinary share paid for the last financial year. This interim dividend will absorb an amount of approximately HK\$37.0 million (2013 – HK\$34.7 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, Computershare Hong Kong Investor Services 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)	1,057.3	971.8
Cost of sales	(546.3)	(502.5)
Gross profit	511.0	469.3
Other income (Note 3)	105.6	45.6
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	28.7	(3.0)
Fair value gains/(losses) on investment properties, net	(10.0)	8.0
Fair value gain upon reclassification of a property held for sale to an investment property	58.0	–
Administrative expenses	(120.0)	(98.0)
OPERATING PROFIT BEFORE DEPRECIATION	573.3	421.9
Depreciation	(215.4)	(196.4)
OPERATING PROFIT (Notes 2 & 4)	357.9	225.5
Finance costs (Note 5)	(162.0)	(117.6)
Share of losses of:		
Joint ventures	(30.9)	(5.3)
Associates	(9.0)	(1.4)
PROFIT BEFORE TAX	156.0	101.2
Income tax (Note 6)	34.2	(24.7)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	190.2	76.5

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	167.1	60.5
Non-controlling interests	23.1	16.0
	<hr/> 190.2 <hr/>	<hr/> 76.5 <hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<hr/> HK17.89 cents <hr/>	<hr/> HK6.28 cents <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	190.2	76.5
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	14.8	0.3
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
	<u>(1.3)</u>	<u>7.7</u>
Exchange differences on translating foreign operations	(3.6)	30.0
Share of other comprehensive income/(loss) of:		
Joint ventures	(22.6)	6.5
An associate	(0.2)	–
Other comprehensive income/(loss) for the period	(12.9)	44.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>177.3</u>	<u>121.0</u>
Attributable to:		
Equity holders of the parent	154.6	103.0
Non-controlling interests	22.7	18.0
	<u>177.3</u>	<u>121.0</u>

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	14,681.0	13,704.2
Investment properties	1,057.0	947.0
Investments in joint ventures	2,558.0	2,664.5
Investments in associates	22.3	21.1
Available-for-sale investments	48.6	9.1
Financial asset at fair value through profit or loss	1.9	–
Other loan	6.4	5.9
Debtors and deposits (Note 9)	1,430.5	2,344.0
Deferred tax assets	62.0	–
Total non-current assets	19,867.7	19,695.8
CURRENT ASSETS		
Properties held for sale	728.9	790.6
Inventories	32.9	33.6
Debtors, deposits and prepayments (Note 9)	1,255.9	1,237.4
Held-to-maturity investments	407.4	188.4
Financial assets at fair value through profit or loss	693.9	580.9
Other loan	6.4	6.4
Derivative financial instruments	–	14.2
Restricted cash	43.8	51.9
Pledged time deposits and bank balances	401.4	431.5
Time deposits	969.0	857.3
Cash and bank balances	346.7	445.8
Total current assets	4,886.3	4,638.0

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	(362.4)	(391.0)
Interest bearing bank borrowings	(738.2)	(333.5)
Derivative financial instruments	(6.6)	–
Tax payable	(57.9)	(43.0)
Total current liabilities	(1,165.1)	(767.5)
NET CURRENT ASSETS	3,721.2	3,870.5
TOTAL ASSETS LESS CURRENT LIABILITIES	23,588.9	23,566.3
NON-CURRENT LIABILITIES		
Creditors and deposits received	(22.2)	(13.9)
Interest bearing bank borrowings	(5,269.0)	(5,171.9)
Other borrowings	(4,227.1)	(4,223.5)
Derivative financial instruments	–	(4.1)
Deferred tax liabilities	(1,026.5)	(1,041.1)
Total non-current liabilities	(10,544.8)	(10,454.5)
Net assets	13,044.1	13,111.8
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	92.9	94.4
Reserves	11,624.6	11,579.7
Dividends	37.0	100.8
	11,754.5	11,774.9
Non-controlling interests	1,289.6	1,336.9
Total equity	13,044.1	13,111.8

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 five reportable operating segments as follows:

- (a) 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;
- (b) the asset management segment engages in the provision of asset management services to Regal REIT;
- (c) the property development and investment segment includes investments in properties for sale and for rental income, and the provision of property agency and management services;
- (d) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments; and
- (e) the others segment mainly comprises aircraft ownership and leasing business, 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 tables present revenue and profit/(loss) information for the Group's operating segments:

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		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	
	(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	1,019.1	942.7	-	-	6.6	5.2	3.7	5.8	27.9	18.1	-	-	1,057.3	971.8
Intersegment sales	-	-	64.2	43.8	2.9	1.7	-	-	-	-	(67.1)	(45.5)	-	-
Total	<u>1,019.1</u>	<u>942.7</u>	<u>64.2</u>	<u>43.8</u>	<u>9.5</u>	<u>6.9</u>	<u>3.7</u>	<u>5.8</u>	<u>27.9</u>	<u>18.1</u>	<u>(67.1)</u>	<u>(45.5)</u>	<u>1,057.3</u>	<u>971.8</u>
Segment results before depreciation	500.9	420.5	(5.4)	(6.5)	78.0	24.9	34.7	7.2	11.3	1.3	-	-	619.5	447.4
Depreciation	(206.2)	(194.4)	-	-	(0.1)	(0.1)	-	-	(9.1)	(1.9)	-	-	(215.4)	(196.4)
Segment operating results	<u>294.7</u>	<u>226.1</u>	<u>(5.4)</u>	<u>(6.5)</u>	<u>77.9</u>	<u>24.8</u>	<u>34.7</u>	<u>7.2</u>	<u>2.2</u>	<u>(0.6)</u>	<u>-</u>	<u>-</u>	<u>404.1</u>	<u>251.0</u>
Unallocated interest income and unallocated non-operating and corporate gains													7.6	11.4
Unallocated non-operating and corporate expenses													(53.8)	(36.9)
Operating profit													357.9	225.5
Finance costs													(162.0)	(117.6)
Share of losses of:														
Joint ventures	-	-	-	-	(30.9)	(5.3)	-	-	-	-	-	-	(30.9)	(5.3)
Associates	-	(0.3)	-	-	(0.2)	(0.4)	-	-	(8.8)	(0.7)	-	-	(9.0)	(1.4)
Profit before tax													156.0	101.2
Income tax													34.2	(24.7)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													<u>190.2</u>	<u>76.5</u>
Attributable to:														
Equity holders of the parent													167.1	60.5
Non-controlling interests													23.1	16.0
													<u>190.2</u>	<u>76.5</u>

3. Revenue (which is also the Group's turnover) and other income 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>		
Hotel operations and management services	993.8	922.4
Other operations, including estate management, estate agency, travel agency and sale of food products	11.7	14.9
Rental income:		
Hotel properties	23.0	17.8
Properties held for sale	1.4	–
Investment properties	7.0	7.2
Aircraft	16.7	3.7
Gain/(Loss) from sale of financial assets at fair value through profit or loss	(3.2)	1.6
Loss on settlement of derivative financial instruments	(1.0)	–
Interest income from financial assets at fair value through profit or loss	5.8	–
Dividend income from listed investments	2.1	4.2
	1,057.3	971.8
<u>Other income</u>		
Bank interest income	7.2	7.9
Other interest income	68.8	7.7
Forfeiture of deposits	–	27.1
Others	29.6	2.9
	105.6	45.6

4. An analysis of profit/(loss) on sale of investments included in the operating profit is as follows:

	Six months ended 30th June, 2014	Six months ended 30th June, 2013
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Profit/(Loss) from sale of financial assets at fair value through profit or loss	(3.2)	1.6
Loss on settlement of derivative financial instruments	(1.0)	–
	<hr/>	<hr/>

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	54.0	57.1
Interest on other borrowings wholly repayable within five years	91.1	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	11.3	14.6
Other loan costs	2.5	2.3
	<hr/>	<hr/>
	162.0	142.0
Less: Finance costs capitalised	–	(24.4)
	<hr/>	<hr/>
	162.0	117.6
	<hr/> <hr/>	<hr/> <hr/>

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	42.1	38.3
Current – Overseas		
Charge for the period	0.3	3.4
Underprovision in prior years	–	0.1
Deferred	(76.6)	(17.1)
Total tax charge/(credit) for the period	(34.2)	24.7

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 was required for the joint ventures and associates as no assessable profits were earned by the joint ventures and associates during the period (2013 – Nil).

7. Dividend:

	For year ending 31st December, 2014	For year ended 31st December, 2013
	HK\$'M	HK\$'M
Interim – HK4.0 cents (2013 – HK3.6 cents) per ordinary share	37.0	34.7

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\$167.1 million (2013 – HK\$60.5 million), and on the weighted average of 934.2 million (2013 – 964.1 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\$1,493.2 million (31st December, 2013 – HK\$1,502.9 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period is as follows:

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	98.9	110.1
Between 4 to 6 months	6.5	1,382.0
Between 7 to 12 months	1,378.0	3.9
Over 1 year	12.0	9.1
	<hr/> 1,495.4	<hr/> 1,505.1
Impairment	(2.2)	(2.2)
	<hr/> 1,493.2 <hr/>	<hr/> 1,502.9 <hr/>

Credit terms

Included in trade debtors of the Group is a sum of HK\$1,372.7 million (31st December, 2013 – HK\$1,372.7 million) from Cosmopolitan group in respect of the disposal of properties under development in Tianjin which is scheduled to be settled by September 2016. Other trade debtors generally have credit terms of 30 to 90 days. Trade debtors 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.

10. Included in creditors, deposits received and accruals is an amount of HK\$66.1 million (31st December, 2013 – HK\$77.1 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	65.5	76.4
Between 4 to 6 months	0.2	0.2
Between 7 to 12 months	–	–
Over 1 year	0.4	0.5
	<u>66.1</u>	<u>77.1</u>

The trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms.

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

During the six months ended 30th June, 2014, the Company repurchased a total of 15,438,000 ordinary shares of the Company at aggregate purchase prices of HK\$74,014,620 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2014	10,656,000	4.890	4.740	51,258,540
June 2014	4,782,000	4.840	4.640	22,756,080
	15,438,000			74,014,620
		Total expenses on shares repurchased		222,870
			Total	74,237,490

Out of the 15,438,000 repurchased ordinary shares, 13,050,000 repurchased ordinary shares were cancelled during the period, and the remaining 2,388,000 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 Non-Executive Director and 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 Non-Executive Director and 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)

Miss LO Po Man

(Vice Chairman and Managing Director)

Ms. Belinda YEUNG Bik Yiu

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Jimmy LO Chun To

Mr. Kenneth NG Kwai Kai

Mr. Allen WAN Tze Wai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, GBS, JP

(Vice Chairman)

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen

Professor Japhet Sebastian LAW

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 26th August, 2014