百利保控股有限公司
Paliburg Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 617)

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	**409.3**	50.2	**+715.3%**
Gross profit	**81.0**	3.0	**+2,600.0%**
Profit for the period attributable to equity holders of the parent	**1,831.3**	403.9	**+353.4%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$1.62**	HK$0.40	**+305.0%**
Interim dividend per share	**HK1.8 cents**	HK1.5 cents	**+20.0%**
Special interim cash dividend per share	**HK10.0 cents**	–	**N/A**

	As at 30th June, 2011 (Unaudited)
Net asset value per ordinary share after non-controlling interests	
Book	**HK$8.25**
*__Adjusted__	**HK$9.07**

*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 3.5 times to HK$1,831.3 million.**
- **The outstanding results achieved were largely attributable to the profit contributed by the joint development project at Larvotto in Ap Lei Chau, Hong Kong.**
- **Total interim dividends for 2011 (including special interim cash dividend) amount to HK11.8 cents.**
- **The Group is debt free and commanding substantial cash reserves.**
- **Through the joint venture with Regal Hotels International Holdings Limited, the Group has taken active steps to replenish its development land bank.**
- **With its very strong financial position, the Group is well-poised to capitalise on new investment opportunities, with a view to generating for shareholders satisfactory equity returns in the coming years.**

FINANCIAL RESULTS

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

BUSINESS OVERVIEW

PROPERTIES

The Group has a 30% interest in Larvotto, the luxury residential development project at Ap Lei Chau Inland Lot No.129, Hong Kong. Up to 30th June, 2011, most of the residential units, apart from a small number of special featured apartment units, and a majority of the carparks have been sold for aggregate sale consideration exceeding HK$16 billion. The profit attributable to the Group from this development with respect to units sold up to 30th June, 2011 has been fully reflected in the interim results under review.

In April 2011, the Group formally established with Regal Hotels International Holdings Limited the 50:50 owned joint venture company, Flourish Lead Investments Limited, for the development of real estate projects for sale and/or leasing.

In furtherance of the business objective of Flourish Lead and so as to benefit from the professional expertise of Regal in the development and operation of hotels, the Group sold to Flourish Lead in May 2011 the two development sites located in Sheung Wan district in Hong Kong, which are both planned to be developed as hotels. Later in June 2011, Flourish Lead entered into a sale and purchase agreement for the acquisition of 70% effective interests in the composite development project then undertaken by the jointly controlled entity that is 50:50 owned by each of Regal and Cosmopolitan International Holdings Limited 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.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group operates a comprehensive range of construction and other building related businesses. The construction industry in Hong Kong overall remained very competitive and operators were also faced with challenges from rising labour and other costs. Although business volume has relatively contracted, these business units have managed to operate steadily and profitably during the period.

OTHER INVESTMENTS

As at 30th June, 2011, the Group held, as long term strategic investments, 17.1% of the issued shares of Cosmopolitan and certain convertible bonds issued by the Cosmopolitan group.

With the substantial cash reserves on hand and the low interest environment that is expected to persist in the near term, the Group will take prudent steps to expand its investments in listed securities and other strategic opportunities, with a view to enhancing the yield on the cash surplus.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

Regal is a listed associate that is 49.4% held by the Group. 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, which is approximately 74.5% owned by the Regal 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 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 investment in the Larvotto development project has contributed very sizable profits and cash proceeds to the Group. The Group is debt free and commanding substantial cash reserves. Through the joint venture with Regal, the Group has taken active steps to replenish its development land bank. Under the present market circumstances and the generally tightened market liquidity, the Group expects that more lucrative opportunities will become available, whether in the property or in other investment sectors. With its very strong financial position, the Group is well-poised to capitalise on these new investment opportunities, with a view to generating for shareholders satisfactory equity returns in the coming years.

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 interests in Regal. 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 the Group's property, construction and building related and other investment businesses, 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 the sections headed "Business Overview" and "Outlook" above and 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 above sections headed "Business Overview" and "Outlook" and in this sub-section.

Other Investments

The Group holds, as long term strategic investments, 17.1% of the issued shares of Cosmopolitan and certain convertible bonds issued by the Cosmopolitan group. Due to the decreased market price of the Cosmopolitan shares as compared with 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 investments in Cosmopolitan. Nevertheless, based on the market price of the Cosmopolitan shares as at 30th June, 2011, the aggregate fair values of the shares and convertible bonds held in 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 established with Regal, with maximum total capital commitment presently capped at HK$3,800 million. The maximum capital commitment for each of the Company and Regal is HK$1,900 million, which is to be contributed on a pro-rata basis in accordance with their respective shareholdings in Flourish Lead. Since its establishment in April 2011, Flourish Lead has 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 the Group 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 Regal 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 Regal. 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

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$9.07 per share.

	As at 30th June, 2011	
	HK$'M	**HK$ per ordinary share**
Book net assets after non-controlling interests	**9,495.7**	**8.25**
Adjustment to restate the Group's interest in Regal based on its adjusted net assets	**944.5**	**0.82**
Unaudited adjusted net assets after non-controlling interests	**10,440.2**	**9.07**

Net cash flows from operating activities during the period under review amounted to HK$160.8 million (2010 – net cash flows used in operating activities of HK$185.2 million). Net interest receipt for the period amounted to HK$3.8 million (2010 – HK$0.8 million).

As at 30th June, 2011, the Group had cash and bank balances and deposits of HK$2,000.9 million and no borrowings (31st December, 2010 – HK$417.1 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 HK1.8 cents (2010 – HK1.5 cents) and a special interim cash dividend of HK10.0 cents (2010 – Nil), aggregating to HK11.8 cents (2010 – HK1.5 cents) per ordinary share for the financial year ending 31st December, 2011, absorbing a total amount of approximately HK$136.3 million (2010 – HK$15.5 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 (Unaudited) HK$'M	Six months ended 30th June, 2010 (Unaudited and restated) HK$'M
REVENUE (Note 2)	**409.3**	50.2
Cost of sales	**(328.3)**	(47.2)
Gross profit	**81.0**	3.0
Other income and gain (Note 3)	**4.8**	1.9
Fair value gains/(losses), net, on financial assets at fair value through profit or loss	**(376.1)**	219.3
Administrative expenses	**(15.5)**	(15.8)
Other operating income/(expenses), net (Note 4)	**(12.5)**	0.7
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	**(318.3)**	209.1
Finance costs (Note 6)	**(0.8)**	–
Share of profits and losses of:		
A jointly controlled entity	**68.7**	–
Associates	**2,081.8**	195.7
PROFIT BEFORE TAX	**1,831.4**	404.8
Income tax (Note 7)	**(0.1)**	(0.9)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**1,831.3**	403.9

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	**1,831.3**	403.9
Non-controlling interests	**–**	–
	1,831.3	403.9
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	**HK$1.62**	HK$0.40
Diluted	**HK$1.60**	HK$0.38

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	**1,831.3**	403.9
OTHER COMPREHENSIVE INCOME:		
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	**12.9**	18.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,844.2**	422.4
Attributable to:		
Equity holders of the parent	**1,844.2**	422.4
Non-controlling interests	**–**	–
	1,844.2	422.4

Condensed Consolidated Statement of Financial Position

	30th June, 2011	31st December, 2010
	(Unaudited)	(Audited)
	HK$'M	HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**2.1**	1.6
Investment properties	**0.2**	0.5
Investment in a jointly controlled entity	**385.3**	–
Investments in associates	**6,383.9**	6,075.0
Available-for-sale investments	**2.3**	–
Financial assets at fair value through profit or loss	**603.6**	957.1
Loans receivable	**3.1**	3.2
Deposits for purchase of properties	**–**	42.6
Total non-current assets	**7,380.5**	7,080.0
CURRENT ASSETS		
Financial assets at fair value through profit or loss	**70.9**	213.9
Properties held for sale	**6.0**	6.0
Inventories	**6.5**	4.1
Debtors, deposits and prepayments (Note 10)	**132.1**	82.9
Time deposits	**1,798.7**	219.9
Cash and bank balances	**202.2**	197.2
	2,216.4	724.0
Asset of a disposal group classified as held for sale	**249.4**	249.4
Total current assets	**2,465.8**	973.4

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 11)	**(30.9)**	(49.9)
Tax payable	**(3.7)**	(3.6)
Deposits received	**(216.9)**	(217.0)
	(251.5)	(270.5)
Liability directly associated with the asset of a disposal group classified as held for sale	**(98.9)**	(98.9)
Total current liabilities	**(350.4)**	(369.4)
NET CURRENT ASSETS	**2,115.4**	604.0
Net assets	**9,495.9**	7,684.0
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**115.1**	112.4
Reserves	**9,244.3**	7,487.1
Dividends	**136.3**	84.3
	9,495.7	7,683.8
Non-controlling interests	**0.2**	0.2
Total equity	**9,495.9**	7,684.0

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, 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 profit for the period	3.8
Increase in basic earnings per share	HK0.37 cent
Increase in diluted earnings per share	HK0.36 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,		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 and restated)	(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	376.9	3.3	30.3	38.3	-	8.0	2.1	0.6	-	-	-	-	409.3	50.2
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	376.9	3.3	30.3	38.3	-	8.0	2.1	0.6	-	-	-	-	409.3	50.2
Segment results	75.3	(5.2)	0.3	6.4	-	(2.1)	(386.5)	219.5	0.2	1.6	-	-	(310.7)	220.2
Interest income and unallocated non-operating and corporate gains													5.7	1.3
Unallocated non-operating and corporate expenses													(13.3)	(12.4)
Operating profit/(loss)													(318.3)	209.1
Finance costs													(0.8)	-
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													1,831.4	404.8
Income tax													(0.1)	(0.9)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													1,831.3	403.9
Attributable to:														
Equity holders of the parent													1,831.3	403.9
Non-controlling interests													-	-
													1,831.3	403.9

*The amount represents contribution from the Regal group.

3. Other income and gain represent the following items:

	Six months ended 30th June, 2011	Six months ended 30th June, 2010
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest income	**4.6**	1.9
Gain on disposal of investment property	**0.2**	–
	4.8	1.9

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	**(0.3)**	(0.3)
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
	(12.5)	0.7

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)**	0.6

6. 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 in respect of bank loans wholly repayable within five years	**0.6**	–
Other loan costs	**0.2**	–
Total finance costs	**0.8**	–

7. 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
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. Dividends:

	For year ending 31st December, 2011	For year ended 31st December, 2010
	HK$'M	**HK$'M**
Interim – HK1.8 cents (2010 – HK1.5 cents) and special interim cash HK10.0 cents (2010 – Nil) per ordinary share	**136.3**	15.5

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$1,831.3 million (2010 – HK$403.9 million, as restated) and on the weighted average of 1,131.6 million (2010 – 1,019.5 million) 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. 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 9.8 million that would be issued at no consideration assuming all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period. The exercise price of the share options of Regal outstanding during the period is higher than the average market price of the ordinary shares of 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. 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 34.5 million that would be issued at no consideration assuming all outstanding share options and 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 price of the share options of Regal outstanding during that period was higher than the average market price of the ordinary shares of 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	**4.3**	18.0
Between 4 to 6 months	**7.9**	0.1
Between 7 to 12 months	**0.1**	–
Over 1 year	**–**	0.1
	12.3	18.2

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**	–
	0.7	4.2

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. Donald FAN Tung
(Chief Operating Officer)
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:
Mr. Bowen Joseph LEUNG Po Wing, GBS, JP
Mr. NG Siu Chan
Hon Abraham SHEK Lai Him, SBS, JP
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 25th August, 2011