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ANNOUNCEMENT OF 2011 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

| | Six months ended 30th June, 2011 (Unaudited) HK\$'M | Six months ended 30th June, 2010 (Unaudited and restated) HK\$'M | % Change |
|--|--|--|-----------|
| Revenue | 410.4 | 51.2 | +701.6% |
| Gross profit | 82.1 | 4.0 | +1,952.5% |
| Profit for the period attributable to equity holders of the parent | 1,092.6 | 232.8 | +369.3% |
| Basic earnings per ordinary share attributable to equity holders of the parent | HK34.32 cents | HK9.51 cents | +260.9% |
| Interim dividend per share | HK0.5 cent | HK0.4 cent | +25.0% |
| Special interim cash dividend per share | HK1.0 cent | – | N/A |
| | As at 30th June, 2011 (Unaudited) | | |
| Net asset value per ordinary share after non-controlling interests | | | |
| Book | HK\$1.90 | | |
| *Adjusted | HK\$2.01 | | |

*compiled, for the purpose of reference, on an adjusted basis to restate the Group's interest in Regal based on its adjusted net assets

- **Unaudited consolidated net profit increased by over 3.6 times to HK\$1,092.6 million.**
- **The significant improvement in the profit attained was mainly attributable to the outstanding results achieved by Paliburg Holdings Limited, the listed subsidiary of the Group.**
- **Total interim dividends for 2011 (including special interim cash dividend) amount to HK1.5 cents.**
- **Will continue to actively explore investment opportunities in various business sectors, particularly those that are complementary to or bearing synergies with the existing businesses undertaken by the Century City Group.**
- **As a separate strategic investment, the Group has acquired a sizable equity position in KH Investment Holdings Limited, a company listed on the GEM Board in Hong Kong, and has consequently launched the offers for KH Investment.**
- **Overall, the Directors remain optimistic that the Century City Group will be able to sustain continuing growth and prosperity.**

FINANCIAL RESULTS

For the six months ended 30th June, 2011, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$1,092.6 million, an increase of over 3.6 times as compared with the profit of HK\$232.8 million (as restated) recorded in the last corresponding period. The significant improvement in the profit attained was mainly attributable to the outstanding results achieved by Paliburg Holdings Limited, the listed subsidiary of the Group, during the period.

BUSINESS OVERVIEW

Following the successful implementation of the rights issue in November 2010 and the exercise by the holders of most of the 2011 warrants of the Company before their expiry date in January this year, the capital base as well as the financial strength of the Group have been substantially enhanced. While the Group has adhered to a prudent approach in the assessment of investment proposals, the Group has always stayed alert for any appropriate investment opportunities that can serve to expand and diversify its assets portfolio.

In June 2011, the Group acquired on the market, through one of its wholly owned subsidiaries, approximately 29.9% of the issued shares of KH Investment Holdings Limited. KH Investment is a company listed on the GEM Board in Hong Kong and is principally engaged in business operations relating to media and entertainment, comprising artist management and film production and distribution, and infrared consultancy services.

After the acquisition of the strategic block of shareholdings in KH Investment, the Group first announced in July 2011 a voluntary conditional cash offer for, among others, all of the issued shares of KH Investment at a price of HK\$0.25 per share, being the highest price paid by the Group for the acquisition of the shares in KH Investment. Assuming that all the issued shares of KH Investment not then owned by the Group will accept the offer, including the additional shares in KH Investment falling to be issued on exercise or conversion in full of the outstanding share options and convertible loan notes of KH Investment, the maximum amount of cash required to effect the offers would be approximately HK\$102 million.

Subsequent to the despatch of the relevant offer documents in August 2011, the Group has further acquired additional shares in KH Investment at prices below the share offer price on the market. As a result, the Group's holding of shares in KH Investment has increased from approximately 29.9% to approximately 30.3%. Accordingly, the offers made by the Group have become mandatory and are only conditional upon valid acceptances having been received in respect of the shares in KH Investment which, together with the shares already held by the Group, constitute more than 50% of the voting rights of KH Investment.

The Group is interested in the existing business of KH Investment. It is the Group's intention to acquire a majority interest in KH Investment under the offers, which represent a strategic investment opportunity for the Group. Shareholders of the Company will be kept informed of the future development in this regard.

As at the half year end date, the Company beneficially held approximately 58.6% of the issued shares of Paliburg. Paliburg held approximately 49.4% of Regal Hotels International Holdings Limited that, in turn, owned approximately 74.5% of the issued units of Regal Real Estate Investment Trust.

The highlights of the financial results of Paliburg, Regal and Regal REIT during the period under review are set out below.

PALIBURG HOLDINGS LIMITED

For the six months ended 30th June, 2011, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$1,831.3 million, which was an increase of more than 3.5 times over the HK\$403.9 million (as restated) recorded in the comparative period in 2010. The achievement of such outstanding results was largely attributable to the profit contributed by the joint development project at Larvotto in Ap Lei Chau, Hong Kong.

Further information on the principal business operations and outlook of Paliburg, including its management discussion and analysis, is contained in Paliburg's announcement separately released today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2011, Regal 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.

Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, was contained in Regal's announcement released on 24th August, 2011.

REGAL REAL ESTATE INVESTMENT TRUST

The Regal group's hotel ownership business is undertaken through Regal REIT.

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 Regal group and classified in the financial statements of Regal REIT as investment properties.

Further information on the principal business operations and outlook of Regal REIT, including its management discussion and analysis, was contained in Regal REIT's announcement released on 24th August, 2011.

OUTLOOK

The Group itself is also free of borrowings and has considerable cash resources. The Group will continue to actively explore investment opportunities in various business sectors, particularly those that are complementary to or bearing synergies with the existing businesses undertaken by the Century City Group as a whole. In the meantime, the Group has acquired, as a separate strategic investment, a sizable equity position in KH Investment and has consequently launched the offers for KH Investment. If the offers are successful and subject to the results of its operational and financial review, the Group may consider to having KH Investment diversifying into other investment and businesses, including media and communications businesses, to broaden the income base.

Overall, the Directors remain optimistic that the Century City Group will be able to sustain continuing growth and prosperity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses and other investments including, in particular, its interest in Regal, which is held through Paliburg. The operational review of Paliburg during the period and its business prospects are contained in Paliburg's announcement separately released today. The significant investments and business interests of Regal 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 Regal'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 Regal's announcement released on 24th August, 2011.

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.

FINANCIAL REVIEW

On the basis that the Group's interest in Regal is adjusted, assuming that the Regal group's hotel property portfolio, which is stated at its deemed cost less accumulated depreciation in its consolidated financial statements, is restated at its fair market value at 30th June, 2011 with the relevant deferred tax liabilities added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$2.01 per share.

| | As at 30th June, 2011 | |
|---|------------------------------|------------------------------------|
| | HK\$'M | HK\$ per ordinary share |
| Book net assets after non-controlling interests | 6,162.4 | 1.90 |
| Adjustment to restate the Group's interest in Regal based on its adjusted net assets | 351.7 | 0.11 |
| Unaudited adjusted net assets after non-controlling interests | 6,514.1 | 2.01 |

Net cash flows from operating activities during the period under review amounted to HK\$151.6 million (2010 – net cash flows used in operating activities of HK\$183.9 million). Net interest receipt for the period amounted to HK\$4.6 million (2010 – HK\$0.9 million).

As at 30th June, 2011, the Group had cash and bank balances and deposits of HK\$2,297.6 million and no borrowings (31st December, 2010 – HK\$567.2 million and no borrowings).

As at 30th June, 2011, certain ordinary shares in the listed associate with a market value of HK\$311.1 million (31st December, 2010 – HK\$293.9 million) were pledged to secure general banking facilities granted to the Group.

As the Group's banking facilities were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed during the period under review.

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

DIVIDENDS

In view of the satisfactory results achieved, the Directors have declared the payment of an interim dividend of HK0.5 cent (2010 – HK0.4 cent) and a special interim cash dividend of HK1.0 cent (2010 – Nil), aggregating to HK1.5 cents (2010 – HK0.4 cent) per ordinary share for the financial year ending 31st December, 2011, absorbing a total amount of approximately HK\$48.7 million (2010 – HK\$9.6 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 dividends 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, Tricor Tengis 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 | Six months ended 30th June, 2010 |
|---|-------------------------------------|-------------------------------------|
| | (Unaudited) | (Unaudited and restated) |
| | HK\$'M | HK\$'M |
| REVENUE (Note 2) | 410.4 | 51.2 |
| Cost of sales | (328.3) | (47.2) |
| Gross profit | 82.1 | 4.0 |
| Other income and gains (Note 3) | 6.0 | 2.0 |
| Fair value gains/(losses), net, on financial assets at fair value through profit or loss | (375.6) | 219.1 |
| Administrative expenses | (20.2) | (20.5) |
| Other operating income/(expenses), net (Note 4) | (13.0) | 0.4 |
| OPERATING PROFIT/(LOSS) (Notes 2 & 5) | (320.7) | 205.0 |
| Finance costs (Note 6) | (0.5) | (0.1) |
| Share of profits and losses of: | | |
| A jointly controlled entity | 68.7 | – |
| Associates | 2,081.8 | 195.7 |
| PROFIT BEFORE TAX | 1,829.3 | 400.6 |
| Income tax (Note 7) | (0.1) | (0.9) |
| PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS | 1,829.2 | 399.7 |

Condensed Consolidated Income Statement (Cont'd)

| | Six months ended 30th June, 2011 | Six months ended 30th June, 2010 |
|--|---|---|
| | (Unaudited) | (Unaudited and restated) |
| | HK\$'M | HK\$'M |
| Attributable to: | | |
| Equity holders of the parent | 1,092.6 | 232.8 |
| Non-controlling interests | 736.6 | 166.9 |
| | <hr/> 1,829.2 <hr/> | <hr/> 399.7 <hr/> |
| EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9) | | |
| Basic | <hr/> HK34.32 cents <hr/> | <hr/> HK9.51 cents <hr/> |
| Diluted | <hr/> HK33.23 cents <hr/> | <hr/> HK9.09 cents <hr/> |

Condensed Consolidated Statement of Comprehensive Income

| | Six months ended 30th June, 2011 | Six months ended 30th June, 2010 |
|---|-------------------------------------|-------------------------------------|
| | (Unaudited) | (Unaudited and restated) |
| | HK\$'M | HK\$'M |
| PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS | 1,829.2 | 399.7 |
| OTHER COMPREHENSIVE INCOME: | | |
| Available-for-sale investments: | | |
| Changes in fair value | 0.1 | 0.2 |
| Reclassification adjustment for gains included in the condensed consolidated income statement | (0.6) | – |
| | (0.5) | 0.2 |
| Exchange differences on translating foreign operations | 1.2 | 0.5 |
| Share of other comprehensive income of the associates | 11.7 | 18.0 |
| Other comprehensive income for the period | 12.4 | 18.7 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,841.6 | 418.4 |
| Attributable to: | | |
| Equity holders of the parent | 1,099.7 | 244.0 |
| Non-controlling interests | 741.9 | 174.4 |
| | 1,841.6 | 418.4 |

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 | 4.4 | 4.2 |
| Investment properties | 0.2 | 0.5 |
| Goodwill | 202.0 | 202.0 |
| Investment in a jointly controlled entity | 385.3 | – |
| Investments in associates | 6,383.9 | 6,075.0 |
| Available-for-sale investments | 13.1 | 6.2 |
| Financial assets at fair value through profit or loss | 640.6 | 957.1 |
| Loans receivable | 3.1 | 3.2 |
| Deposits for purchase of properties | – | 42.6 |
| Other assets | 0.2 | 0.2 |
| | <hr/> | <hr/> |
| Total non-current assets | 7,632.8 | 7,291.0 |
| | <hr/> | <hr/> |
| CURRENT ASSETS | | |
| Financial assets at fair value through profit or loss | 158.9 | 272.2 |
| Properties held for sale | 6.0 | 6.0 |
| Inventories | 6.5 | 4.1 |
| Debtors, deposits and prepayments (Note 10) | 138.9 | 88.5 |
| Time deposits | 2,032.8 | 238.7 |
| Cash and bank balances | 264.8 | 328.5 |
| | <hr/> | <hr/> |
| | 2,607.9 | 938.0 |
| Asset of a disposal group classified as held for sale | 249.4 | 249.4 |
| | <hr/> | <hr/> |
| Total current assets | 2,857.3 | 1,187.4 |
| | <hr/> | <hr/> |

Condensed Consolidated Statement of Financial Position (Cont'd)

| | 30th June, 2011 | 31st December, 2010 |
|---|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| CURRENT LIABILITIES | | |
| Creditors and accruals (Note 11) | (79.1) | (72.9) |
| Tax payable | (3.7) | (3.6) |
| Deposits received | (216.9) | (217.0) |
| | <u>(299.7)</u> | <u>(293.5)</u> |
| Liability directly associated with the asset of a disposal group classified as held for sale | (98.9) | (98.9) |
| | <u>(398.6)</u> | <u>(392.4)</u> |
| NET CURRENT ASSETS | 2,458.7 | 795.0 |
| | <u>2,458.7</u> | <u>795.0</u> |
| Net assets | 10,091.5 | 8,086.0 |
| | <u>10,091.5</u> | <u>8,086.0</u> |
| EQUITY | | |
| Equity attributable to equity holders of the parent | | |
| Issued capital | 324.7 | 279.7 |
| Reserves | 5,789.0 | 4,641.6 |
| Dividends | 48.7 | 52.0 |
| | <u>6,162.4</u> | <u>4,973.3</u> |
| Non-controlling interests | 3,929.1 | 3,112.7 |
| | <u>3,929.1</u> | <u>3,112.7</u> |
| Total equity | 10,091.5 | 8,086.0 |
| | <u>10,091.5</u> | <u>8,086.0</u> |

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 <i>First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> |
| HKAS 24 (Revised) | <i>Related Party Disclosures</i> |
| HKAS 32 Amendment | Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i> |
| HK(IFRIC)-Int 14 Amendments | Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i> |
| HK(IFRIC)-Int 19 | <i>Extinguishing Financial Liabilities with Equity Instruments</i> |
| 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, a former subsidiary of the Group, which had become an associate following the disposal by the Group of its 75% interest in the company in 2009, and Regal REIT, a former associate of Regal, which had become a subsidiary of Regal since 23rd July, 2010 had previously provided deferred tax on the fair value gains on their investment properties assuming that the carrying amounts of these properties will be recovered through use. Upon the adoption of the Amendments to HKAS 12, they now measure 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 | 3.8 |
| Increase in profits attributable to non-controlling interests | (1.6) |
| | 2.2 |
| Increase in profit for the period | 2.2 |
| Increase in basic and diluted earnings per share | HK0.09 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 property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) 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;
- (d) the securities investment segment engages in securities trading and investment businesses; and

(e) the others segment mainly comprises the provision of financing 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 table presents revenue and profit/(loss) information for the Group's operating segments.

Group

| | Property development and investment | | Construction and building related businesses | | Hotel operation and management and hotel ownership | | Securities investment | | Others | | Eliminations | | Consolidated | |
|--|-------------------------------------|---------------------------------|--|--------------------|--|---------------------------------|----------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|---------------------------------|
| | Six months ended 30th June, 2011 | | Six months ended 30th June, 2010 | | Six months ended 30th June, 2011 | | Six months ended 30th June, 2010 | | Six months ended 30th June, 2011 | | Six months ended 30th June, 2010 | | Six months ended 30th June, 2011 | |
| | (Unaudited) HK\$'M | (Unaudited and restated) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited and restated) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited) HK\$'M | (Unaudited and restated) HK\$'M |
| Segment revenue: | | | | | | | | | | | | | | |
| Sales to external customers | 376.9 | 3.3 | 30.3 | 38.3 | - | 8.0 | 3.2 | 1.6 | - | - | - | - | 410.4 | 51.2 |
| Intersegment sales | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | <u>376.9</u> | <u>3.3</u> | <u>30.3</u> | <u>38.3</u> | <u>-</u> | <u>8.0</u> | <u>3.2</u> | <u>1.6</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>410.4</u> | <u>51.2</u> |
| Segment results | <u>75.3</u> | <u>(5.2)</u> | <u>0.3</u> | <u>6.4</u> | <u>-</u> | <u>(2.1)</u> | <u>(384.4)</u> | <u>220.1</u> | <u>0.2</u> | <u>1.8</u> | <u>-</u> | <u>-</u> | <u>(308.6)</u> | <u>221.0</u> |
| Interest income and unallocated non-operating and corporate gains | | | | | | | | | | | | | 6.5 | 1.3 |
| Unallocated non-operating and corporate expenses | | | | | | | | | | | | | (18.6) | (17.3) |
| Operating profit/(loss) | | | | | | | | | | | | | (320.7) | 205.0 |
| Finance costs | | | | | | | | | | | | | (0.5) | (0.1) |
| Share of profits and losses of: | | | | | | | | | | | | | | |
| A jointly controlled entity | 68.7 | - | - | - | - | - | - | - | - | - | - | - | 68.7 | - |
| Associates | 1,866.7 | (2.6) | - | - | 215.1 * | 198.3 * | - | - | - | - | - | - | 2,081.8 | 195.7 |
| Profit before tax | | | | | | | | | | | | | 1,829.3 | 400.6 |
| Income tax | | | | | | | | | | | | | (0.1) | (0.9) |
| Profit for the period before allocation between equity holders of the parent and non-controlling interests | | | | | | | | | | | | | <u>1,829.2</u> | <u>399.7</u> |
| Attributable to: | | | | | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | | | | | 1,092.6 | 232.8 |
| Non-controlling interests | | | | | | | | | | | | | 736.6 | 166.9 |
| | | | | | | | | | | | | | <u>1,829.2</u> | <u>399.7</u> |

*The amount represents contribution from the Regal group.

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 |
| Interest income | 5.0 | 2.0 |
| Gain on disposal of investment property | 0.2 | – |
| Gain on disposal of available-for-sale investment | 0.8 | – |
| | <u>6.0</u> | <u>2.0</u> |

4. Other operating income/(expenses), net, represent the following major items:

| | Six months ended 30th June, 2011 | Six months ended 30th June, 2010 |
|--|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Depreciation | (0.8) | (0.6) |
| Loss on disposal of financial assets at fair value through profit or loss | (12.3) | – |
| Reversal of impairment of loans receivable and debtors | 0.1 | 1.0 |
| | <u>(13.0)</u> | <u>0.4</u> |

5. An analysis of profit/(loss) on sale of investments of the Group 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 | (10.9) | 0.4 |
| Profit on disposal of available-for-sale investment | 0.8 | – |
| | <u>0.8</u> | <u>–</u> |

6. Finance costs of the Group are as follows:

| | Six months ended 30th June, 2011 | Six months ended 30th June, 2010 |
|---|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Interest in respect of bank loans wholly repayable within five years | 0.2 | – |
| Other loan costs | 0.3 | 0.1 |
| Total finance costs | 0.5 | 0.1 |

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

| | Six months ended 30th June, 2011 | Six months ended 30th June, 2010 |
|--|---|---|
| | (Unaudited) | (Unaudited) |
| | HK\$'M | HK\$'M |
| Current – Hong Kong Charge for the period | 0.1 | 0.9 |

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 share of tax charge attributable to associates amounting to HK\$376.1 million (2010 – HK\$2.9 million, as restated) is included in “Share of profits and losses of associates” in the condensed consolidated income statement.

No provision for tax is required for the jointly controlled entity as no assessable profit was earned by the jointly controlled entity during the period (2010 – Nil).

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

8. Dividend:

| | For year ending 31st December, 2011 | For year ended 31st December, 2010 |
|--|--|---|
| | HK\$'M | HK\$'M |
| Interim – HK0.5 cent (2010 – HK0.4 cent) and special interim cash HK1.0 cent (2010 – Nil) per ordinary share | 48.7 | 9.6 |

9. 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\$1,092.6 million (2010 – HK\$232.8 million, as restated) and on the weighted average of 3,183.3 million (2010 – 2,449.2 million, as adjusted for the effect of the rights issue of new ordinary shares to the qualifying shareholders of the Company on the basis of one new ordinary share for every ten existing ordinary shares held on 18th October, 2010 at a subscription price of HK\$0.48 per share) ordinary shares of the Company in issue during the period.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2011 is based on the profit for the period attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg group of HK\$13.5 million assuming all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 64.2 million that would be issued assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period. The exercise prices of the share options of the Company and Regal outstanding during the period are higher than the

average market prices of the respective ordinary shares of the Company and Regal 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, 2010 was based on the profit for that period attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg group of HK\$2.1 million assuming all outstanding share options of Paliburg and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that period. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 89.3 million that would be issued assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period. The exercise prices of the share options of the Company and Regal outstanding during that period were higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$12.3 million (31st December, 2010 – HK\$18.2 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 | 31st December, 2010 |
|---------------------------------|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 5.9 | 19.6 |
| Between 4 to 6 months | 7.9 | 0.1 |
| Between 7 to 12 months | 0.2 | 0.1 |
| Over 1 year | 0.1 | 0.2 |
| | <hr/> | <hr/> |
| | 14.1 | 20.0 |
| Impairment | (1.8) | (1.8) |
| | <hr/> | <hr/> |
| | 12.3 | 18.2 |
| | <hr/> <hr/> | <hr/> <hr/> |

Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

11. Included in creditors and accruals is an amount of HK\$0.7 million (31st December, 2010 – HK\$4.2 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 | 31st December, 2010 |
|---------------------------------|------------------------|----------------------------|
| | (Unaudited) | (Audited) |
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 0.6 | 4.2 |
| Between 4 to 6 months | 0.1 | – |
| | <hr/> 0.7 <hr/> | <hr/> 4.2 <hr/> |

The trade creditors are non-interest bearing and are normally settled within 90 days.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2011.

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 of Hong Kong Limited 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 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 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)

Mr. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

Mr. Jimmy LO Chun To

Miss LO Po Man

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 25th August, 2011