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 2010 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2010	Six months ended 30th June, 2009
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
Operating profit/(loss)	**171.9**	(105.5)
Profit for the period attributable to equity holders of the parent	**385.3**	147.2
Basic earnings per ordinary share attributable to equity holders of the parent	**HK38.2 cents**	HK14.6 cents
Interim dividend	**HK2.5 cents**	HK2.0 cents

	As at 30th June, 2010	As at 31st December, 2009
	(Unaudited)	(Unaudited)
⋆**Adjusted net asset value per ordinary share**	**HK$11.52**	HK$11.14

- **Unaudited consolidated profit for the period increased by about 162% over the corresponding period in 2009.**
- **Interim dividend for 2010 increased by 25% over the comparative amount in 2009.**
- **Aggregate net property income of the 5 Regal Hotels in Hong Kong for the period increased by 17% year-on-year.**
- **Performance of the Regal Hotels in Hong Kong in the second half of this year is expected to surpass that achieved in the first half.**
- **The Group's overall financial position is very strong with substantial cash resources and the Group is well-poised to capture any appropriate investment opportunities that may arise.**

⋆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, 2010, the Group achieved an unaudited consolidated profit attributable to shareholders of HK$385.3 million, an increase of about 162% as compared to the profit of HK$147.2 million recorded in the corresponding period in 2009. The increase in the profit achieved was largely attributable to the fair value gains on the financial assets and investment properties held by the Group.

BUSINESS OVERVIEW

HOTELS

During the period under review, total number of visitors to Hong Kong reached approximately 16.9 million, which represents an increase of 23% year-on-year and is a new record for visitor arrivals in the first half of a year. Though visitors from all major markets recorded growth, the increase in the number of travellers from China and the Asian region was most noticeable. Visitors from the Mainland alone during this period surpassed 10 million and accounted for over 62% of the total count.

Benefited by the surge in visitor arrivals, the hotel industry in Hong Kong performed rather satisfactorily in the period under review, particularly as compared with the relatively weak performance in the corresponding period last year. Due to the lack luster economic condition prevailing in the United States and Europe, businesses from the long haul markets are still being affected. This has negatively impacted on the performance of Regal Airport Hotel, as its clientele has been principally targeted towards the individual travellers and long haul markets. The Regal Airport Hotel has adjusted its business strategy to adapt to the changing demand profile, aiming to enhance its occupancy level and gross hotel revenue. Meanwhile, due to the temporary closure of some hotel rooms to accommodate the undertaking of upgrading works, the businesses at Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel have also been affected during the period under review. Nevertheless, the five Regal Hotels in Hong Kong have on the whole managed to achieve satisfactory performance in the first half of 2010, with aggregate net property income having increased by 17% as compared with that attained in the corresponding period last year.

However, as the present rental package for the leasing of the five Regal Hotels in Hong Kong was fixed at the time of the separate listing of Regal Real Estate Investment Trust when the hotel market in Hong Kong was relatively buoyant, the income derived from the operation of the five hotels was still below the level of rental payable, which has affected the profit performance of the Group.

The current leases of the five hotels will last until 31st December, 2015 but the yearly rental packages are fixed only up to the end of this year. For the year 2011 and onwards, the rental package will be determined on a yearly basis by an independent property valuer to be jointly appointed by Regal REIT and the Group. In this regard, an independent property valuer has been appointed to conduct the market rental review for the year 2011 and the rental review process will be completed before 30th September, 2010.

As the lessee operator and hotel manager, the Group has procured continual upgrading of the five Regal Hotels in Hong Kong, ranging from hotel guestrooms and suites, executive floors, dining venues, ancillary facilities, to IT enabled operating systems. To supplement this product revamp programme, the Group has itself committed substantial capital and human resources to enhance its marketing platform and reservation network.

On the hotel management front, the next Regal managed hotel to come on stream will be the Regal Kangbo Hotel in Dezhou, Shandong. This 215-room five-star hotel is expected to be soft opened next month and will be the fifth hotel managed by the Group in China. The contract for the Group to provide management services to a hotel with service apartments offering a total of 282 units in Waigaoqiao Free Trade Zone in Pudong, Shanghai will soon be concluded and the property is scheduled to be soft opened within the next quarter under the name of Regal Plaza Hotel & Residence. Meanwhile, the Group is also conducting negotiations on a number of new hotel management contracts and it is anticipated that certain of these potential contracts would be finalised shortly.

The Regal iClub Hotel in Wanchai, which is 75% owned by Regal REIT and 25% owned by Paliburg Holdings Limited, is also managed by the Group. The hotel was opened in December 2009 and has been very well received. This chic and trendy business model has proven to be popular with business travellers and could well be the prototype for further expansion in other suitable locations.

REGAL REAL ESTATE INVESTMENT TRUST

As at the half year end date, the Group held 74.3% of the issued units of Regal REIT, which owns the five Regal Hotels in Hong Kong as well as the 75% interest in the Regal iClub Building in Wanchai.

For the six months ended 30th June, 2010, Regal REIT attained an unaudited consolidated net profit before distribution to its unitholders of approximately HK$308.2 million, as compared to the profit of HK$187.5 million recorded in the corresponding period in 2009. Based on the market valuations conducted as at the half year end date, there was an increase of approximately HK$104.5 million in the fair values of Regal REIT’s investment properties portfolio. This valuation increase has contributed positively to the comparatively higher profit achieved by Regal REIT for the period under review. Distributable income available for distribution to unitholders of Regal REIT for the period amounted to approximately HK$299.6 million, as compared with HK$280.5 million for the comparative period last year, equivalent to approximately HK$0.093 per unit (six months ended 30th June, 2009 – HK$0.092 per unit). Regal REIT has declared an interim distribution of HK$0.086 per unit for the six months ended 30th June, 2010 (six months ended 30th June, 2009 – HK$0.085 per unit).

Regal REIT is being accounted for as an associate of the Group. Total profit contribution from Regal REIT in the period under review amounted to HK$227.9 million, which represented the dividends received from Regal REIT and the excess over the cost of acquisition by the Group of additional interests in Regal REIT during the period. Same as in prior years, supplementary information on the net assets of the Group, compiled on an adjusted basis to more fairly reflect the underlying net assets attributable to the interests held by the Group in Regal REIT, is provided in the section headed "Management Discussion and Analysis" below.

The wholly-owned Regal Portfolio Management Limited acts as the REIT Manager of Regal REIT and received fees for the period in an aggregate amount of HK$34.3 million, a majority part of which was settled through the issue of new units by Regal REIT.

PROPERTIES

The property market in Hong Kong during the period under review has been very active and buoyant, particularly in the residential sector. While the HKSAR Government has recently introduced measures to curb short term speculations in the presale of residential units, this should on the whole be beneficial to the development of a healthy and stable property market in the long run.

Apart from the 2 connected houses which have been contracted to be sold, the Group retains a total of 21 houses in the luxury residential development in Regalia Bay, Stanley, some of which are being held as investment properties. Based on the market valuations conducted as at the half year end date, the fair value gains attributable to those houses held as investment properties have been reflected in the interim results under review. Given the very limited supply, luxury properties in traditional high end residential areas will remain in great demand. The Group will continue to lease out some of the retained houses in Regalia Bay for rental income and will consider releasing certain houses for sale from time to time when the price offered is satisfactory.

In China, the development works at the composite development project in Chengdu, which is 50% owned by each of the Group and Cosmopolitan International Holdings Limited, are progressing. The marketing programme is still under review and the launching of the units presale for the first stage of the development project has been rescheduled to the first half of 2011.

As regards the joint development project in the Central Business District in Beijing, which is owned through an associate 50%-owned by each of the Group and the Paliburg group, the overall situation remains very complicated and difficult. The Group and the Paliburg group have endeavoured to take all necessary steps to safeguard the interests held in the project, but the outcome of the different circumstances relating to outstanding litigations, ownership disputes and land development rights affecting the project is still uncertain. Further information on this project is contained in the section headed "Management Discussion and Analysis" below.

OTHER INVESTMENTS

Apart from the portfolio of listed securities, including the shares held in China Pacific Insurance (Group) Co., Ltd. previously acquired as one of the cornerstone investors, the Group holds for strategic purpose significant investments in Cosmopolitan, comprising principally convertible bonds issued by the Cosmopolitan group. At the special general meeting held on 9th June, 2010, the independent shareholders of the Company approved the proposal for the extension of the series of convertible bonds issued by the Cosmopolitan group, which were originally due to mature on 16th May, 2010, for a term of one year. Details of the terms and the reasons for the extension were set out in the Company's circular dated 17th May, 2010 despatched to the shareholders. As the market price of the Cosmopolitan shares has increased since the last year end date and, as at 30th June, 2010, was much higher than the prevailing conversion price under the convertible bonds issued by the Cosmopolitan group, the increase in the fair values of such convertible bonds held by the Group has contributed substantially to the results of the Group for the period under review.

OUTLOOK

Based on present forecasts, the performance of the Regal Hotels in Hong Kong in the second half of this year, which includes the traditional high season for the hotel industry, is expected to surpass that achieved in the first half. Looking further ahead on a broader scale, the further relaxation of travel restrictions on individual visitors from the Mainland, the development of Hong Kong as the Offshore Renminbi Centre and the continual integration of Hong Kong with the Pearl River Delta regions should help bring the tourist industry in Hong Kong to new heights. Although global economies could still be volatile, the Group as a whole remains confident of the prospects of the hotel industry in Hong Kong.

The retained houses at Regalia Bay represent valuable investments with strong potential for capital appreciation in the long term. Moreover, the Group's overall financial position is very strong with substantial cash resources and the Group is well-poised to capture any appropriate investment opportunities that may arise.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's significant investments and principal business activities mainly comprise the hotel operation and management businesses, the investment in Regal REIT, the asset management of Regal REIT, property development and investment, including the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses.

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 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", "Business Overview" and "Outlook" above, respectively.

The annual rental packages payable by the Group with respect to the leasing of the five Regal Hotels in Hong Kong owned by Regal REIT were fixed for the period up to 31st December, 2010. For the years from 2011 to 31st December, 2015, the date when the present leases will expire, the rental packages will be based on market appraisals, subject to an aggregate minimum rental of not less than HK$400 million per annum, to be determined annually by an independent professional valuer to be jointly appointed by the Group and Regal REIT. In this regard, an independent property valuer has been appointed to conduct the market rental review for the year 2011 and the rental review process will be completed before 30th September, 2010.

With respect to the joint development project in the Central Business District in Beijing, PRC and as previously reported in the annual report of the Company for the year ended 31st December, 2009, an associate that is 50% owned by each of the Group and the Paliburg group, which presently holds 59% shareholding interest in the Sino-foreign joint venture entities (that, in turn, own the development project), was engaged in arbitration proceedings conducted in Beijing, involving claims against the associate by the vendor for the rescission of the contracts entered into between the parties in 2005 for the purchase by the associate of 36% shareholding interest in the joint venture entities. Although the relevant court rejected the petitions made by the associate for setting aside the unfavourable arbitral awards, the associate is still resorting to other available legal means to safeguard the aforesaid 36% shareholding interest and to pursue its legal rights against the vendor. On the other hand, the joint venture entities are encountering various difficult issues including shareholders' disputes, lawsuits raised by the Chinese joint venture partner and a third party, and outstanding issues relating to the land development rights of the project. The associate and the joint venture entities are in discussions with the Chinese joint venture partner and the relevant government authorities in an attempt to resolve the abovementioned issues. The final outcome of these different situations is uncertain, but the Group will together with the Paliburg group closely monitor any new developments for any responding actions required.

Based on the condensed consolidated statement of financial position as at 30th June, 2010, the unaudited book net asset value of the ordinary shares of the Company was HK$4.77 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, 2010, such interest was only stated at a value of HK$218.7 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$2.92 as at 30th June, 2010, calculated on the basis that the deferred tax liabilities provided by Regal REIT with regard to the revaluation surplus of its investment properties are added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK$11.52 per share.

	As at 30th June, 2010	
	HK$'M	**HK$ per ordinary share**
Unaudited book net assets after non-controlling interests	**4,802.0**	**4.77**
Adjustment to restate the Group's interest in Regal REIT on the basis noted above	**6,793.4**	
Unaudited adjusted net assets after non-controlling interests	**11,595.4**	**11.52**

During the period under review, there were net cash flows used in operating activities of HK$377.5 million (2009 – HK$328.8 million). Net interest payment for the period amounted to HK$1.1 million (2009 – net receipt of HK$2.4 million).

As at 30th June, 2010, the Group had total cash and bank balances and deposits, net of bank loans, of HK$1,198.0 million (31st December, 2009 – HK$1,297.1 million).

As at 30th June, 2010, part of the Group's bank deposits in the amount of HK$1,000.0 million (31st December, 2009 – HK$1,000.0 million) were pledged to secure a bank guarantee procured by the Group pursuant to the 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$1,024.2 million (31st December, 2009 – HK$1,055.1 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, 2010.

Information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 30th June, 2010 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2009 (the "2009 Annual Report"). During the period under review, the Group continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company's 2009 Annual Report. Detailed information in such aspects is contained in the interim report of the Company for the six months ended 30th June, 2010.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Business Overview" and "Outlook" above.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK2.5 cents (2009 – HK2.0 cents) per ordinary share for the financial year ending 31st December, 2010, absorbing an amount of approximately HK$25.1 million (2009 – HK$20.2 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 15th October, 2010.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Wednesday, 13th October, 2010 to Friday, 15th October, 2010, 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 Tuesday, 12th October, 2010. The relevant dividend warrants are expected to be despatched on or about 28th October, 2010.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2010 (Unaudited) HK$'M	Six months ended 30th June, 2009 (Unaudited) HK$'M
REVENUE (Note 2)	**675.4**	586.8
Cost of sales	**(758.5)**	(711.1)
Gross loss	**(83.1)**	(124.3)
Other income and gains (Note 3)	**18.0**	22.1
Administrative expenses	**(76.2)**	(73.2)
Other operating expenses	**–**	(0.8)
Fair value gains on financial assets at fair value through profit or loss, net	**251.2**	73.2
Fair value gains on investment properties	**66.0**	–
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	**175.9**	(103.0)
Depreciation	**(4.0)**	(2.5)
OPERATING PROFIT/(LOSS) (Notes 2 & 4)	**171.9**	(105.5)
Finance costs (Note 5)	**(2.9)**	(2.4)
Share of profits and losses of:		
Jointly controlled entities	**(0.8)**	(1.4)
Associates	**222.4**	260.0
PROFIT BEFORE TAX	**390.6**	150.7
Income tax (Note 6)	**(5.3)**	(3.5)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**385.3**	147.2

Attributable to:		
Equity holders of the parent	**385.3**	147.2
Non-controlling interests	**–**	–
	385.3	147.2
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and Diluted	**HK38.2 cents**	HK14.6 cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2010 (Unaudited) HK$'M	**Six months ended 30th June, 2009 (Unaudited) HK$'M**
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**385.3**	147.2
OTHER COMPREHENSIVE INCOME/(LOSS):		
Reclassification adjustment for loss of available-for-sale investment included in the condensed consolidated income statement	**–**	0.8
Exchange differences on translating foreign operations	**0.8**	0.9
Share of other comprehensive income of associates/jointly controlled entity	**9.9**	–
Share of other comprehensive income/(loss) of the listed associate	**10.4**	(0.6)
Other comprehensive income for the period	**21.1**	1.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**406.4**	148.3
Attributable to:		
Equity holders of the parent	**406.4**	148.3
Non-controlling interests	**–**	–
	406.4	148.3

Condensed Consolidated Statement of Financial Position

	30th June, 2010 (Unaudited) HK$'M	31st December, 2009 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**37.5**	38.2
Investment properties	**809.0**	805.0
Interests in jointly controlled entities	**178.5**	176.6
Interests in associates	**622.5**	584.9
Financial assets at fair value through profit or loss	**494.0**	358.0
Other loan	**13.3**	13.3
Pledged bank deposits	**–**	1,000.0
Total non-current assets	**2,154.8**	2,976.0
CURRENT ASSETS		
Hotel inventories	**19.1**	21.2
Properties held for sale	**800.3**	795.6
Debtors, deposits and prepayments (Note 9)	**223.0**	261.7
Financial assets at fair value through profit or loss	**673.9**	546.1
Pledged time deposits	**1,003.6**	3.6
Time deposits	**363.1**	251.2
Cash and bank balances	**201.9**	358.5
Total current assets	**3,284.9**	2,237.9

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2010	**31st December, 2009**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	**(247.9)**	(407.8)
Interest bearing bank borrowings	**(164.8)**	(69.4)
Tax payable	**(17.9)**	(12.8)
Total current liabilities	**(430.6)**	(490.0)
NET CURRENT ASSETS	**2,854.3**	1,747.9
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,009.1**	4,723.9
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	**(205.8)**	(246.8)
Net assets	**4,803.3**	4,477.1
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**100.6**	101.1
Reserves	**4,676.3**	4,306.0
Dividends	**25.1**	68.7
	4,802.0	4,475.8
Non-controlling interests	**1.3**	1.3
Total equity	**4,803.3**	4,477.1

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, 2009, 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, 2010.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*

HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs (2009)	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no material impact on the Group's results of operation and financial position.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through 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.

Management monitors the results of its 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,	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(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	608.8	507.1	34.3	32.4	8.3	15.8	1.4	11.5	22.6	20.0	-	-	675.4	586.8
Intersegment sales	2.8	8.8	-	-	1.7	1.7	-	-	0.2	0.3	(4.7)	(10.8)	-	-
Total	611.6	515.9	34.3	32.4	10.0	17.5	1.4	11.5	22.8	20.3	(4.7)	(10.8)	675.4	586.8
Segment results before depreciation	(174.8)	(224.1)	28.9	26.8	84.8	27.4	252.1	83.7	(1.0)	(2.8)	-	-	190.0	(89.0)
Depreciation	(3.5)	(1.8)	(0.2)	(0.2)	-	(0.1)	-	-	(0.1)	(0.2)	-	-	(3.8)	(2.3)
Segment operating results	(178.3)	(225.9)	28.7	26.6	84.8	27.3	252.1	83.7	(1.1)	(3.0)	-	-	186.2	(91.3)
Interest income and unallocated non-operating and corporate gains													3.2	5.2
Unallocated non-operating and corporate expenses, net													(17.5)	(19.4)
Operating profit/(loss)													171.9	(105.5)
Finance costs													(2.9)	(2.4)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	(0.8)	(1.4)	-	-	-	-	-	-	(0.8)	(1.4)
Associates	227.7	261.5	-	-	(5.1)	(1.5)	-	-	(0.2)	-	-	-	222.4	260.0
Profit before tax													390.6	150.7
Income tax													(5.3)	(3.5)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													385.3	147.2
Attributable to:														
Equity holders of the parent													385.3	147.2
Non-controlling interests													-	-
													385.3	147.2

3. Other income and gains represent the following items:

	Six months ended 30th June, 2010	Six months ended 30th June, 2009
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Other income		
Bank interest income	**0.7**	2.2
Interest income from other loan	**2.2**	1.6
Other interest income	**–**	0.1
Sundry income	**0.3**	1.3
	3.2	5.2
Gains		
Gain on disposal of investment properties	**14.8**	16.9
	18.0	22.1

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

	Six months ended 30th June, 2010	Six months ended 30th June, 2009
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Loss on disposal of available-for-sale investment	**–**	(0.8)
Profit on disposal of listed investments	**0.2**	10.7

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2010 (Unaudited) HK$'M	Six months ended 30th June, 2009 (Unaudited) HK$'M
Interest on bank loans wholly repayable within five years	**2.9**	2.4

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

	Six months ended 30th June, 2010 (Unaudited) HK$'M	Six months ended 30th June, 2009 (Unaudited) HK$'M
Group:		
Current – Hong Kong		
Charge for the period	**5.0**	3.4
Current – Overseas		
Charge for the period	**0.3**	0.1
Total tax charge for the period	**5.3**	3.5

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2009 – 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.

The Group did not share the tax charge attributable to Regal REIT during the period since the Group's share of profit of Regal REIT for the period was offset against the previously unrecognised share of loss of Regal REIT (2009 – Nil).

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 (2009 – Nil).

There was no material unprovided deferred tax in respect of the period and as at 30th June, 2010.

7. Dividend:

	For year ending 31st December, 2010	**For year ended 31st December, 2009**
	HK$'M	**HK$'M**
Interim – HK2.5 cents (2009 – HK2.0 cents) per ordinary share	**25.1**	20.2

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$385.3 million (2009 – HK$147.2 million), and on the weighted average of 1,009.8 million (2009 – 1,011.4 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, 2009 and 30th June, 2010 in respect of a dilution as the exercise price of the share options of the Company outstanding during both periods is higher than the average market price of the Company's ordinary shares for the respective periods and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

9. Included in debtors, deposits and prepayments is an amount of HK$80.4 million (31st December, 2009 – HK$79.6 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, 2010	31st December, 2009
	(Unaudited)	(Audited)
	HK$'M	HK$'M
Within 3 months	**74.2**	74.9
Between 4 to 6 months	**3.5**	2.4
Between 7 to 12 months	**1.4**	0.7
Over 1 year	**2.4**	3.0
	81.5	81.0
Impairment	**(1.1)**	(1.4)
	80.4	79.6

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 are 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 that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

10. Included in creditors and accruals is an amount of HK$48.5 million (31st December, 2009 – HK$53.0 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, 2010	**31st December, 2009**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
Within 3 months	**48.2**	52.4
Between 4 to 6 months	**–**	0.3
Over 1 year	**0.3**	0.3
	48.5	53.0

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, 2010, the Company repurchased a total of 4,466,000 ordinary shares of the Company at an aggregate purchase price of HK$12,734,060 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest (HK$)	Price per ordinary share Lowest (HK$)	Aggregate purchase price (HK$)
May 2010	2,210,000	2.790	2.530	5,938,340
June 2010	2,256,000	3.110	2.670	6,795,720
Total	4,466,000			12,734,060
		Total expenses on shares repurchased		36,417
				12,770,477

Out of the 4,466,000 repurchased ordinary shares, 2,440,000 repurchased ordinary shares were cancelled during the period, and the remaining 2,026,000 repurchased ordinary shares were cancelled subsequent to the period end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to 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, 2010 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, 2010 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, 2010, 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 during the six months ended 30th June, 2010, 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, during the period under review, arrangements had been put in place such that the Non-Executive Director and the Independent Non-Executive Directors would retire, and were 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. Further, following the relevant amendments to the Bye-laws on 9th June, 2010, all Directors (including the Non-Executive Director and the Independent Non-Executive Directors) of the Company would be subject to retirement by rotation, and eligible for re-election, 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
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
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 24th August, 2010