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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 2009 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2009	Six months ended 30th June, 2008
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
Revenue	**586.8**	750.6
Operating profit/(loss)	**(105.5)**	344.8
Profit for the period attributable to equity holders of the parent	**147.2**	600.1
Basic earnings per ordinary share attributable to equity holders of the parent	**HK14.6 cents**	HK57.8 cents*
Interim dividend	**HK2.0 cents**	HK3.0 cents*

	As at 30th June, 2009	As at 31st December, 2008
	(Unaudited)	(Unaudited)
†**Adjusted net asset value per ordinary share**	**HK$10.72**	HK$10.70

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

†compiled on an adjusted basis, for the purpose of reference, to adjust for the interest held in Regal REIT to reflect the share of the underlying adjusted net assets of Regal REIT attributable to the Group

FINANCIAL RESULTS

For the six months ended 30th June, 2009, the Group achieved an unaudited consolidated profit attributable to shareholders of HK$147.2 million, which is lower than the comparative profit of HK$600.1 million in 2008. However, it should be noted that the profit attained in the corresponding period last year included fair value gains of approximately HK$358.5 million arising from reclassification of the retained houses in Regalia Bay, Stanley to investment properties.

Due to the slowdown in world-wide economies caused by the global financial crisis and, more recently, the deterrent impact on travelling caused by the H1N1 pandemic, the hotel industry in Hong Kong on the whole has been operating under a difficult environment, particularly in the second quarter of this year. These have had a significant adverse effect on the overall business operations of the Group, as the lessee of the five Regal Hotels in Hong Kong, during the period under review.

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

REVIEW OF OPERATIONS

HOTELS

Hong Kong

During the initial few months, hotels in Hong Kong were still able to perform relatively better than those in other major cities around the world, mainly benefiting from the continued strong influx of visitors from Mainland China. Since early May, the H1N1 pandemic has severely affected travelling to Hong Kong from all key source markets, including those from United States, Europe, Japan and Mainland China. For the whole of the period under review, there were a total number of 13.7 million visitors to Hong Kong which represented a negative growth of about 3.4% compared on a year-on-year basis, and Mainland China was the only market which still recorded an overall increase.

In the first half of 2009, the average hotel room occupancy rate for all hotels in different categories published by the Hong Kong Tourism Board was 74%, a negative growth of about 10.8%, while the average achieved room rate decreased by about 17.1%, resulting in an overall reduction in RevPAR (Revenue per Available Room) of about 26.2%, as compared with the corresponding period in 2008. The performance of the five Regal Hotels in Hong Kong has likewise been adversely affected under pressure from this very competitive market and, at the operating level, the hotels recorded a drop in RevPAR of about 22.9% from that attained in the comparative period last year.

To maintain the competitiveness of the Regal Hotels as well as to strengthen its overall network and in preparation for further expansion, the Group, as the operator of the hotel business and the owner of the Regal brand, has continued to sponsor extensive marketing program to promote market awareness, brand recognition and client affiliation.

The second stage of the Asset Enhancement Program at the Regal Riverside Hotel was duly completed in June 2009. Accordingly, the remaining number of approximately 155.7 million units held by the Group in Regal Real Estate Investment Trust, which were previously subject to the distribution waiver pending completion of this final phase of the Asset Enhancement Program, are now entitled to all future distributions of Regal REIT.

The People's Republic of China

It has been the stated objective of the Group as a whole to expand its hotel portfolio in Mainland China, through hotel ownership and/or hotel management.

In January 2009, the Group announced that it has secured a management contract for the management of a new 350-room five star luxury hotel in Chengdu, the capital city of Sichuan Province. The hotel is now named as the Regal Master Hotel and scheduled for opening in the fourth quarter of this year.

Recently in August 2009, the Group entered into a hotel management agreement with Bosideng Holdings Limited for the Group to manage a five-star luxury hotel being developed by Bosideng in Dezhou, Shandong Province. This 215-room hotel will be named as the Regal Kangbo Hotel and, with its 100-meter height, will pose as the highest building as well as the first five-star international hotel in Dezhou. The hotel is presently scheduled to be opened in the third quarter of 2010.

The Regal Jinfeng Hotel, a 380-room four star business hotel located in Pudong, Shanghai, being another new addition to the hotel network in China under the management of the Group, is now preparing for soft opening later this month.

Together with the two existing managed hotels in Shanghai, there will be altogether four Regal managed hotels under operation in the Mainland by the end of this year. In pursuit of its stated objective, the Group is currently engaged in active discussions on a number of new hotel projects in different cities in China.

REGAL REAL ESTATE INVESTMENT TRUST

The Group holds approximately 74.0% of the issued units of Regal REIT, which owns the five Regal Hotels in Hong Kong. Regal REIT is being accounted for as an associate of the Group and the share of its profits attributable to the Group is based on the cash distributions received from Regal REIT during the relevant periods.

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

After adjusting for the non-cash items, the distributable income available for distribution to holders of the units for the period amounted to approximately HK$280.5 million, which was equivalent to approximately HK$0.092 per each unit entitled to the distribution (6 months ended 30th June, 2008 – HK$247.4 million, equivalent to approximately HK$0.083 per unit). Regal REIT has recently declared a distribution of HK$0.085 per unit for the six months ended 30th June, 2009, which represents a distribution of approximately 92.4% of the available distributable income and an increase of about 2.4% over the HK$0.083 per unit distributed for the comparative period in 2008.

With the completion of the second stage of the Asset Enhancement Program at Regal Riverside Hotel in June 2009, the hotel has added 280 new Regal iClub rooms to its room inventory, now boasting a total of 1,138 available rooms. In early July this year, the renovation and upgrade of one additional floor with 51 guest rooms in Regal Kowloon Hotel to club floor standard was also completed. Other notable capital additions projects that were completed during the period under review included the renovation of the new Chinese restaurant, Regal Court, in Regal Kowloon Hotel and the coffee shop, Café Neo, in Regal Oriental Hotel.

REGAL PORTFOLIO MANAGEMENT LIMITED

Regal Portfolio Management Limited is a wholly-owned subsidiary of the Group and acts as the REIT Manager providing asset management services to Regal REIT. REIT Manager's fees received for the period amounted to approximately HK$32.4 million, a major part of which was in the form of new units issued by Regal REIT.

PROPERTIES

Hong Kong

Regalia Bay, Stanley

Despite the general economic slowdown, the property market in Hong Kong rebounded substantially in the first half of the year, particularly in the luxury residential sector, which was largely attributable to the immensely increased market liquidity and the low interest rate environment. The Group sold three of its allocated house units during the period under review at satisfactory price levels and the profits derived have been reflected in the interim financial results.

Since the half year end date, the Group has further disposed of four additional house units at increasingly higher prices and the profits derived will be accounted for in the second half of the year. At present, the Group still owns a total of 24 allocated house units, of which 10 houses are under lease for rental income.

The People's Republic of China

Development Project in the Central Business District of Beijing

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

Development Project in Xindu District, Chengdu, Sichuan Province

This development project is 50% beneficially owned by each of the Group and Cosmopolitan International Holdings Limited. The project site is composed of two separate land parcels. One of the parcels is planned to be developed into a hotel and commercial complex with a maximum gross floor area of about 180,000 square meters above ground together with a maximum of about 50,000 square meters of commercial and auxiliary services and car parking areas below ground. The other parcel is designated for residential development with a permitted maximum gross floor area of about 315,000 square meters. The Planning Permits for Construction Land for the proposed development have been obtained and detailed planning work is in progress. The project is anticipated to be completed in phases within the next few years.

OTHER INVESTMENTS

Cosmopolitan is a listed company in Hong Kong principally engaged in property development and investment businesses in China and Hong Kong. The Group presently holds substantial interests in the convertible bonds issued by Cosmopolitan group and, in addition, certain of the issued ordinary shares of Cosmopolitan. Assuming that all the outstanding convertible bonds and options on convertible bonds granted by the Cosmopolitan group, including those held by the Group, are fully converted and/or exercised and converted, the Group can come to own up to approximately 32.8% of the enlarged share capital of Cosmopolitan.

With a view to diversifying its investment and income base, the Group undertakes, as part of its ordinary business, other investments in securities and financial instruments. These investment activities are conducted at all times with a cautious and prudent approach and the Group has no exposure to any highly leveraged or speculative investment products. Benefitting from the sharp rebound in the securities market during the first half year, these investment businesses have contributed significant profits, including the fair value gains on the convertible bonds held in Cosmopolitan group by the Group, during the period under review.

The Group may further expand from time to time its portfolio of other investments as and when the market circumstances are considered to be favourable and appropriate.

OUTLOOK

Due to the uncertainty over the timing of a general economic revival and the continuing concern over the impact of the H1N1 pandemic, business conditions for the travel industry in Hong Kong in the remaining part of 2009 will continue to be challenging. However, recently there are some signs of a stabilising U.S. economy and when the measures to fight the spread of the H1N1 pandemic in Mainland China are easing gradually, there could be pent-up demand from both business and leisure travellers to Hong Kong and the hotel market in Hong Kong should be able to recover steadily in pace with the overall revival in the global economies.

As regards the Group’s property business, it is expected that the luxury residential properties in Hong Kong will remain in strong demand, as the supply will be relatively limited. The Group may further dispose of some of the remaining house units in Regalia Bay if the offered prices are considered satisfactory, which could generate significant profits as well as cash resources to fund future business development.

The Group as a whole is devoted to expand its hotel network in China and is planning to increase its hotel portfolio to more than 20 owned and/or managed hotels in the first and second tier cities of China within the next few years.

While the global economic environment may still be volatile, the Group is nonetheless maintaining a sound financial position and is well-prepared for market changes. Overall, the Directors are optimistic that the Group will be able to sustain further continuing growth.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, there was a net cash outflow on operating activities of HK$328.8 million (2008 – net cash inflow of HK$59.7 million). Net interest receipt for the period amounted to HK$2.4 million (2008 – HK$24.2 million).

Based on the condensed consolidated statement of financial position as at 30th June, 2009, the unaudited book net asset value of the ordinary shares of the Company was HK$4.18 per share. Such book net asset value has been significantly affected by the elimination of the unrealised gain on the disposal of the subsidiaries owning the hotel properties to Regal REIT in 2007 against the Group’s interest held in Regal REIT as well as the sharing of the fair value loss on the hotel properties held by Regal REIT for the year ended 31st December, 2008. The interest held by the Group in Regal REIT represented one of the Group’s most significant investments but, as at 30th June, 2009, such interest was only stated at a value of HK$118.6 million. In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group’s net assets position, compiled on an adjusted basis to reflect the share of the underlying adjusted net assets of Regal REIT attributable to the Group. Accordingly, on the basis that the interest of the Group held in Regal REIT were to be stated based on the published unaudited adjusted net asset value per unit of Regal REIT of HK$2.849 as at 30th June, 2009, calculated on the basis that the deferred tax liabilities provided by Regal REIT with regard to the revaluation surplus of its hotel properties are added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK$10.72 per share.

	As at 30th June, 2009	
	HK$'M	**HK$ per ordinary share**
Unaudited book net assets after minority interests	**4,228.9**	**4.18**
Adjustment to restate the Group's interest in Regal REIT on the basis noted above	**6,603.0**	
Unaudited adjusted net assets after minority interests	**10,831.9**	**10.72**

As at 30th June, 2009, the Group had total cash and bank balances and deposits, net of long term bank loans, of HK$1,010.6 million (31st December, 2008 – HK$1,200.3 million).

As at 30th June, 2009, part of the Group's bank deposits in the amount of HK$1,000.0 million (31st December, 2008 – HK$1,000.0 million) was 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 investment properties, properties held for sale, bank deposits and cash balances in the total amount of HK$740.2 million (31st December, 2008 – HK$512.5 million) were also pledged to secure other banking facilities granted to the Group. Under the lease agreements in connection with the leasing of the hotel properties from Regal REIT, the Group has also guaranteed a total minimum variable rent payable for the period from 30th March, 2007 to 31st December, 2010 in the amount of HK$220.0 million, of which HK$101.6 million has been paid by the Group up to 30th June, 2009.

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

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

The Group’s significant investments and principal business activities mainly comprise its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal REIT, the asset management of Regal REIT, the interest in the remaining houses in Regalia Bay in Stanley and other investment businesses. The performance of the Group’s hotel operations, its property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the local hotel industry and changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the sections headed “Financial Results”, “Review of Operations” and “Outlook” above, respectively.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK2.0 cents (2008 – HK3.0 cents, as adjusted for the 10-into-1 share consolidation implemented in October 2008) per ordinary share for the financial year ending 31st December, 2009, absorbing an amount of approximately HK$20.2 million (2008 – HK$30.8 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 15th October, 2009.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Tuesday, 13th October, 2009 to Thursday, 15th October, 2009, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares, 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 Monday, 12th October, 2009. The relevant dividend warrants are expected to be despatched on or about 28th October, 2009.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2009 (Unaudited) HK$'M	Six months ended 30th June, 2008 (Unaudited) HK$'M
REVENUE (Note 2)	**586.8**	750.6
Cost of sales	**(711.1)**	(746.5)
Gross profit/(loss)	**(124.3)**	4.1
Other income and gains (Note 3)	**22.1**	27.8
Administrative expenses	**(73.2)**	(80.4)
Other operating expense	**(0.8)**	–
Fair value gains on financial assets at fair value through profit or loss, net	**73.2**	36.6
Fair value gains upon reclassification of properties held for sale to investment properties	**–**	358.5
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	**(103.0)**	346.6
Depreciation	**(2.5)**	(1.8)
OPERATING PROFIT/(LOSS) (Note 2)	**(105.5)**	344.8
Finance costs (Note 5)	**(2.4)**	(5.8)
Share of profits and losses of:		
Jointly controlled entities	**(1.4)**	(1.8)
Associates	**260.0**	263.5
PROFIT BEFORE TAX	**150.7**	600.7
Tax (Note 6)	**(3.5)**	(0.6)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	**147.2**	600.1
Attributable to:		
Equity holders of the parent	**147.2**	600.1
Minority interests	**–**	–
	147.2	600.1

EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		(Restated)
Basic	**HK14.6 cents**	HK57.8 cents
Diluted	**N/A**	HK57.8 cents

		(Restated)
DIVIDEND PER ORDINARY SHARE	**HK2.0 cents**	HK3.0 cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2009 (Unaudited) HK$'M	**Six months ended 30th June, 2008 (Unaudited) HK$'M**
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	**147.2**	600.1
OTHER COMPREHENSIVE INCOME/(LOSS):		
Reclassification adjustment for fair value loss of available-for-sale investment included in the income statement	**0.8**	–
Exchange differences on translating foreign operations	**0.9**	5.0
Share of other comprehensive income of associates/jointly controlled entity	**–**	38.0
Share of other comprehensive loss of the listed associate	**(0.6)**	(21.5)
Other comprehensive income for the period	**1.1**	21.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**148.3**	621.6
Attributable to:		
Equity holders of the parent	**148.3**	621.6
Minority interests	**–**	–
	148.3	621.6

Condensed Consolidated Statement of Financial Position

	30th June, 2009 (Unaudited) HK$'M	31st December, 2008 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**40.0**	16.8
Investment properties	**708.0**	855.0
Interests in jointly controlled entities	**176.8**	203.8
Interests in associates	**635.5**	517.4
Financial assets at fair value through profit or loss	**224.0**	423.0
Available-for-sale investment	**–**	3.1
Other loan	**36.1**	36.1
Pledged bank deposits	**1,000.0**	1,000.0
Total non-current assets	**2,820.4**	3,055.2
CURRENT ASSETS		
Hotel and other inventories	**21.1**	22.7
Properties held for sale	**965.8**	963.5
Debtors, deposits and prepayments (Note 8)	**356.4**	217.1
Financial assets at fair value through profit or loss	**352.7**	108.1
Pledged time deposits	**11.8**	8.3
Time deposits	**241.9**	153.3
Cash and bank balances	**188.8**	307.2
Total current assets	**2,138.5**	1,780.2

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2009 (Unaudited) HK$'M	31st December, 2008 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 9)	**(293.6)**	(427.2)
Tax payable	**(3.2)**	(3.5)
Total current liabilities	**(296.8)**	(430.7)
NET CURRENT ASSETS	**1,841.7**	1,349.5
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,662.1**	4,404.7
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	**(431.9)**	(268.5)
Net assets	**4,230.2**	4,136.2
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**101.1**	101.4
Reserves	**4,107.6**	3,983.0
Dividends	**20.2**	50.5
	4,228.9	4,134.9
Minority interests	**1.3**	1.3
Total equity	**4,230.2**	4,136.2

Notes:

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2008, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2009.

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

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

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

HKFRS 8 *Operating Segments*

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

HKAS 1 (Revised) *Presentation of Financial Statements*

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

2. SEGMENT INFORMATION

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

(a) the 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 the Group's investment in 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 travel agency services and bakery operations.

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

Operating segments

The following 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,	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(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	507.1	671.5	32.4	37.6	15.8	14.8	11.5	0.1*	20.0	26.6	-	-	586.8	750.6
Intersegment sales	8.8	8.7	-	-	1.7	1.7	-	-	0.3	2.5	(10.8)	(12.9)	-	-
Total	515.9	680.2**	32.4	37.6	17.5	16.5	11.5	0.1*	20.3	29.1**	(10.8)	(12.9)**	586.8	750.6
Segment results before depreciation and amortisation	(224.1)	(92.2)	26.8	31.5	27.4	367.3	83.7	36.9	(2.8)	(1.8)	-	-	(89.0)	341.7
Depreciation and amortisation	(1.8)	(1.2)	(0.2)	(0.2)	(0.1)	(0.1)	-	-	(0.2)	(0.1)	-	-	(2.3)	(1.6)
Segment operating results	(225.9)	(93.4)**	26.6	31.3	27.3	367.2	83.7	36.9	(3.0)	(1.9)**	-	-	(91.3)	340.1
Interest income and unallocated non-operating and corporate gains													5.2	27.0
Unallocated non-operating and corporate expenses													(19.4)	(22.3)
Operating profit/(loss)													(105.5)	344.8
Finance costs													(2.4)	(5.8)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	(1.4)	(1.8)	-	-	-	-	-	-	(1.4)	(1.8)
Associates	261.5	266.7	-	-	(1.5)	(3.1)	-	-	-	(0.1)	-	-	260.0	263.5
Profit before tax													150.7	600.7
Tax													(3.5)	(0.6)
Profit for the period													147.2	600.1
Attributable to:														
Equity holders of the parent													147.2	600.1
Minority interests													-	-
													147.2	600.1

* In prior years, the Group's proceeds from sale of listed investments at fair value through profit or loss was presented under "Revenue" with the corresponding cost of sales included under "Cost of sales". Subsequent to the publication of the 2008 interim results, the Group has changed the presentation, as in the opinion of the Directors, it is more appropriate to include the gain/loss from sale of listed investments at fair value through profit or loss in the "Revenue" only. Accordingly, the revenue and cost of sales in the prior period were decreased by the same amount of HK$0.2 million with the gross profit remaining the same.

** In the prior period, segment revenue of sales to external customers in the amount of HK$26.1 million and segment operating loss in the amount of HK$0.3 million (after depreciation of HK$0.1 million) from the Group's travel agency services were included under hotel operation and management and hotel ownership segment. To conform with the current period presentation, such amounts were reclassified and included under others segment. Due to the reclassification, additional intersegment sales amounts of HK$8.5 million and HK$1.0 million were included under hotel operation and management and hotel ownership segment and others segment, respectively, which were eliminated in the consolidated revenue.

3. Other income and gains represent the following items:

	Six months ended 30th June, 2009 (Unaudited) HK$'M	Six months ended 30th June, 2008 (Unaudited) HK$'M
Other income		
Bank interest income	**2.2**	13.2
Interest income from other loan	**1.6**	–
Other interest income	**0.1**	12.6
Dividend income from listed investments	**–**	0.8
Others	**1.3**	1.1
	5.2	27.7
Gains		
Fair value gain on derivative financial instrument	**–**	0.1
Gain on disposal of investment properties	**16.9**	–
	16.9	0.1
	22.1	27.8

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

	Six months ended 30th June, 2009 (Unaudited) HK$'M	Six months ended 30th June, 2008 (Unaudited) HK$'M
Loss on disposal of available-for-sale investment	**(0.8)**	–
Profit on disposal of listed investments	**10.7**	0.1

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2009 (Unaudited) HK$'M	Six months ended 30th June, 2008 (Unaudited) HK$'M
Interest on bank loans wholly repayable within five years	**2.4**	2.0
Dividends on convertible preference shares	**–**	3.8
Total finance costs	**2.4**	5.8

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

	Six months ended 30th June, 2009 (Unaudited) HK$'M	Six months ended 30th June, 2008 (Unaudited) HK$'M
Current – Hong Kong	**3.4**	0.3
Current – Overseas	**0.1**	0.3
Tax charge for the period	**3.5**	0.6

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2008 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

The Group did not share the tax charge attributable to Regal REIT during the period since the Group has discontinued the recognition of its share of results of Regal REIT. In the prior period, the share of tax charge attributable to Regal REIT amounting to HK$38.4 million was included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

No provision for tax is required for the jointly controlled entities and other associates as no assessable profits were earned by the jointly controlled entities and other associates during the period (2008 – Nil).

There was no material unprovided deferred tax in respect of the period and as at 30th June, 2009.

7. 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$147.2 million (2008 – HK$600.1 million), and on the weighted average of 1,011.4 million (2008 – 1,037.6 million, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued and unissued ordinary shares of HK$0.01 each were consolidated into one ordinary share of HK$0.10 effective from 23rd October, 2008 (the "Share Consolidation")) ordinary shares of the Company in issue during the period.

   No diluted earnings per ordinary share is presented for the period ended 30th June, 2009 since the exercise price of the share options of the Company outstanding during the period is higher than the average market price of the Company's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2008 was based on the adjusted profit for that period attributable to equity holders of the parent of HK$603.8 million as adjusted for the interest savings and fair value gain on the derivative component of the convertible preference shares arising from the conversion of the convertible preference shares into ordinary shares of the Company, and on the adjusted weighted average of 1,045.2 million (as adjusted for the Share Consolidation) ordinary shares of the Company that would have been in issue during that period assuming all outstanding convertible preference shares of the Company were converted into ordinary shares of the Company at the beginning of that period. The exercise price of the share options of the Company outstanding during that period was higher than the average market price of the Company's ordinary shares and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

8. Included in debtors, deposits and prepayments is an amount of HK$61.7 million (31st December, 2008 – HK$106.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	30th June, 2009	**31st December, 2008**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**54.5**	90.6
Between 4 to 6 months	**2.7**	12.2
Between 7 to 12 months	**2.7**	2.5
Over 1 year	**3.1**	2.7
	63.0	108.0
Impairment	**(1.3)**	(1.1)
	61.7	106.9

Credit terms

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amount less impairment which are made when collection of the full amount 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 that the Group's trade debtors relate to a large number of diversified customers (except for sale proceeds receivable from disposal of properties held for sale), there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

9. Included in creditors and accruals is an amount of HK$31.7 million (31st December, 2008 – HK$60.1 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	30th June, 2009 (Unaudited) HK$'M	31st December, 2008 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**31.2**	58.7
Between 4 to 6 months	**0.2**	1.0
Over 1 year	**0.3**	0.4
	31.7	60.1

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, 2009, the Company repurchased a total of 3,172,000 ordinary shares of the Company at an aggregate purchase price of HK$6,117,840 on The Stock Exchange of Hong Kong Limited. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest (HK$)	Price per ordinary share Lowest (HK$)	Aggregate purchase price (HK$)
January 2009	1,796,000	2.250	1.740	3,547,420
February 2009	1,376,000	2.000	1.750	2,570,420
Total	3,172,000			6,117,840
		Total expenses on shares repurchased		20,598
				6,138,438

All the 3,172,000 repurchased ordinary shares, together with 654,000 ordinary shares repurchased in 2008 but not cancelled during that year, in aggregate 3,826,000 repurchased ordinary shares, were cancelled during the period. 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 benefit 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, 2009 have not been audited, but have been reviewed by Ernst & Young, the Company’s external auditors, whose review report is contained in the Company’s interim report for the six months ended 30th June, 2009 to be despatched to shareholders.

The Audit Committee has reviewed the Group’s condensed consolidated interim financial statements for the six months ended 30th June, 2009, including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2009, except that:

(1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group’s corporate operating structure.

(2) The Non-Executive Director and the Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Non-Executive Director and the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

BOARD OF DIRECTORS

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

Executive Directors:
Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
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

Non-Executive Director:
Dr. Francis CHOI Chee Ming, GBS, JP
(Vice Chairman)

Independent Non-Executive Directors:
Ms. Alice KAN Lai Kuen
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 8th September, 2009