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 2011 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2011	Six months ended 30th June, 2010	% Change
	(Unaudited)	(Unaudited and restated)	
	HK$'M	HK$'M	
Revenue	**930.4**	675.4	**+37.8%**
Gross profit/(loss)	**382.6**	(83.1)	**N/A**
Profit for the period attributable to equity holders of the parent	**420.9**	392.7	**+7.2%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.42**	HK$0.39	**+7.7%**
Interim dividend per share	**HK3 cents**	HK2.5 cents	**+20.0%**

	As at 30th June, 2011
	(Unaudited)
Net asset value per ordinary share after non-controlling interests	
Book	**HK$11.88**
***Adjusted**	**HK$14.37**

*compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio at its fair market value at 30th June, 2011 with the relevant deferred tax liabilities added back.

- **Unaudited consolidated profit increased by about 7.2% to HK$420.9 million.**

- **Interim dividend for 2011 increased by 20% to HK3 cents per share.**

- **Very positive improvements in the Group's hotel business in Hong Kong, with strong growth in gross operating profits.**

- **The Group still owns 19 houses in Regalia Bay, in addition to the houses contracted to be sold and pending completion.**

- **Outlook of the hotel market in the second half of this year, and indeed in the years beyond, remains very positive.**

- **Through the joint venture with Paliburg Holdings Limited, the Group is in the course of developing three new hotels in Hong Kong to capture the growing demand for hotel accommodations in Hong Kong.**

- **The Group has been progressively expanding its hotel network in China principally through hotel management contracts. Presently, six Regal managed hotels are in operation while six others are under development. Further new contracts are in the pipeline and could be expected to be secured from time to time.**

- **With the solid backing of its strong cash resources, the Group will actively review new investment and acquisition opportunities, but will remain prudent in the process in view of the recent volatility in the international financial market.**

FINANCIAL RESULTS

For the six months ended 30th June, 2011, the Group achieved an unaudited consolidated profit attributable to shareholders of HK$420.9 million, representing an increase of approximately 7.2% over the profit of HK$392.7 million (as restated) recorded for the comparative period in 2010.

During the period under review, there were very positive improvements in the results of the Group's hotel operations in Hong Kong. In addition, there were gains from share of profits of jointly controlled entities of over HK$600 million, primarily derived from the transaction relating to the sale of 70% effective interest in the composite development project in Chengdu, Sichuan, the People's Republic of China by a jointly controlled entity that is 50%-owned by the Group. These have more than offset the accounting losses which arose from the change in the fair values of the Group's long term holding in the convertible bonds and shares of Cosmopolitan International Holdings Limited and the depreciation amount now required to be provided on the Group's hotel properties in Hong Kong, both of which however have no cash flow impact on the Group.

When reviewing the Group's financial statements herein presented, shareholders should take note that in the comparative period in 2010, Regal Real Estate Investment Trust was only treated as an associate and the Group was leasing from Regal REIT the five Regal Hotels in Hong Kong for hotel operations as lessee. As previously explained, Regal REIT has become a subsidiary of the Group with effect from 23rd July, 2010. Consequently, in compliance with the prescribed financial reporting standards, the hotel properties which are directly owned by Regal REIT were consolidated in the financial statements of the Group as fixed assets which require provision of depreciation. Moreover, such hotel properties were stated in the Group's consolidated financial statements at their fair values as at the date when Regal REIT became a subsidiary of the Group, less accumulated depreciation, and would not reflect subsequent changes in their fair values.

Based on independent professional valuations, the total market value of the property portfolio owned by Regal REIT as at 30th June, 2011 amounted to HK$16,787.0 million, which has appreciated significantly as compared with its market value of HK$14,880.0 million as at 31st

December, 2010. A predominant part of this fair value change was included in the profit reported by Regal REIT for the six months ended 30th June, 2011 but, for reasons as explained above, has not been reflected in the Group's interim results herein presented.

BUSINESS OVERVIEW

HOTELS

HOTEL MARKET OVERVIEW

During the period, the global economy has generally rebounded. However, the pace of recovery remains unbalanced, with the economies of emerging markets growing much faster than the developed countries. Towards the end of the second quarter, concerns over the sovereign debt ceiling and credit rating of the United States of America intensified and the European sovereign debt crises deepened. The second round of the quantitative easing in the Unites States phased out in June but its effects are still yet to be seen. In China, the government has continued to carry out prudent monetary policies with improved macro control to combat rising asset prices and mounting inflationary pressures. With the beginning of China's Twelfth Five-Year Plan, the growth in its Gross Domestic Product was maintained at a high level of approximately 9.6% in the first six months of 2011.

The total number of visitor arrivals to Hong Kong during the first half of 2011 climbed to 19.3 million or a year-on-year increase of 14.7%. Visitor arrivals from major long-haul and short-haul markets continued on an upward trend, with those from the Mainland registering the strongest growth at 21.1% to reach 12.7 million, which accounted for 65.7% of the total visitor arrivals to Hong Kong. The growing volume and the increasing affluence of the visitors from China have provided strong support to the hotel industry in Hong Kong, both in terms of occupancy level as well as achieved average rates.

Based on the Hotel Survey published by Hong Kong Tourism Board, the average hotel room occupancy for all surveyed hotels in different categories in Hong Kong for the first six months of 2011 was 88%, a year-on-year increase of about 4.8%, while average achieved room rate improved by about 16.8%.

HOTEL OWNERSHIP

The Group's hotel ownership business is undertaken through Regal REIT, which is 74.5% held by the Group.

For the six months ended 30th June, 2011, Regal REIT attained an unaudited consolidated net profit before distribution to its unitholders of approximately HK$1,957.6 million, as compared to the profit of HK$325.2 million (as restated) recorded for the corresponding period in 2010. The surge in its reported profit was principally attributable to the increase in the fair values of the hotels which are leased to a wholly owned subsidiary of the Group and classified in the financial statements of Regal REIT as investment properties.

The rental package payable by the Group to Regal REIT for the five Regal Hotels in Hong Kong, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Kowloon Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel, for 2011 was determined by the independent professional valuer jointly appointed by the Group and Regal REIT at an aggregate base rent of HK$560 million, with equal sharing on the excess net property income. The aggregate net property income of these five hotels for the six months has exceeded the prorated base rent by approximately HK$78.2 million and based on their operating results achieved so far, additional sharing of excess net property income for the second half of the year is anticipated. The market rental package for 2012 is being determined and based on present market trends and business projections, it is expected that the market rental package to be determined for these five Regal Hotels for 2012 could be notably higher than the rental level determined for 2011.

The sixth and the latest Regal Hotel in Hong Kong, the Regal iClub Hotel in Wanchai, is owned and itself operated by Regal REIT, and managed by the Group's wholly owned management subsidiary. This hotel began full operation in December 2010 and has since been very well received by business travellers. During the period, its average room occupancy was maintained at a high level of about 93.3%, with average achieved room rate and Revenue per

Available Room (RevPAR) having grown by 38.8% and 44.7%, respectively, as compared with the same period last year.

Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager of Regal REIT.

HOTEL OPERATIONS

The five Regal Hotels in Hong Kong operated by the Group as lessee have all produced satisfactory results. For the period under review, the combined average occupancy rate of these five hotels has increased by about 8.1% to 89.1%, while combined average room rate has increased by about 18.8% to HK$866.6 per day, which overall enhanced the combined RevPAR by about 28.4%, as compared with the corresponding half year period in 2010.

The Group will continue to invest in the renovation and upgrading of the hotel properties as well as in the strengthening and upgrading of the hotels' marketing and reservation platforms, with a view to achieving further yield enhancement.

HOTEL MANAGEMENT

All the six Regal Hotels in Hong Kong are managed by Regal Hotels International Limited, a wholly owned subsidiary of the Group.

In China, the Group has continued to invest substantial efforts to extend its hotel network through the securing of new management contracts and, in this regard, has been successful in progressively enlarging the geographical coverage as well as the overall size of the Regal Hotels portfolio.

The Regal Plaza Hotel & Residence in Waigaoqiao Free Trade Zone in Pudong, Shanghai, a hotel with service apartments offering a total of 282 units, was soft opened in April 2011. Also in April this year, the Group entered into an agreement for the management of the Regal Royale Hotel in Kunshan, Jiangsu. This hotel will be the first Regal Royale branded property and will feature as the 5-star premium and luxury brand of the Regal Hotels group. The Regal

Royale Hotel, Kunshan, with around 300 guestrooms and suites, will be contemporary in design and is scheduled to be opened in 2013. Recently, the Group has entered into another agreement to provide full-range pre-opening consultancy and hotel management services to a hotel property being developed at Dongxi Lake District, in close proximity to the new central business district in Wuhan, Hubei. The hotel will be a 5-star hotel with about 330 guestrooms and planned to be opened in the second half of 2014.

Overall, the Group presently manages six hotels under operation in China, four of which are in Shanghai. The other hotel properties for which management services contracts have been signed, which are now at different stages of development, include one in Zhengzhou, one in Suzhou, one in Foshan, one other in Chengdu and, more recently, the two in Kunshan and Wuhan, respectively. These hotels have been scheduled to come on stream progressively during the course of the next few years. Certain other hotel management contracts are in the pipeline and could be expected to be secured from time to time.

PROPERTIES

The property market in Hong Kong remained relatively buoyant in the early part of the year. Due to the continuing tightening of market liquidity and credit terms and, more lately, the increased volatility and uncertainty in the financial and capital markets worldwide, the local property market is beginning to consolidate after a long rally. However, the economy of Hong Kong is diverse and resilient and is well supported by its close link with Mainland China. The Group believes that, despite there will be uncertainties in the short term, the longer term prospects of the property market in Hong Kong are still optimistic.

Due to the scarcity of supply in luxury residential properties in Hong Kong Island South, the Group has elected to hold on to most of the remaining houses in Regalia Bay, Stanley, unless satisfactory prices are offered. During the period this year to date, the Group has bought back 3 houses and sold a total of 4 houses in Regalia Bay. The Group still presently owns 19 houses in Regalia Bay, in addition to those houses contracted to be sold and pending completion.

In March 2011, the Company entered into a conditional agreement with Paliburg Holdings Limited, of which the Company is an associate, for the establishment of a 50:50 owned joint venture company for the development of real estate projects for sale and/or leasing. Following approval by the Company's independent shareholders, the joint venture company, Flourish Lead Investments Limited, was formally established in April 2011.

Since its formal establishment, Flourish Lead has undertaken a series of property acquisitions. First, in May 2011, Flourish Lead acquired two development sites from Paliburg, which are both located in Sheung Wan district in Hong Kong and planned to be developed as hotels. Later in June 2011, Flourish Lead entered into a sale and purchase agreement with the jointly controlled entity that is 50:50 owned by each of the Company and Cosmopolitan for the acquisition of 70% effective interests in the composite development project then undertaken by that jointly controlled entity in Xindu District, Chengdu City, Sichuan Province, PRC. More recently, a wholly owned subsidiary of Flourish Lead entered into an agreement earlier this month with an independent third party vendor for the purchase of the development properties located in Merlin Street, North Point, Hong Kong, which are also planned to be developed into a hotel.

Shareholders could refer to the section headed "Management Discussion and Analysis" in this announcement for details of these development properties acquired by Flourish Lead.

OTHER INVESTMENTS

As part of its core businesses, the Group maintains a substantial investment portfolio consisting primarily of listed investments, including certain strategic holdings in a number of listed entities. The Group holds within this portfolio and as long term strategic investments, significant amount of convertible bonds issued by the Cosmopolitan group, apart from a minor holding in the shares of Cosmopolitan.

OUTLOOK

Despite the recent volatilities and uncertainties overshadowing the international financial and capital markets, the hotel market in Hong Kong will continue to benefit from the improved tourism infrastructure of Hong Kong, the gradual recovery of the long-haul markets, the positioning of Hong Kong as an Offshore Renminbi Centre, the closer link with the Mainland, the rolling out of the Twelfth Five-Year Plan of China and, particularly, the growing number of visitors from Mainland China. Outlook of the hotel market in the second half of this year, and indeed in the years beyond, remains very positive.

Through the joint venture with Paliburg, the Group is in the course of developing three new hotels in Hong Kong to capture the growing demand for hotel accommodations in Hong Kong. In the meantime, the Group is expanding its hotel network in Mainland China principally through new hotel management contracts. The Group will continue to build up its strategic hotel portfolio, focusing primarily in Hong Kong and PRC, with a view to increasing its overall market prominence.

With the solid backing of its strong cash resources, the Group will actively review new investment and acquisition opportunities, but will remain prudent in the process in view of the recent volatility in the international financial market.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise hotel ownership through Regal REIT, hotel operation and management businesses, 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 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.

Other Investments

Apart from the strategic holdings in certain other listed entities, the Group holds, as long term strategic investments, significant amount of convertible bonds issued by the Cosmopolitan group as well as a minor holding in the shares of Cosmopolitan. If these convertible bonds were converted, the Group's shareholdings in Cosmopolitan would substantially increase and might result in regulatory compliance issues, including the possible triggering of a mandatory obligation for the Group to make an offer for all the Cosmopolitan shares. As the Group did not then intend to convert these convertible bonds such that a mandatory offer obligation could be triggered, the Group entered into an extension agreement in April 2011 with Cosmopolitan to extend the maturity of the 2011 CB in the principal amount of HK$141.45 million held by the Group, which were originally extended to be due on 16th May, 2011. Following approval by the independent shareholders of Cosmopolitan in June 2011, the maturity date of the 2011 CB has been further extended to 14th February, 2013, same as the maturity date of the 2013 CB issued by the Cosmopolitan group, part of which is also held by the Group.

As the price of the Cosmopolitan shares as at 30th June, 2011 was much lower than that prevailing as at 31st December, 2010, the fair value losses on financial assets recorded in the interim results under review were mostly attributable to the Group's holdings in the convertible bonds and shares of Cosmopolitan. Nevertheless, as the conversion prices of the convertible bonds of the Cosmopolitan group were significantly below the market price of the

Cosmopolitan shares as at 30th June, 2011, the aggregate fair values of these convertible bonds of Cosmopolitan are still substantially higher than their original acquisition costs.

New Joint Venture – Flourish Lead Investments Limited

Flourish Lead is a 50:50 owned joint venture with Paliburg, established in April 2011, with maximum total capital commitment presently capped at HK$3,800 million. The maximum capital commitment for each of the Company and Paliburg is HK$1,900 million, which is to be contributed on a pro-rata basis in accordance with their respective shareholdings in Flourish Lead. Flourish Lead has, since its establishment, acquired a number of property development projects. Further information relating to such property development projects is set out below:

Nos.132-140 Bonham Strand and
Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan, Hong Kong
First, in May 2011, Flourish Lead acquired two development sites from Paliburg for an aggregate transaction consideration of HK$752 million, which was equivalent to the then market valuations of the properties as appraised by an independent professional valuer appointed by Flourish Lead.

The development site at Nos.132-140 Bonham Strand has a site area of approximately 5,430 square feet and the plans for the development of a hotel with 240 guestrooms and suites with gross floor area of approximately 77,450 square feet have been approved.

The other development site is constituted by two adjoining properties at Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street having an aggregate site area of approximately 3,710 square feet. The general building plans for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 56,350 square feet, have also been recently approved.

Composite development project at Xindu District, Chengdu, Sichuan, PRC
The 70% interest in this property project was acquired in June 2011 from the jointly controlled entity that is 50:50 owned by the Group and Cosmopolitan. The consideration

payable by Flourish Lead for the 70% interest in the property project was based on an agreed value of HK$1,000 million, representing a discount of 12% to the appraised value as at 29th June, 2011 of RMB1,350 million for the whole property project, carried out by an independent professional valuer jointly engaged by the jointly controlled entity and Flourish Lead. Details of this transaction were contained in the joint announcement of the Company dated 30th June, 2011.

This composite development project in Chengdu has an overall total gross floor area of approximately 5,360,000 square feet and will be developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be 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 438,000 square feet. Superstructural works for the hotel development have progressed steadily and the first phase of hotel is presently scheduled to be soft opened in the fourth quarter of 2012. 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 of approximately 489,000 square feet. Basement works for this part of the development have commenced, with overall construction works scheduled to be completed also in the fourth quarter of 2012. Presale of the residential units is anticipated to be launched in the first quarter of 2012. Development works for the other stages are planned to be carried out progressively.

Nos.14-20 Merlin Street, North Point, Hong Kong

The sale and purchase agreement for the purchase of the subject properties was entered into with an independent third party vendor in August 2011. The sale and purchase is expected to be completed in September 2011 when vacant possession of the properties is delivered by the vendor. The properties have an aggregate site area of approximately 5,300 square feet and are planned to be developed into a hotel with about 350 guestrooms and suites, with total gross floor area of approximately 73,730 square feet.

Other Joint Venture – Hang Fok Properties Limited

The joint development project in the Central Business District in Beijing, PRC is held through Hang Fok, an associate that is 50% owned by each of the Group and Paliburg. As previously reported, a further provision has been made at the associate's level in the financial year ended 31st December, 2010 due to the adverse circumstances encountered. The interest effectively held by the Group in this development project is now being carried in the consolidated financial statements of the Group at an insignificant amount. Nevertheless, the Group's management will persist in striving to protect the Group's interest in the project and to salvage potential value. Shareholders will be kept informed if any substantive progress in this respect can be achieved.

FINANCIAL REVIEW

The Group's hotel properties, which are owned by Regal REIT, were stated in these financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, less accumulated depreciation. The market valuations of these hotel properties have since gained substantial appreciation but which 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 its consolidated financial statements at its fair market value at 30th June, 2011, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$14.37 per share, as follows:

	As at 30th June, 2011	
	HK$'M	**HK$ per ordinary share**
Book net assets after non-controlling interests	**11,896.3**	**11.88**
Adjustment to restate the Group's hotel property portfolio at its fair market value and add back the relevant deferred tax liabilities	**2,496.3**	**2.49**
Unaudited adjusted net assets after non-controlling interests	**14,392.6**	**14.37**

During the period under review, there were net cash flows generated from operating activities of HK$155.1 million (2010 – net cash outflow of HK$377.5 million). Net interest paid for the period amounted to HK$84.7 million (2010 – HK$1.1 million).

As at 30th June, 2011, the Group's borrowings net of cash and bank balances and deposits amounted to HK$3,758.0 million (31st December, 2010 – HK$3,334.3 million).

As at 30th June, 2011, part of the Group's bank deposits, bank balances and financial assets at fair value through profit or loss in the amount of HK$332.4 million (31st December, 2010 – HK$1,000.0 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. The Group's investment properties and certain of the Group's property, plant and equipment, properties held for sale, bank deposits and bank balances in the total amount of HK$15,392.4 million (31st December, 2010 – HK$15,670.5 million) were also pledged to secure other banking facilities granted to the Group.

Information in relation to the maturity profile of the borrowings of the Group as of 30th June, 2011 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2010. The Group had no contingent liability as of 30th June, 2011. Details of the Group's pledge of assets, are shown in the condensed consolidated financial statements.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK3 cents (2010 – HK2.5 cents) per ordinary share for the financial year ending 31st December, 2011, absorbing an amount of approximately HK$30.0 million (2010 – HK$25.1 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 11th October, 2011.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Friday, 7th October, 2011 to Tuesday, 11th October, 2011, 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 Thursday, 6th October, 2011. The relevant dividend warrants are expected to be despatched on or about 21st October, 2011.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2011 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited and restated) HK$'M
REVENUE (Note 2)	**930.4**	675.4
Cost of sales	**(547.8)**	(758.5)
Gross profit/(loss)	**382.6**	(83.1)
Other income and gains (Note 3)	**58.0**	18.0
Administrative expenses	**(72.9)**	(76.2)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**(387.8)**	251.2
Fair value gains on investment properties	**86.3**	66.0
OPERATING PROFIT BEFORE DEPRECIATION	**66.2**	175.9
Depreciation	**(181.4)**	(4.0)
OPERATING PROFIT/(LOSS) (Notes 2 & 4)	**(115.2)**	171.9
Finance costs (Note 5)	**(95.1)**	(2.9)
Share of profits and losses of:		
Jointly controlled entities	**653.5**	(0.8)
Associates	**(1.2)**	229.8
PROFIT BEFORE TAX	**442.0**	398.0
Income tax expense (Note 6)	**(12.7)**	(5.3)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**429.3**	392.7

Condensed Consolidated Income Statement (Cont'd)

	Six months ended 30th June, 2011 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited and restated) HK$'M
Attributable to:		
Equity holders of the parent	**420.9**	392.7
Non-controlling interests	**8.4**	–
	429.3	392.7
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$0.42**	HK$0.39

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2011 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited and restated) HK$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**429.3**	392.7
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investment:		
Change in fair value of available-for-sale investment	**(0.1)**	–
Cash flow hedges:		
Change in fair value of cash flow hedges	**(19.0)**	–
Transfer from hedge reserve to income statement	**63.8**	–
	44.8	–
Exchange differences on translating foreign operations	**1.2**	0.8
Share of other comprehensive income/(loss) of associates/jointly controlled entity	**(11.0)**	9.9
Share of other comprehensive income of the listed associate	**–**	10.4
Other comprehensive income for the period	**34.9**	21.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**464.2**	413.8
Attributable to:		
Equity holders of the parent	**444.4**	413.8
Non-controlling interests	**19.8**	–
	464.2	413.8

Condensed Consolidated Statement of Financial Position

	30th June, 2011 (Unaudited) HK$'M	31st December, 2010 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**14,149.4**	13,879.6
Investment properties	**903.0**	1,379.5
Investments in jointly controlled entities	**1,223.0**	182.5
Investments in associates	**26.9**	10.1
Financial assets at fair value through profit or loss	**830.3**	636.5
Available-for-sale investments	**17.8**	–
Other loan	**30.8**	13.3
Total non-current assets	**17,181.2**	16,101.5
CURRENT ASSETS		
Hotel inventories	**23.7**	22.9
Properties held for sale	**904.9**	806.7
Debtors, deposits and prepayments (Note 9)	**314.2**	323.8
Other loan	**15.3**	–
Financial assets at fair value through profit or loss	**219.7**	774.7
Restricted cash	**78.9**	72.0
Pledged time deposits and bank balances	**301.2**	1,003.0
Time deposits	**1,184.6**	280.8
Cash and bank balances	**175.7**	405.8
Total current assets	**3,218.2**	3,689.7

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2011 (Unaudited) HK$'M	31st December, 2010 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	**(303.6)**	(345.6)
Interest bearing bank borrowings	**(4,678.2)**	(152.6)
Derivative financial instruments	**(93.8)**	–
Tax payable	**(33.6)**	(22.3)
Total current liabilities	**(5,109.2)**	(520.5)
NET CURRENT ASSETS/(LIABILITIES)	**(1,891.0)**	3,169.2
TOTAL ASSETS LESS CURRENT LIABILITIES	**15,290.2**	19,270.7
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	**(820.2)**	(4,943.3)
Derivative financial instruments	**–**	(142.4)
Deferred tax liabilities	**(1,096.3)**	(1,102.4)
Total non-current liabilities	**(1,916.5)**	(6,188.1)
Net assets	**13,373.7**	13,082.6
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**100.1**	100.2
Reserves	**11,766.2**	11,350.7
Dividends	**30.0**	85.1
	11,896.3	11,536.0
Non-controlling interests	**1,477.4**	1,546.6
Total equity	**13,373.7**	13,082.6

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 financial statements for the year ended 31st December, 2010, 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, 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs (2010)	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.

The Group had early adopted the Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* in the annual financial statements for the year ended 31st December, 2010 and the effects of this early adoption are explained below.

Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Amendments to HKAS 12 were issued in December 2010 which introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in HKAS 40 *Investment Property* should be determined on the basis that its carrying amount will be recovered through sale. The amendments also require that deferred tax on non-depreciable assets measured using the revaluation model in HKAS 16 *Property, Plant and Equipment* should always be measured on a sale basis. As a result of the amendments, Hong Kong (SIC)-21 *Income Taxes – Recovery of Revalued Non-depreciable Assets*, will be superseded once the amendments become effective. Although the amendments are effective for annual periods beginning on or after 1st January, 2012, the Group had early adopted the amendments in the Group's annual financial statements for the year ended 31st December, 2010.

Prior to 31st December, 2010, the Group previously provided deferred tax on the fair value gains on its investment properties assuming that the carrying amounts of these properties will be recovered through use. Upon the adoption of the Amendments to HKAS 12, the Group measures deferred tax on investment properties assuming that their carrying amounts will be recovered through sale. The effects of the above changes on the condensed consolidated interim financial statements are summarised below:

	2010 **(Unaudited)** **HK$'M**
Condensed consolidated income statement for the six months period ended 30th June	
Increase in share of profits and losses of associates	7.4
Increase in profit for the period	7.4
Increase in basic and diluted earnings per share	HK0.7 cent

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 travel agency services.

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,	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited and restated)
	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	785.9	608.8	-	34.3	102.3	8.3	0.9	1.4	41.3	22.6	-	-	930.4	675.4
Intersegment sales	5.1	2.8	32.7	-	1.7	1.7	-	-	-	0.2	(39.5)	(4.7)	-	-
Total	791.0	611.6	32.7	34.3	104.0	10.0	0.9	1.4	41.3	22.8	(39.5)	(4.7)	930.4	675.4
Segment results before depreciation	368.4	(174.8)	(4.7)	28.9	96.3	84.8	(387.1)	252.1	0.3	(1.0)	-	-	73.2	190.0
Depreciation	(180.4)	(3.5)	(0.2)	(0.2)	(0.1)	-	-	-	(0.7)	(0.1)	-	-	(181.4)	(3.8)
Segment operating results	188.0	(178.3)	(4.9)	28.7	96.2	84.8	(387.1)	252.1	(0.4)	(1.1)	-	-	(108.2)	186.2
Interest income and unallocated non-operating and corporate gains													8.7	3.2
Unallocated non-operating and corporate expenses, net													(15.7)	(17.5)
Operating profit/(loss)													(115.2)	171.9
Finance costs													(95.1)	(2.9)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	653.5	(0.8)	-	-	-	-	-	-	653.5	(0.8)
Associates	(0.2)	235.1	-	-	(0.8)	(5.1)	-	-	(0.2)	(0.2)	-	-	(1.2)	229.8
Profit before tax													442.0	398.0
Income tax expense													(12.7)	(5.3)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													429.3	392.7
Attributable to:														
Equity holders of the parent													420.9	392.7
Non-controlling interests													8.4	-
													429.3	392.7

3. Other income and gains represent the following items:

	Six months ended 30th June, 2011	Six months ended 30th June, 2010
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Other income		
Bank interest income	**1.7**	0.7
Interest income from other loan	**3.3**	2.2
Other interest income	**3.5**	–
Sundry income	**0.2**	0.3
Reversal of impairment of other loan	**29.5**	–
	38.2	3.2
Gains		
Gain on disposal of investment properties	**16.1**	14.8
Fair value gain on derivative financial instruments	**3.7**	–
	19.8	14.8
	58.0	18.0

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

	Six months ended 30th June, 2011	Six months ended 30th June, 2010
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Profit/(Loss) on disposal of listed investments	**(1.1)**	0.2
Profit on disposal of properties	**15.3**	14.8

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2011 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited) HK$'M
Interest on bank loans wholly repayable within five years	**31.3**	2.9
Fair value changes of derivative financial instruments	**63.8**	–
Total finance costs	**95.1**	2.9

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

	Six months ended 30th June, 2011 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited) HK$'M
Group:		
Current – Hong Kong		
Charge for the period	**18.9**	5.0
Current – Overseas		
Charge for the period	**–**	0.3
Over provision in prior years	**(0.1)**	–
Deferred	**(6.1)**	–
Total tax charge for the period	**12.7**	5.3

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2010 – 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 had not shared the tax charge attributable to Regal REIT for the prior period, before the consolidation of Regal REIT, since the Group's share of profit of Regal REIT for such period had been offset against the previously unrecognised share of loss of Regal REIT.

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 (2010 – Nil).

There was no material unprovided deferred tax in respect of the period and as at 30th June, 2011.

7. Dividend:

	For year ending 31st December, 2011	**For year ended 31st December, 2010**
	HK$'M	**HK$'M**
Interim – HK3 cents (2010 – HK2.5 cents) per ordinary share	**30.0**	25.1

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$420.9 million (2010 – HK$392.7 million, as restated), and on the weighted average of 1,001.4 million (2010 – 1,009.8 million) ordinary shares of the Company in issue during the period.

No adjustment has been made to the basic earnings per ordinary share amounts presented for the periods ended 30th June, 2010 and 30th June, 2011, respectively, 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$95.3 million (31st December, 2010 – HK$102.2 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, 2011 (Unaudited) HK$'M	31st December, 2010 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**85.8**	95.5
Between 4 to 6 months	**5.6**	3.5
Between 7 to 12 months	**1.6**	1.5
Over 1 year	**3.5**	2.7
	96.5	103.2
Impairment	**(1.2)**	(1.0)
	95.3	102.2

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. Trade receivables are non-interest bearing.

10. Included in creditors and accruals is an amount of HK$50.9 million (31st December, 2010 – HK$56.6 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, 2011 (Unaudited) HK$'M	31st December, 2010 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**50.3**	56.3
Between 4 to 6 months	**–**	–
Between 7 to 12 months	**0.3**	–
Over 1 year	**0.3**	0.3
	50.9	56.6

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

During the six months ended 30th June, 2011, the Company repurchased a total of 566,000 ordinary shares of the Company at an aggregate purchase price of HK$1,788,480 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$)
January 2011	566,000	3.180	3.150	1,788,480
Total	566,000			1,788,480
	Total expenses on shares repurchased			6,782
			Total (HK$)	1,795,262

All the 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, 2011 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, 2011 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, 2011, 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, 2011, 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
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 24th August, 2011