富豪酒店國際控股有限公司
Regal Hotels International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 78)

ANNOUNCEMENT OF 2013 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
Revenue	**971.8**	1,250.0
Gross profit	**469.3**	601.3
Operating profit before depreciation and finance costs	**421.9**	674.5
Profit for the period attributable to equity holders of the parent	**60.5**	380.6
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.06**	HK$0.38
Interim dividend per ordinary share	**HK3.6 cents**	HK3.3 cents

	As at 30th June, 2013	As at 31st December, 2012
	(Unaudited)	(Unaudited)
Net asset value per ordinary share attributable to equity holders of the parent		
Book	**HK$12.18**	HK$12.17
***Adjusted**	**HK$18.45**	HK$18.27

*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, 2013 with the relevant deferred tax liabilities added back

- **During the period under review, the Group's core hotel business continued to achieve steady performance, but as the interim results attained last year included profit contributions from the sale of houses in Regalia Bay as well as from the realisation of hedge reserve, which was one-off in nature, the profit recorded for the current period was comparatively lower.**

- **The five initial Regal Hotels in Hong Kong owned by Regal REIT, a listed subsidiary of the Company, are leased to the Group for hotel operations, and therefore, while these hotels assets are classified by Regal REIT as investment properties and stated at market valuations in its financial statements without depreciation charges, they are instead treated by the Group as fixed assets and subject to depreciation charges in accordance with currently applicable accounting standards.**

- **Total depreciation charges of HK$193.1 million were provided on the Group's hotel properties which, though not having any impact on cash flow, have adversely affected the Group's overall profit for the period.**

- **Despite some softer periods and a relatively more competitive environment in the hotel market overall, the five initial Regal Hotels in Hong Kong managed to maintain a combined average occupancy of about 87.3% during the period under review, approximately the same level as that of the prior year comparative period, while the combined average room rate gained by about 0.9%. The aggregate net property income for the half year amounted to HK$406.6 million, which is well above the prorated base rent of HK367.0 million payable to Regal REIT.**

- **Agreements have been entered into for the sale to Cosmopolitan International Holdings Limited of the effective interests held by the Group in a development land parcel in Tianjin City and in the property project under development in Chengdu City, Sichuan Province, China, respectively, based on independent professional valuations.**

- **To rationalise the holding of their separate equity interests in Cosmopolitan, the Group and the Paliburg group have agreed to sell all their holdings in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings Limited, a joint venture equally owned by Paliburg Holdings Limited and the Group, so that they will be consolidated into one strategic block held through the jointly controlled company.**

- **The proposed acquisitions by Regal REIT of the two hotels under development by P&R Holdings will increase the number of hotels owned by Regal REIT in Hong Kong to eight and its total hotel room inventory from 3,984 by approximately 14.7% to a total of 4,570 guestrooms and suites.**

- **Hotel ownership and operation as well as property development and investment will continue to be the principal investment focus and the core asset base of the Group, which will be complemented by other investments to be undertaken from time to time with the aim to enhance and diversify the Group's earnings stream.**
- **The Group as a whole, including its subsidiaries and investee companies, has completed a series of significant acquisitions over the past year and the Directors are confident that substantial growth of the Group will be achieved when these new investments and projects are successfully implemented.**

FINANCIAL RESULTS

For the six months ended 30th June, 2013, the Group achieved an unaudited consolidated profit attributable to shareholders of HK$60.5 million, as compared to HK$380.6 million attained in the corresponding period in 2012.

During the period under review, the Group's core hotel business continued to achieve steady performance, but as the interim results attained last year included profit contributions from the sale of houses in Regalia Bay as well as from the realisation of hedge reserve, which was one-off in nature, the profit recorded for the current period was comparatively lower. Furthermore, as previously explained, the five initial Regal Hotels in Hong Kong owned by Regal Real Estate Investment Trust, a listed subsidiary of the Company, are leased to the Group for hotel operations, and therefore, while these hotels assets are classified by Regal REIT as investment properties and stated at market valuations in its financial statements without depreciation charges, they are instead treated by the Group as fixed assets and subject to depreciation charges in accordance with currently applicable accounting standards. Accordingly, the appreciation in the fair values of these hotel properties since July 2010, when Regal REIT became a subsidiary, has not been reflected in the consolidated financial statements of the Group. Moreover, there were total depreciation charges of approximately HK$193.1 million provided on the Group's hotel properties which, though not having any impact on cash flow, have adversely affected the Group's overall recorded profit for the period.

If all the hotel properties were to be stated in the Group's unaudited consolidated financial statements under review at their appraised market values as at 30th June, 2013, the adjusted net asset value per share of the Company as at 30th June, 2013 would amount to HK$18.45, as elaborated in the section headed "Management Discussion and Analysis" below.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

The growth in the global economy so far in 2013 has remained slow and subdued. There are recently some signs that the economy in the United States is recovering gradually but this has, in turn, led to concerns that its quantitative easing programme might start to taper off later this year. The growth in the GDP of China, as the world's second largest economy, has reduced modestly to about 7.6% in the first half of 2013, though still considerably higher than those achieved by the developed countries. The economy of Hong Kong has continued to show resilience and grew moderately during the period under review, with GDP rising by about 3.3% in real terms in the second quarter of 2013 over the same period in the preceding year. The global economic environment is still full of uncertainties and will continue to be driven by capital flows and interest rates movements.

Benefiting from the strong growth in visitors from China, the overall number of tourist arrivals to Hong Kong for the first six months of 2013 hit another historical record of 25.4 million, which was an increase of 13.6% over the corresponding half year in 2012. Although visitors from all other markets as a whole have slightly declined by about 2.8%, China's visitors alone made up to 18.8 million, representing a year-on-year increase of 20.7%, and accounted for about 74.2% of the total tourist arrivals for the period. 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, 2013 was maintained at the same level as last year of 87%, while the average achieved hotel room rate dropped by about 1.6%.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

All the six Regal Hotels operating in Hong Kong are owned by Regal REIT, which is a listed subsidiary 74.6% held by the Group. Regal Portfolio Management Limited, a wholly owned subsidiary of the Company, acts as the REIT Manager.

For the six months ended 30th June, 2013, Regal REIT attained an unaudited consolidated profit before distribution to Unitholders of HK$335.4 million, as compared to the profit of HK$675.2 million recorded in the corresponding period in 2012. Based on the market valuations conducted as of 30th June, 2013, there was an increase of HK$124.8 million in the fair value of Regal REIT's investment properties portfolio and reflected in its results under review, while for the comparative period last year, a gain of HK$446.6 million was included in respect of such fair value changes.

The prevailing base rent for the year 2013 for the five initial Regal Hotels in Hong Kong, namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel and Regal Riverside Hotel, which are leased by Regal REIT to a wholly owned subsidiary of the Company, was determined at HK$734.0 million, with equal sharing of the excess of their aggregate net property income over the annual base rent. The aggregate net property income of these five hotels for the half year under review amounted to approximately HK$406.6 million, yielding a total excess of approximately HK$39.6 million over the prorated base rent, and 50% of this excess is attributed to Regal REIT as variable rent.

The Regal iClub Hotel in Wanchai, the sixth Regal Hotel in Hong Kong that is self-operated by Regal REIT, has continued to perform satisfactorily. For the first half of 2013, the hotel has been operating at close to full occupancy, as compared to 96.7% for the corresponding period in 2012, although due to keener price competition, the achieved Revenue per Available Room trailed behind the same period last year by about 5.0%.

The works for the conversion of part of the 14th Floor of Regal Oriental Hotel, which was previously used as food and beverage areas, into 27 additional guestrooms have been completed and the new rooms are now already operating for business. Meanwhile, the conversion works at the 2nd Floor of this hotel to add another 28 guestrooms are in progress and scheduled to be completed before the end of this year. Moreover, a total of around 470 guestrooms and suites in the other four initial Regal Hotels have been taken out from operation at different times during the period under review for renovation and upgrading works under the ongoing asset enhancement programme, which has to certain extent affected the hotel operating results for the first half of 2013. As at 30th June, 2013, the properties portfolio of Regal REIT, comprising the six Regal Hotels in Hong Kong, had a total valuation of HK$21,150.0 million, as compared to HK$21,032.0 million as at 31st December, 2012.

Taking advantage of the favourable environment in the debt capital market at the time, Regal REIT established in January 2013 a US$1 billion Medium Term Note Programme to serve as a funding platform for its expansion plans. Regal REIT has since issued under its MTN Programme a series of unsecured 5-year term notes for an aggregate nominal principal amount of HK$775.0 million in March 2013 and another series of unsecured 5-year term notes for an aggregate nominal principal amount of US$150.0 million in May 2013, raising total net proceeds of approximately HK$1,922.8 million.

In the roll out of its expansion plans, Regal REIT has on 28th June, 2013 entered into a Share Purchase Agreement and an Option Agreement with P&R Holdings Limited, a joint venture equally owned by Paliburg Holdings Limited and the Group, with respect to the hotels being developed by P&R Holdings in Sheung Wan and North Point, respectively.

Under the Share Purchase Agreement, Regal REIT has agreed to acquire the new hotel located at Nos. 132-140 Bonham Strand, Sheung Wan, under development by P&R Holdings at a consideration of HK$1,580.0 million, based on the valuation of the hotel property as of 25th June, 2013 by an independent valuer on an as-completed basis. The Sheung Wan Hotel has a gross floor area of approximately 7,197 square meters and will have 34 storeys with 248 guestrooms and suites. The purchase transaction is expected to be completed before the end of this year after the occupation permit for the hotel has been obtained.

Pursuant to the Option Agreement with P&R Holdings, Regal REIT has been granted an option to acquire another new hotel located at Nos. 14-20 Merlin Street, North Point, being developed by P&R Holdings at an initial exercise price of HK$1,650.0 million, likewise based on the valuation of the property as of 25th June, 2013 by the independent valuer on an as-completed basis. To protect the interests of Regal REIT in the event of a material fluctuation in the value of the hotel property, the exercise price will be subject to final adjustment based on an updated appraised value to be conducted by the same independent valuer at the time when the hotel development is completed. If there is any decrease in the updated appraised value as compared to the initial valuation, the exercise price will be fully adjusted downwards for the benefit of Regal REIT, while in the case of an increase in the updated appraised value, the exercise price will only be adjusted upwards by 50% of the increase. The North Point Hotel has a gross floor area of approximately 6,849 square meters and will have 32 storeys with 338 guestrooms. The occupation permit for the North Point Hotel is estimated to be granted in the second quarter of 2014 and if Regal REIT should at its discretion decide to exercise the option, the sale and purchase under the Option Agreement is expected to be completed in the third quarter of 2014, subject to requisite approvals and compliance requirements.

These two new hotels will be leased to a wholly owned subsidiary of the Company for an initial 5-year term from their respective dates of completion of the sale and purchase, which is renewable at the option of Regal REIT for a further term of 5 years. The rentals for the first 3 years of the initial term will be fixed at 5%, 5.25% and 5.5%, respectively, of the purchase considerations and the rentals for the subsequent years will be determined annually by a jointly appointed independent valuer. The two hotels will also be managed by the Group and will be operated under the upscale select-service brand of “iclub by Regal”, modeling on the successful operating mode of the Regal iClub Hotel in Wanchai.

The proposed transactions have received the approvals by the independent unitholders of Regal REIT and the independent shareholders of the Company at their respective general meetings held on 18th July, 2013. The deposit and refundable cash collateral of HK$1,938.0 million and an option fee of HK$10.0 million have since been paid by Regal REIT to P&R Holdings under the terms of the Share Purchase Agreement and the Option Agreement, which were funded by the proceeds raised through the issue of notes under its MTN Programme earlier this year. P&R Holdings will pay interest to Regal REIT on the deposit and refundable cash collateral received at a rate of 4.3047% per annum, representing the weighted average effective interest cost to Regal REIT on the notes issued, which helps to address the negative interest carry to Regal REIT if the funds were continued to be placed on bank deposits before actual utilisation.

Full details of the transactions are contained in the circular to the shareholders of the Company dated 29th June, 2013.

Recently in July 2013, Regal REIT concluded the arrangement for HK$4.8 billion 5-year term and revolving loan facilities with a syndicate of local and international banking institutions. The new loan was arranged primarily to early refinance the existing 3-year term loan, which is due to mature in March 2015, to take benefit of a longer loan term and lower borrowing costs. Moreover, the new loan will only be secured on three of the five initial Regal Hotels, namely, Regal Airport Hotel, Regal Hongkong Hotel and Regal Riverside Hotel, and upon full repayment of the existing term loan, the other two initial Regal Hotels, namely, the Regal Kowloon Hotel and the Regal Oriental Hotel, will be free of mortgages and held on an unencumbered basis.

HOTEL OPERATIONS

Despite some softer periods and a relatively more competitive environment in the hotel market overall, the five initial Regal Hotels in Hong Kong, operated by a wholly owned subsidiary of the Company as lessee under the lease from Regal REIT, managed to maintain a combined average occupancy of about 87.3% during the period under review, which was approximately the same level as that of the prior year comparative period, while the combined average room rate gained by about 0.9%. Due to the impact of rising costs in Hong Kong, particularly in respect of labour and food costs, the total gross operating profit only surpassed the comparative figure in 2012 marginally to HK$423.8 million. The aggregate net property income for the period amounted to HK$406.6 million, which is still well above the prorated base rent of HK367.0 million payable to Regal REIT. The prevailing lease term of the lease with Regal REIT for these five hotels will, unless agreed to be extended, end on 31st December, 2015.

For the years 2011 to 2015, the market rental packages for the five initial Regal Hotels are subject to annual reviews to be determined by an independent professional property valuer to be jointly appointed by the lessors and the lessee. The same independent professional property valuer, who determined the market rental packages for 2011, 2012 and 2013, was jointly appointed in June 2013 to carry out the rental review process for 2014. This rental review exercise has recently been concluded and the annual base rent for 2014 has been determined to be HK$743.0 million, compared to HK$734.0 million for 2013, with the variable rent being retained at 50% of the aggregate net property income excess over the annual base rent.

HOTEL MANAGEMENT

Regal Hotels International Limited, a wholly owned subsidiary of the Group, is providing management services to all the six Regal Hotels operating in Hong Kong as well as the two new "iclub" hotels in Sheung Wan and North Point soon to be completed.

In China, the Group has signed a new management contract for a new hotel under development in Yuncheng, Shanxi, while other new management contracts are also under negotiations. The new hotel in Yuncheng will be named as the Regal Zhushui Hotel, featuring 345 well-equipped guestrooms and suites with extensive dining, meeting and conference facilities, and is expected to be opened in 2014. On the other hand, the management contract for the Regal Master Hotel in Chengdu, Sichuan has been terminated with effect from 31st May, 2013 by mutual agreement.

Altogether, the Group is presently managing six operating hotels located in Shanghai, Shandong and Guiyang and providing management services to ten hotels under development in different cities in China, which are scheduled to come on stream within the next few years.

The Group will continue to work on expanding its hotel network in Hong Kong and China and, if suitable opportunities arise, overseas.

PROPERTIES

Due to the heavy transaction levies imposed by the Government of HKSAR on the sale and purchase of properties in Hong Kong, particularly for foreign and corporate buyers, transaction volumes in the local real estate market have contracted substantially during the period under review, with property prices on the whole having adjusted moderately downwards. Outlook of the real estate sector in Hong Kong in the near future will continue to be affected by various factors, including the pace of economic growth, movements in interest rates as well as local government policies, but the Group remains overall optimistic of its long term prospects.

Apart from the 19 houses retained in Regalia Bay, which are directly held by the Group, the Group's current property development business in Hong Kong is now, for practical considerations, principally undertaken through the jointly controlled P&R Holdings. As disclosed in a joint announcement by the Company on 17th June, 2013, a wholly owned subsidiary of P&R Holdings was the successful bidder at a government tender held in June 2013 and was awarded the land parcel located at Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories for a consideration of HK$661.9 million. The land has a site area of 5,090 square meters and maximum gross floor area of 15,270 square meters. The project is presently planned to be developed into a shopping mall for rental purposes. Altogether, P&R Holdings is now undertaking a total of six property projects under development in Hong Kong, including four hotel development projects located in Sheung Wan, North Point and To Kwa Wan, one residential project in Yuen Long and the latest shopping mall project in Ma On Shan. Further details on the latest progress on these development projects are contained in the section headed "Management Discussion and Analysis" below.

As mentioned above, P&R Holdings has entered into in June 2013 a Share Purchase Agreement and an Option Agreement with Regal REIT in respect of two of its hotel projects in Sheung Wan and North Point, respectively. Half of the deposit, refundable cash collateral and option fee received by P&R Holdings subsequent to the period under review, amounting to HK$974.0 million, has been distributed to the Group in proportion to its equity interests held in P&R Holdings. On completion of the sale and purchase of the Sheung Wan Hotel and, if the option is duly exercised by Regal REIT, the North Point Hotel, the capital commitment of the Group in P&R Holdings will be further reduced and, at the same time, will generate substantial cash flow to the Group.

Separately, on 27th June, 2013, the Group entered into a sale and purchase agreement with a wholly owned subsidiary of Cosmopolitan International Holdings Limited for the sale of the plot of development land in Tianjin City in China, which the Group acquired through a public land auction in October 2012. The sale consideration will be based on a 10% discount to the valuation of the subject development land of RMB1,250 million as of 31st May, 2013 conducted by an independent professional valuer jointly engaged by the parties. The consideration will be payable by the purchaser within 3 years after completion of the transaction, with interest accruing at an interest rate of 5% per annum. Before the consideration and the interest accrued are fully settled, the purchaser will pledge its entire equity interests in the companies holding the development land in Tianjin City in favour of the vendor and will undertake to comply with certain restrictive covenants to protect the interests of the vendor. It is preliminarily estimated that the Group would record a gain before tax of approximately HK$130.0 million from this transaction, which will be reflected in the results for the full year in 2013.

On that same date, separate agreements were also entered into between P&R Holdings and a joint venture 50/50 held by the Group and the Cosmopolitan group, respectively, as the vendors and another wholly owned subsidiary of Cosmopolitan as the purchaser, pursuant to which the vendors agree to sell to the purchaser their respective 70% and 30% equity interests in the mixed-use development project presently under development in Xindu District, Chengdu City, Sichuan Province. The considerations under these transactions will be determined based on a 5% discount to the valuation of the Chengdu project of RMB1,540 million as of 31st May, 2013 conducted by an independent professional valuer jointly engaged by the parties. On completion of these agreements, the Chengdu project will become wholly owned by the Cosmopolitan group. The considerations payable to the vendors will also be by installments over a period of 3 years with interest accruing at 5% per annum and the vendors will likewise have the benefit of pro rata pledges over the equities in the Chengdu project and protective restrictive covenants before the considerations are fully settled. The attributable gain to be derived by the Group from these transactions with respect to the Chengdu project will also be reflected in the full year results for 2013.

Simultaneously, P&R Holdings and Cosmopolitan further entered into a sale and purchase agreement for the sale to P&R Holdings the properties comprising ten residential duplex units and 14 car parks in Rainbow Lodge located in Tong Yan San Tsuen, Yuen Long, with the sale consideration to be based on the valuation of the subject properties of HK$88.0 million as of 31st May, 2013 as appraised by an independent professional valuer jointly engaged by the parties. The consideration will be payable by P&R Holdings in cash upon completion of the transaction and will be used by the Cosmopolitan group to repay part of the consideration payable for its purchase of the Tianjin project.

All the three proposed transactions will be subject to, among others, approval of the independent shareholders of Cosmopolitan. The Cosmopolitan group has stated that it plans to focus its property development and investment business in China and will utilise its resources to develop the two new projects in Chengdu and Tianjin as well as its existing project in Urumqi, Xinjiang. Full details of these transactions are set out in the joint announcement dated 27th June, 2013 released by the Company.

OTHER INVESTMENTS

The Group has a substantial portfolio of investments comprising listed securities and other investments, including investment funds, bonds, and treasury and yield enhancement products denominated in Renminbi. The Group holds within the portfolio of listed securities a strategic position in the shares and convertible bonds of Cosmopolitan. The Group now owns about 2.83% of the existing issued ordinary shares of Cosmopolitan and, together with the optional convertible bonds due 2013 of HK$100.0 million recently subscribed by the Group in July 2013, convertible bonds of Cosmopolitan in a total principal amount of HK$341.5 million, which are convertible into 6,869.6 million new shares of Cosmopolitan.

As recently disclosed in the joint announcement of the Company on 20th August, 2013, the Paliburg group and the Regal Group have agreed to sell all their holdings in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings for aggregate considerations of

HK$374.5 million and HK$504.3 million, respectively, based on an agreed value of HK$0.07 per each issued or underlying share of Cosmopolitan. These transactions were initiated to enable the Paliburg group and the Regal Group to rationalise the holding of their separate interests in Cosmopolitan, so that they will be consolidated into one strategic block held through the jointly controlled P&R Holdings.

At the same time, each of the Paliburg group and the Regal Group has also agreed to provide P&R Holdings with a revolving credit facility for an amount of up to HK$1,000.0 million. Any draw down and repayment by P&R Holdings thereunder shall be for the same amounts from each of the two facilities from the Paliburg group and the Regal Group, in proportion to their equity interests in P&R Holdings. The purpose of these facilities is to provide working capital funding to P&R Holdings, including funding for the acquisition of new real estate projects or related investments, development of existing property projects and the settlement of the considerations payable for the purchase of the shares and convertible bonds of Cosmopolitan from the Paliburg group and the Regal Group.

All these transactions will be conditional upon, among others, the approval by the independent shareholders of the Company.

Further to the first aircraft purchased by the Group in December 2012 for the purpose of securing an alternative income stream, the Group has additionally acquired in July 2013, through an 85%-owned subsidiary, another Airbus A321-200 aircraft manufactured in 1999 for a consideration of approximately US$11.7 million. This aircraft will similarly be under the management of a professional aircraft manager together with the professional investment adviser, which is also the 15% shareholder of the aforesaid subsidiary. A letter of intent has been signed for the proposed leasing of the aircraft to an airline operator.

OUTLOOK

The proposed acquisitions of the Sheung Wan Hotel and the North Point Hotel will increase the number of hotels owned by Regal REIT in Hong Kong to eight and its total hotel room inventory from 3,984 (including the 28 additional rooms at Regal Oriental Hotel to be completed in early 2014) by approximately 14.7% to a total of 4,570 guestrooms and suites. Regal REIT will seek to continue to build up its asset portfolio with the objective of maintaining its strategic position as one of the pre-eminent hotel owners in Hong Kong. With the establishment of its MTN Programme and the arrangement of the new loan facilities, Regal REIT is well positioned to pursue further suitable acquisitions, both in Hong Kong as well as in other parts of Greater China, if the market environment is considered to be favourable.

Hotel ownership and operation as well as property development and investment will continue to be the principal investment focus and the core asset base of the Group, and these will be complemented by other investments to be undertaken from time to time with the aim to enhance and diversify the Group's earnings stream.

The Group as a whole, including its subsidiaries and investee companies, has completed a series of significant acquisitions over the past year and the Directors are confident that substantial growth of the Group will be achieved when these new investments and projects are successfully implemented.

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 securities investment, 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 local hotel and property sectors and 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", respectively.

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 in April 2011, 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. Pursuant to a supplemental agreement to the shareholders' agreement in respect of P&R Holdings entered into on 20th August, 2013, the business scope of P&R Holdings has been extended from the development of real estate projects for sale and/or leasing and the undertaking of related investment and financial activities, to include the acquisition or making of any investments (directly or indirectly) in the securities 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 by the P&R Holdings group is set out below:

Hong Kong

All the development projects currently undertaken by P&R Holdings group in Hong Kong are wholly owned by P&R Holdings group.

Nos.132-140 Bonham Strand, Sheung Wan

This development project has a net site area of approximately 472 square meters (5,076 square feet) and is being developed into a hotel with 248 guestrooms and suites and having gross floor area of approximately 7,197 square meters (77,467 square feet) and the covered floor area of approximately 9,617 square meters (103,516 square feet). The superstructure works have been completed and the occupation permit is expected to be obtained in the fourth quarter of 2013.

This is the subject property to be sold to Regal REIT pursuant to the Share Purchase Agreement as reported in the above section headed “Business Overview”.

Nos.14-20 Merlin Street, North Point

This development project has an aggregate site area of approximately 457 square meters (4,915 square feet) and is being developed into a hotel with about 338 guestrooms, with total gross floor area of approximately 6,849 square meters (73,721 square feet) and the covered floor area of approximately 9,393 square meters (101,105 square feet). The superstructure works will be completed in the fourth quarter this year and the occupation permit is anticipated to be obtained in the second quarter of 2014.

This property is subject to an option to purchase granted to Regal REIT, exercisable at its discretion, pursuant to the Option Agreement as reported 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 site was acquired through a government public auction and has an area of approximately 11,192 square meters (120,470 square feet). The project is planned for a residential development with a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square meters (120,470 square feet). Site formation and foundation works are in progress and the superstructure works are scheduled to commence in the fourth quarter of 2013. This development project is expected to be completed in the first quarter of 2015.

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 meters (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 meters (56,360 square feet). Due to the difficulties encountered in the foundation works, the completion schedule of this development project is now anticipated to be deferred to year 2016.

Nos. 8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon
The acquisition of the subject properties was completed in April this year. The properties have an aggregate site area of approximately 700 square meters (7,535 square feet). The plans for the development of the properties into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square meters (67,790 square feet), have been formally approved by the Town Planning Board. Demolition works for the existing buildings are in progress and expected to be completed in the third quarter of 2013, with foundation works planned to be commenced before the end of this year. Project completion is presently estimated to be in year 2016.

Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories
This development site was acquired through a government tender held in June 2013. The land has a site area of 5,090 square meters (54,788 square feet) and a maximum gross floor area of 15,270 square meters (164,364 square feet). The project is presently planned to be developed into a shopping mall and the planning works for the development are currently in progress.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan
P&R Holdings group holds 70% interest in this property project and the remaining 30% interest is held by a joint venture owned as to 50% each by the Group and Cosmopolitan group.

This project in Chengdu is a mixed use development planned to consist of hotel, commercial, office and residential components. The project has an overall total gross floor area above ground of approximately 496,000 square meters (5,340,000 square feet) and will be developed in stages. The first stage primarily comprises a five-star hotel and three residential towers, constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 41,400 square meters (446,000 square feet). The structural frame for the hotel development has been completed and the external façade works are in progress. The first phase of the hotel is presently scheduled to be soft opened in mid-2014. The three residential towers included in the first stage will have about 340 apartment units with car parks and some ancillary commercial accommodation, commanding total gross floor area above ground of approximately 45,500 square meters (490,000 square feet). The structural frames for the residential towers have also been completed and the overall construction works are scheduled to be completed by mid-2014. Presale of the residential units is anticipated to be launched in the fourth quarter of 2013. Development works for the other stages are planned to be carried out progressively.

As reported under the above section headed "Business Overview", the 70% interest in this project in Chengdu held by P&R Holdings group and the remaining 30% interest in such project held by the joint venture owned as to 50% each by the Group and the Cosmopolitan group will be sold to the Cosmopolitan group, pursuant to separate agreements entered into on 27th June, 2013. Completion of these agreements is subject to, among others, approval by the independent shareholders of Cosmopolitan. Relevant details of these transactions are disclosed in a joint announcement of the Company dated 27th June, 2013.

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., the investment objective of which is principally to support the businesses undertaken by P&R Holdings group in China. A wholly owned subsidiary of Century City International Holdings Limited, the ultimate listed holding company of the Company, acts as the general partner of the fund and holds a very minor interest in the partnership.

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties, which are owned by Regal REIT, 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 less 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 hotel property portfolio is restated in the consolidated financial statements at its market value as at 30th June, 2013, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$18.45 per share, as follows:

	As at 30th June, 2013	
	HK$'M	**HK$ per ordinary share**
Book net assets attributable to equity holders of the parent	**11,741.8**	**12.18**
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	**6,044.5**	**6.27**
Unaudited adjusted net assets attributable to equity holders of the parent	**17,786.3**	**18.45**

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 used in operating activities of HK$563.9 million (2012 – net cash flows generated from operating activities of HK$413.2

million). Net interest payment for the period amounted to HK$101.3 million (2012 – HK$81.0 million).

Borrowings and Gearing

As at 30th June, 2013, the Group's borrowings, net of cash and bank balances and deposits (including cash and bank balances attributable to a disposal group classified as held for sale), amounted to HK$5,566.8 million (31st December, 2012 – HK$4,420.5 million).

As at 30th June, 2013, the gearing ratio of the Group was 23.2% (31st December, 2012 – 20.3%), representing the Group's borrowings net of cash and bank balances and deposits (including cash and bank balances attributable to a disposal group classified as held for sale) of HK$5,566.8 million (31st December, 2012 – HK$4,420.5 million) as compared to the total assets of the Group of HK$23,982.4 million (31st December, 2012 – HK$21,795.9 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2013 are shown in the condensed consolidated interim financial statements ("Interim Financial Statements") contained in the interim report for the six months ended 30th June, 2013 of the Company to be published on or before 30th September, 2013.

Pledge of Assets

As at 30th June, 2013, 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$391.1 million (31st December, 2012 – HK$380.0 million) were pledged to secure a bank guarantee procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT, and certain of the Group's property, plant and equipment, investment properties and properties held for sale in the total amount of HK$14,317.9 million (31st December, 2012 – HK$14,444.9 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, 2013 are shown in the Interim Financial Statements.

Contingent Liabilities

As at 30th June, 2013, 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$577.3 million (31st December, 2012 – HK$577.3 million), of which HK$339.8 million (31st December, 2012 – HK$317.3 million) was utilised.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK3.6 cents per ordinary share for the financial year ending 31st December, 2013, representing an increase of 9.1% over the interim dividend of HK3.3 cents per ordinary share paid for the last financial year. This interim dividend will absorb an amount of approximately HK$34.7 million (2012 – HK$31.8 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 11th October, 2013.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Wednesday, 9th October, 2013 to Friday, 11th October, 2013, 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, 8th October, 2013. The relevant dividend warrants are expected to be despatched on or about 25th October, 2013.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
REVENUE (Note 2)	**971.8**	1,250.0
Cost of sales	**(502.5)**	(648.7)
Gross profit	**469.3**	601.3
Other income (Note 3)	**45.6**	9.1
Administrative expenses	**(98.0)**	(87.8)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**(3.0)**	9.2
Fair value gains on investment properties, net	**8.0**	5.5
Realisation of hedge reserve	**–**	137.2
OPERATING PROFIT BEFORE DEPRECIATION	**421.9**	674.5
Depreciation	**(196.4)**	(189.4)
OPERATING PROFIT (Notes 2 & 4)	**225.5**	485.1
Finance costs (Note 5)	**(117.6)**	(65.2)
Share of losses of:		
Joint ventures	**(5.3)**	(0.1)
Associates	**(1.4)**	(1.5)
PROFIT BEFORE TAX	**101.2**	418.3
Income tax (Note 6)	**(24.7)**	(16.9)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**76.5**	401.4

Condensed Consolidated Income Statement (Cont'd)

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
Attributable to:		
Equity holders of the parent	**60.5**	380.6
Non-controlling interests	**16.0**	20.8
	76.5	401.4
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$0.06**	HK$0.38

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**76.5**	401.4
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 investment	**0.3**	1.7
Cash flow hedges:		
Changes in fair value of cash flow hedges	**4.8**	26.1
Transfer from hedge reserve to income statement	**2.9**	(131.3)
	7.7	(105.2)
Exchange differences on translating foreign operations	**30.0**	(0.7)
Share of other comprehensive income/(loss) of:		
Joint ventures	**6.5**	(3.8)
An associate	**–**	(0.1)
Other comprehensive income/(loss) for the period	**44.5**	(108.1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**121.0**	293.3
Attributable to:		
Equity holders of the parent	**103.0**	264.4
Non-controlling interests	**18.0**	28.9
	121.0	293.3

Condensed Consolidated Statement of Financial Position

	30th June, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**13,717.7**	13,845.2
Investment properties	**956.0**	948.0
Investments in joint ventures	**1,895.5**	1,597.3
Investments in associates	**31.1**	27.6
Available-for-sale investment	**5.3**	4.7
Financial assets at fair value through profit or loss	**23.7**	23.4
Other loan	**19.6**	18.9
Deposits	**18.0**	2.3
Derivative financial instruments	**5.0**	–
Total non-current assets	**16,671.9**	16,467.4
CURRENT ASSETS		
Properties held for sale	**789.1**	788.0
Inventories	**33.1**	25.3
Debtors, deposits and prepayments (Note 9)	**225.2**	843.2
Held-to-maturity investments	**144.2**	210.8
Financial assets at fair value through profit or loss	**938.9**	730.3
Derivative financial instruments	**11.1**	–
Restricted cash	**53.4**	44.2
Pledged time deposits and bank balances	**235.0**	321.9
Time deposits	**966.6**	1,739.2
Cash and bank balances	**2,592.8**	625.6
	5,989.4	5,328.5
Assets of a disposal group classified as held for sale	**1,321.1**	–
Total current assets	**7,310.5**	5,328.5

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(316.2)**	(382.6)
Interest bearing bank borrowings	**(413.8)**	(81.5)
Derivative financial instruments	**(1.3)**	(2.1)
Tax payable	**(81.4)**	(41.4)
	(812.7)	(507.6)
Liabilities directly associated with the assets of a disposal group classified as held for sale	**(6.7)**	–
Total current liabilities	**(819.4)**	(507.6)
NET CURRENT ASSETS	**6,491.1**	4,820.9
TOTAL ASSETS LESS CURRENT LIABILITIES	**23,163.0**	21,288.3
NON-CURRENT LIABILITIES		
Deposits received	**(2.5)**	(2.5)
Interest bearing bank borrowings	**(4,784.7)**	(4,776.1)
Other borrowings	**(4,219.0)**	(2,293.8)
Derivative financial instruments	**–**	(2.8)
Deferred tax liabilities	**(1,048.4)**	(1,065.5)
Total non-current liabilities	**(10,054.6)**	(8,140.7)
Net assets	**13,108.4**	13,147.6
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**96.4**	96.4
Reserves	**11,610.7**	11,542.4
Dividends	**34.7**	96.4
	11,741.8	11,735.2
Non-controlling interests	**1,366.6**	1,412.4
Total equity	**13,108.4**	13,147.6

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, 2012, 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, 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*

HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Except as described below, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's results of operation and financial position.

HKAS 1 *Presentation of Items of Other Comprehensive Income*
– Amendments to HKAS 1

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 10 *Consolidated Financial Statements* and
HKAS 27 *Separate Financial Statements*

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no impact on the consolidation of investments held by the Group.

HKFRS 11 *Joint Arrangements* and
HKAS 28 *Investments in Associates and Joint Ventures*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this standard had no impact on the Group's results of operations or financial position.

HKFRS 13 *Fair Value Measurement*

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in the condensed consolidated interim financial statements for financial instruments; accordingly, the Group provides these disclosures in the notes to the condensed consolidated interim financial statements.

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 securities investment segment engages in securities trading and investment businesses; and

(e) the others segment mainly comprises aircraft ownership and leasing business, travel agency services, development and distribution of edutainment products and sale of food products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following 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		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Segment revenue:														
Sales to external customers	942.7	919.1	-	-	5.2	291.1	5.8	5.0	18.1	34.8	-	-	971.8	1,250.0
Intersegment sales	-	-	43.8	38.5	1.7	1.7	-	-	-	-	(45.5)	(40.2)	-	-
Total	942.7	919.1	43.8	38.5	6.9	292.8	5.8	5.0	18.1	34.8	(45.5)	(40.2)	971.8	1,250.0
Segment results before depreciation	420.5	407.6	(6.5)	(5.2)	24.9	140.6	7.2	15.4	1.3	0.1	-	-	447.4	558.5
Depreciation	(194.4)	(188.9)	-	-	(0.1)	(0.1)	-	-	(1.9)	(0.3)	-	-	(196.4)	(189.3)
Segment operating results	226.1	218.7	(6.5)	(5.2)	24.8	140.5	7.2	15.4	(0.6)	(0.2)	-	-	251.0	369.2
Unallocated interest income and unallocated non-operating and corporate gains													11.4	143.1
Unallocated non-operating and corporate expenses													(36.9)	(27.2)
Operating profit													225.5	485.1
Finance costs													(117.6)	(65.2)
Share of losses of:														
Joint ventures	-	-	-	-	(5.3)	(0.1)	-	-	-	-	-	-	(5.3)	(0.1)
Associates	(0.3)	(0.3)	-	-	(0.4)	(0.6)	-	-	(0.7)	(0.6)	-	-	(1.4)	(1.5)
Profit before tax													101.2	418.3
Income tax													(24.7)	(16.9)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													76.5	401.4
Attributable to:														
Equity holders of the parent													60.5	380.6
Non-controlling interests													16.0	20.8
													76.5	401.4

3. Other income represents the following items:

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Bank interest income	**7.9**	2.9
Other interest income	**7.7**	3.2
Sundry income	**2.9**	3.0
Forfeiture of deposits	**27.1**	–
	45.6	9.1

4. An analysis of profit on sale of investments and properties of the Group included in the operating profit is as follows:

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Profit on disposal of listed investments	**1.4**	4.0
Profit on disposal of properties	**–**	142.8

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2013	**Six months ended 30th June, 2012**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest on bank loans wholly repayable within five years	**57.1**	46.3
Interest on other borrowings wholly repayable within five years	**65.1**	–
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**2.9**	5.9
Amortisation of debt establishment costs	**14.6**	11.4
Other loan costs	**2.3**	1.6
	142.0	65.2
Less: Finance costs capitalised	**(24.4)**	–
	117.6	65.2

6. The income tax charge for the period arose as follows:

	Six months ended 30th June, 2013	**Six months ended 30th June, 2012**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Group:		
Current – Hong Kong		
Charge for the period	**38.3**	32.2
Current – Overseas		
Charge for the period	**3.4**	–
Underprovision/(Overprovision) in prior years	**0.1**	(0.9)
Deferred	**(17.1)**	(14.4)
Total tax charge for the period	**24.7**	16.9

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2012 – 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 joint ventures and associates as no assessable profits were earned by the joint ventures and associates during the period (2012 – Nil).

7. Dividend:

	For year ending 31st December, 2013	**For year ended 31st December, 2012**
	HK$'M	**HK$'M**
Interim – HK3.6 cents (2012 – HK3.3 cents) per ordinary share	**34.7**	31.8

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$60.5 million (2012 – HK$380.6 million), and on the weighted average of 964.1 million (2012 – 992.5 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, 2013 and 2012 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$119.4 million (31st December, 2012 – HK$140.7 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2013	31st December, 2012
	(Unaudited)	(Audited)
	HK$'M	HK$'M
Outstanding balances with ages:		
Within 3 months	**93.0**	118.1
Between 4 to 6 months	**10.8**	6.6
Between 7 to 12 months	**6.1**	7.1
Over 1 year	**11.7**	11.1
	121.6	142.9
Impairment	**(2.2)**	(2.2)
	119.4	140.7

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 its trade debtor balance.

10. Included in creditors, deposits received and accruals is an amount of HK$75.0 million (31st December, 2012 – HK$74.6 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**74.4**	73.1
Between 4 to 6 months	**–**	1.1
Between 7 to 12 months	**0.3**	0.1
Over 1 year	**0.3**	0.3
	75.0	74.6

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2013.

REVIEW OF RESULTS

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2013 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, 2013 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, 2013, 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 of Hong Kong Limited during the six months ended 30th June, 2013, 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)
Ms. Belinda YEUNG Bik Yiu
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Miss LO Po Man
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, 2013