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

ANNOUNCEMENT OF 2013 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
Revenue	**975.2**	597.5
Gross profit	**462.5**	134.5
Profit for the period attributable to equity holders of the parent	**27.5**	2,220.3
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.02**	HK$1.94
Interim dividend per ordinary share	**HK2.2 cents**	HK2.0 cents

	As at 30th June, 2013	As at 31st December, 2012
	(Unaudited)	(Unaudited)
Net asset value per ordinary share attributable to equity holders of the parent	**HK$9.95**	HK$9.98

- **The profit recorded for the period under review was substantially lower primarily due to the fact that, in the prior year comparative period, a one-off net accounting gain of HK$2,118.4 million was recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Company, based on the fair values of the assets and liabilities of Regal as at 7th May, 2012, the date when Regal became a listed subsidiary of the Company.**
- **The five initial Regal Hotels in Hong Kong owned by Regal REIT, an indirect listed subsidiary of the Company held through Regal, are leased to a wholly owned subsidiary of Regal for hotel operations. Therefore, while these hotel assets are classified as investment properties and stated at market valuations in Regal REIT's financial statements without depreciation charges, they are instead treated by the Group as fixed assets and subject to depreciation charges based on their fair values as of the date when Regal became a subsidiary of the Company, in accordance with currently applicable accounting standards.**
- **Total depreciation charges of approximately HK$219.0 million were provided on the Group's hotel properties during the period which, though not having any impact on cash flow, have nevertheless adversely affected the interim results under review.**
- **P&R Holdings Limited, initially established by Regal and the Company as a 50/50 owned joint venture, has effectively become a subsidiary of the Company. To take full advantage of the combined financial resources and expertise of Regal and the Company, the property development business of the Group in Hong Kong has since mostly been undertaken through P&R Holdings.**
- **During the period under review, P&R Holdings continued to be active in the acquisition of new sites. In April this year, P&R Holdings completed the acquisition of the properties at Ha Heung Road, To Kwa Wan, Kowloon at a consideration of HK$464.3 million. More recently, a wholly owned subsidiary of P&R Holdings was the successful bidder at a government tender held in June 2013 and was awarded the land parcel located at Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories for a consideration of HK$661.9 million.**
- **Altogether, P&R Holdings is now developing a total of six property projects in Hong Kong, including four hotel development projects located in Sheung Wan, North Point and To Kwa Wan, one residential project in Yuen Long and the latest shopping mall project in Ma On Shan.**

- **P&R Holdings has in the meantime entered into a Share Purchase Agreement and an Option Agreement with Regal REIT with respect to the proposed disposals of two of its hotel projects under development in Sheung Wan and North Point, respectively. Though the disposals of these hotel projects would not have any immediate impact on the Group's results, as any profits derived will be eliminated and not recognised under applicable accounting standards while Regal REIT remains a subsidiary of the Company, they will still significantly strengthen the actual cash flow at the shareholders' group level.**
- **The other ongoing hotel projects in Sheung Wan and To Kwa Wan and the residential development in Yuen Long are also expected to contribute significant revenue when they are completed and sold.**
- **The new shopping mall project in Ma On Shan is presently intended to be retained for rental income after it is completed, with a view to strengthening the recurring revenue base of the Group.**
- **P&R Holdings has also entered into agreements with Cosmopolitan International Holdings Limited for the sale of its 70% equity interests held in the property project under development in Chengdu City, Sichuan Province, China and for the purchase of certain existing residential properties in Tong Yan San Tsuen, Yuen Long, New Territories, based on the independent professional valuations.**
- **To rationalise the holding of their separate equity interests in Cosmopolitan, the Group and the Regal group have agreed to sell all their respective holdings in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings, so that they will be consolidated into one strategic block held through the jointly controlled company.**
- **The series of transactions recently proposed have been initiated with the objective to rationalise the corporate and asset holding structure of the Group and to pave way for future growth in different business spheres.**
- **With its solid financial strength and expertise, the Group will continue to pursue new property acquisitions and other investment opportunities, as and when circumstances are considered to be appropriate. Overall, the Directors are optimistic of the future development and prospects of the Group.**

FINANCIAL RESULTS

For the six months ended 30th June, 2013, the Group recorded an unaudited consolidated profit attributable to shareholders of HK$27.5 million, as compared to HK$2,220.3 million attained in the corresponding period in 2012.

The profit recorded for the period under review was substantially lower primarily due to the fact that, in the prior year comparative period, a one-off net accounting gain of HK$2,118.4 million was recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Company, based on the fair values of the assets and liabilities of Regal as at 7th May, 2012, the date when Regal became a listed subsidiary of the Company.

Moreover, it should be noted that the five initial Regal Hotels in Hong Kong owned by Regal Real Estate Investment Trust, an indirect listed subsidiary of the Company held through Regal, are leased to a wholly owned subsidiary of Regal for hotel operations. Therefore, while these hotel assets are classified as investment properties and stated at market valuations in Regal REIT's financial statements without depreciation charges, they are instead treated by the Group as fixed assets and subject to depreciation charges based on their fair values as of the date when Regal became a subsidiary of the Company, in accordance with currently applicable accounting standards. Accordingly, there were total depreciation charges of approximately HK$219.0 million provided on the Group's hotel properties during the period which, though not having any impact on cash flow, have nevertheless adversely affected the interim results under review.

BUSINESS OVERVIEW

PROPERTIES

Due to the heavy transaction levies imposed by the Government of HKSAR on the sale and purchase of properties in Hong Kong, particularly for foreign and corporate buyers, transaction volumes in the local real estate market have contracted substantially during the period under review, with property prices on the whole having adjusted moderately downwards. Outlook of the real estate sector in Hong Kong in the near future will continue to be affected by various factors, including the pace of economic growth, movements in interest rates as well as local government policies, but the Group remains overall optimistic of its long term prospects.

As Regal became a member of the Group in May 2012, P&R Holdings Limited, initially established by Regal and the Company as a 50/50 owned joint venture, has also effectively become a subsidiary of the Company. To take full advantage of the combined financial resources and expertise of Regal and the Company, the property development business of the Group in Hong Kong has since mostly been undertaken through P&R Holdings.

During the period under review, P&R Holdings continued to be active in the acquisition of new sites. In April this year, P&R Holdings completed the acquisition of the properties at Ha Heung Road, To Kwa Wan, Kowloon at a consideration of HK$464.3 million. It is intended that the properties will be developed into a hotel with 340 guestrooms, with a total gross floor area of about 6,298 square meters.

More recently, a wholly owned subsidiary of P&R Holdings was the successful bidder at a government tender held in June 2013 and was awarded the land parcel located at Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories for a consideration of HK$661.9 million. The land has a site area of 5,090 square meters and maximum gross floor area of 15,270 square meters. The project is presently planned to be developed into a shopping mall for rental purposes.

Altogether, P&R Holdings is now developing a total of six property projects in Hong Kong, including four hotel development projects located in Sheung Wan, North Point and To Kwa Wan, one residential project in Yuen Long and the latest shopping mall project in Ma On Shan. Further details on the latest progress on these development projects are contained in the section headed “Management Discussion and Analysis” below.

As announced on 28th June, 2013, P&R Holdings has in the meantime entered into a Share Purchase Agreement and an Option Agreement with Regal REIT with respect to the proposed disposals of two of its hotel projects under development in Sheung Wan and North Point, respectively.

Under the Share Purchase Agreement, P&R Holdings has agreed to sell to Regal REIT the new hotel located at Nos. 132-140 Bonham Strand, Sheung Wan, under development at a consideration of HK$1,580.0 million, based on the valuation of the hotel property as of 25th June, 2013 by an independent valuer on an as-completed basis. The consideration represents a surplus of approximately HK$853 million over the total estimated costs to P&R Holdings in respect of the Sheung Wan Hotel, including the costs for the completion of the interior fit-out works. This transaction is expected to be completed before the end of this year after the occupation permit for the hotel has been obtained.

Pursuant to the Option Agreement, P&R Holdings has granted to Regal REIT an option to acquire the new hotel that it is developing at Nos. 14-20 Merlin Street, North Point, at an initial exercise price of HK$1,650.0 million, likewise based on the valuation of the property as of 25th June, 2013 by the independent valuer on an as-completed basis. To protect the interests of Regal REIT in the event of a material fluctuation in the value of the hotel property, the exercise price will be subject to final adjustment based on an updated appraised value to be conducted by the same independent valuer at the time when the hotel development is completed. If there is any decrease in the updated appraised value as compared to the initial valuation, the exercise price will be fully adjusted downwards for the benefit of Regal REIT, while in the case of an increase in the updated appraised value, the exercise price will only be adjusted upwards by 50% of the increase. The initial exercise price represents a surplus of approximately HK$844 million over the total estimated cost to P&R Holdings in respect of the North Point Hotel, including the costs for the completion of the interior fit-out works. The occupation permit for the North Point Hotel is estimated to be granted in the second quarter of 2014 and if Regal REIT at its discretion decides to exercise the option, the sale and purchase under the Option Agreement is expected to be completed in the third quarter of 2014, subject to requisite approvals and compliance requirements.

The proposed transactions have received the approvals by the independent unitholders of Regal REIT and the independent shareholders of Regal at their respective general meetings held on 18th July, 2013. The deposit and refundable cash collateral of HK$1,938.0 million and an option fee of HK$10.0 million have since been paid by Regal REIT to P&R Holdings under the terms of the Share Purchase Agreement and the Option Agreement, which were funded by the proceeds raised through the issue of notes by Regal REIT under its Medium Term Note Programme earlier this year. P&R Holdings will pay interest to Regal REIT on the deposit and refundable cash collateral received at a rate of 4.3047% per annum, representing the weighted average effective interest cost to Regal REIT on the notes issued, which helps to address the negative interest carry to Regal REIT if the funds were continued to be placed on bank deposits before actual utilisation. The amounts received have been distributed by P&R Holdings to the Group and the Regal group equally, in proportion to their equity interests in P&R Holdings.

Though the disposals of these hotel projects would not have any immediate impact on the Group's results, as any profits derived will be eliminated and not recognised under applicable accounting standards while Regal REIT remains a subsidiary of the Company, they will still significantly strengthen the actual cash flow at the shareholders' group level. Full details of the transactions are contained in the circular to the shareholders of the Company dated 29th June, 2013.

Separately, on 27th June, 2013, respective agreements were entered into between P&R Holdings and a joint venture 50/50 held by Regal and Cosmopolitan International Holdings Limited, as the vendors, and a wholly owned subsidiary of Cosmopolitan as the purchaser, pursuant to which the vendors agreed to sell their respective 70% and 30% equity interests in the mixed-use development project presently under development in Xindu District, Chengdu City, Sichuan Province to the purchaser. The considerations under these agreements will be determined based on a 5% discount to the valuation of the Chengdu project of RMB1,540 million as of 31st May, 2013, as appraised by an independent professional valuer jointly engaged by the parties. On completion of these transactions, the Chengdu project will become wholly owned by the Cosmopolitan group. The considerations payable to the vendors will be by installments over a period of 3 years, with interest accruing at 5% per annum. The purchaser will grant in favour of the vendors pro rata pledges over its equity interests in the

Chengdu project and restrictive covenants to protect the interests of the vendors before the considerations are fully settled. It is preliminarily estimated that the Group will record a gain before tax and non-controlling interests of approximately HK$300 million from these transactions with respect to the Chengdu project, which will be reflected in the full year results for 2013.

In addition, P&R Holdings has also entered into a sale and purchase agreement with Cosmopolitan for P&R Holdings to purchase the properties comprising ten residential duplex units and 14 car parks in Rainbow Lodge located in Tong Yan San Tsuen, Yuen Long, with the sale consideration to be based on the valuation of HK$88.0 million as of 31st May, 2013 as appraised by an independent professional valuer jointly engaged by the parties, payable in cash upon completion of the transaction. The consideration to be received for the sale of the Rainbow Lodge properties will be used by the Cosmopolitan group to repay part of the consideration payable for its purchase of a development site in Tianjin City from the Regal group, pursuant to a separate agreement that was entered into simultaneously with the other transactions with the Cosmopolitan group.

All the proposed transactions with the Cosmopolitan group mentioned above will be subject to, among others, approval of the independent shareholders of Cosmopolitan. The Cosmopolitan group has stated that it plans to focus its property development and investment business in China and will utilise its resources to develop the two new projects in Chengdu and Tianjin as well as its existing project in Urumqi, Xinjiang. Full details of these transactions are set out in the joint announcement dated 27th June, 2013 published by the Company.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

Chatwin Engineering Limited, the Group’s construction arm, is undertaking the main contract works for P&R Holdings for the Sheung Wan Hotel and the North Point Hotel and acts as the construction manager for the ongoing conversion project at the Regal Oriental Hotel, all of which are progressing steadily. The Group’s development consultancy arm continues to provide professional services to the various projects undertaken by the member and affiliated companies of the Group in areas encompassing architectural, engineering and interior design work.

OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, bonds, and treasury and yield enhancement products denominated in Renminbi. Apart from the position held in Cosmopolitan by the Regal group, the Group itself presently holds a 17.1% interest in the issued shares of Cosmopolitan and including the optional bonds for HK$100 million subscribed in July this year, total convertible bonds due 2013 issued by the Cosmopolitan group in an aggregate principal amount of HK$200 million, which are convertible into 3,333.3 million new shares of Cosmopolitan.

As recently disclosed in the joint announcement of the Company on 20th August, 2013, the Group and the Regal group have agreed to sell all their holdings in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings for aggregate considerations of HK$374.5 million and HK$504.3 million, respectively, based on an agreed value of HK$0.07 per each issued or underlying share of Cosmopolitan. These transactions were initiated to enable the Group and the Regal group to rationalise the holding of their separate interests in Cosmopolitan, so that they will be consolidated into one strategic block held through the jointly controlled P&R Holdings.

At the same time, each of the Group and the Regal group has also agreed to provide P&R Holdings with a revolving credit facility for an amount of up to HK$1,000.0 million. Any draw down and repayment by P&R Holdings thereunder shall be for the same amounts from each of the two facilities from the Group and the Regal group, in proportion to their equity interests in P&R Holdings. The purpose of these facilities is to provide working capital funding to P&R Holdings, including funding for the acquisition of new real estate projects or related investments, development of existing property projects and the settlement of the considerations payable for the purchase of the shares and convertible bonds of Cosmopolitan from the Group and the Regal group.

All these transactions will be conditional upon, among others, the approval by the independent shareholders of Regal.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2013, Regal achieved an unaudited consolidated profit attributable to shareholders of HK$60.5 million, as compared to HK$380.6 million attained in the corresponding period in 2012.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, is contained in Regal’s announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

All the six Regal Hotels operating in Hong Kong are owned by Regal REIT, which is a listed subsidiary 74.6% held by the Regal group. Regal Portfolio Management Limited, a wholly owned subsidiary of Regal, acts as the REIT Manager.

For the six months ended 30th June, 2013, Regal REIT attained an unaudited consolidated profit before distribution to Unitholders of HK$335.4 million, as compared to the profit of HK$675.2 million recorded in the corresponding period in 2012.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, is contained in Regal REIT’s announcement separately released today.

OUTLOOK

The various development projects in Hong Kong of P&R Holdings are on the whole progressing steadily and scheduled to be completed over the course of the next few years. The disposal transactions with Regal REIT in respect of the two hotel projects will regenerate for P&R Holdings substantial new funds, which can be used by P&R Holdings for reinvestments in new property projects. Moreover, the other ongoing projects, including the other two hotel projects in Sheung Wan and To Kwa Wan and the residential development in Yuen Long, are also expected to contribute significant revenue when they are completed and sold. In the meantime, the new shopping mall project in Ma On Shan is presently intended to be retained for rental income after it is completed, with a view to strengthening the recurring revenue base of the Group.

P&R Holdings and Regal have agreed to dispose of their respective interests in the Chengdu project and the Tianjin project in China to the Cosmopolitan group, pending approvals by the independent shareholders of Cosmopolitan. Paliburg and Regal have also recently announced that they will sell their interests held in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings, so that they would overall be consolidated into one strategic block to be held through P&R Holdings. If these transactions are duly approved and implemented, P&R Holdings will assess if it will exercise these convertible bonds for conversion into new shares of Cosmopolitan, which could give to P&R Holdings a controlling position in Cosmopolitan, with the Cosmopolitan group serving as a new platform for undertaking property development businesses in China.

The series of transactions recently proposed have been initiated with the objective to rationalise the corporate and asset holding structure of the Group and to pave way for future growth in different business spheres. With its solid financial strength and expertise, the Group will continue to pursue new property acquisitions and other investment opportunities, as and when circumstances are considered to be appropriate. Overall, the Directors are optimistic of the future development and prospects of the Group.

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, hotel ownership, hotel operation and management, asset management and other investments including securities investment, and aircraft ownership and leasing business.

The significant investments and business interests of Regal, the Group's principal listed subsidiary, comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and 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 and property sectors 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 and Regal REIT's announcements both separately released today.

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.

Joint Venture – P&R Holdings Limited

P&R Holdings is a 50:50 owned joint venture established with Regal in April 2011, with capital contributions to be provided by the Company and Regal on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. Pursuant to a supplemental agreement to the shareholders' agreement in respect of P&R Holdings entered into on 20th August, 2013, the business scope of P&R Holdings has been extended from the development of real estate projects for sale and/or leasing and the undertaking of related investment and financial activities, to include the acquisition or making of any investments (directly or indirectly) in the securities of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties. Further information relating to the property development projects being undertaken by the P&R Holdings group is set out below:

Hong Kong

All the development projects currently undertaken by P&R Holdings group in Hong Kong are wholly owned by P&R Holdings group.

Nos.132-140 Bonham Strand, Sheung Wan

This development project has a net site area of approximately 472 square meters (5,076 square feet) and is being developed into a hotel with 248 guestrooms and suites and having gross floor area of approximately 7,197 square meters (77,467 square feet) and the covered floor area of approximately 9,617 square meters (103,516 square feet). The superstructure works have been completed and the occupation permit is expected to be obtained in the fourth quarter of 2013.

This is the subject property to be sold to Regal REIT pursuant to the Share Purchase Agreement as reported in the above section headed "Business Overview".

Nos.14-20 Merlin Street, North Point

This development project has an aggregate site area of approximately 457 square meters (4,915 square feet) and is being developed into a hotel with about 338 guestrooms, with total gross floor area of approximately 6,849 square meters (73,721 square feet) and the covered floor area of approximately 9,393 square meters (101,105 square feet). The superstructure works will be completed in the fourth quarter this year and the occupation permit is anticipated to be obtained in the second quarter of 2014.

This property is subject to an option to purchase granted to Regal REIT, exercisable at its discretion, pursuant to the Option Agreement as reported in the above section headed "Business Overview".

Lot No.4309 in Demarcation District No.124, Tan Kwai Tsuen Road, Yuen Long, New Territories

This development site was acquired through a government public auction and has an area of approximately 11,192 square meters (120,470 square feet). The project is planned for a residential development with a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square meters (120,470 square feet). Site formation and foundation works are in progress and the superstructure works are scheduled to commence in the fourth quarter of 2013. This development project is expected to be completed in the first quarter of 2015.

Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan

The properties have an aggregate site area of approximately 345 square meters (3,710 square feet) and are planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square meters (56,360 square feet). Due to the difficulties encountered in the foundation works, the completion schedule of this development project is now anticipated to be deferred to year 2016.

Nos. 8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

The acquisition of the subject properties was completed in April this year. The properties have an aggregate site area of approximately 700 square meters (7,535 square feet). The plans for the development of the properties into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square meters (67,790 square feet), have been formally approved by the Town Planning Board. Demolition works for the existing buildings are in progress and expected to be completed in the third quarter of 2013, with foundation works planned to be commenced before the end of this year. Project completion is presently estimated to be in year 2016.

Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories
This development site was acquired through a government tender held in June 2013. The land has a site area of 5,090 square meters (54,788 square feet) and a maximum gross floor area of 15,270 square meters (164,364 square feet). The project is presently planned to be developed into a shopping mall and the planning works for the development are currently in progress.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan
P&R Holdings group holds 70% interest in this property project and the remaining 30% interest is held by a joint venture owned as to 50% each by the Regal group and Cosmopolitan group.

This project in Chengdu is a mixed use development planned to consist of hotel, commercial, office and residential components. The project has an overall total gross floor area above ground of approximately 496,000 square meters (5,340,000 square feet) and will be developed in stages. The first stage primarily comprises a five-star hotel and three residential towers, 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 41,400 square meters (446,000 square feet). The structural frame for the hotel development has been completed and the external façade works are in progress. The first phase of the hotel is presently scheduled to be soft opened in mid-2014. 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 above ground of approximately 45,500 square meters (490,000 square feet). The structural frames for the residential towers have also been completed and the overall construction works are scheduled to be completed by mid-2014. Presale of the residential units is anticipated to be launched in the fourth quarter of 2013. Development works for the other stages are planned to be carried out progressively.

As reported under the above section headed “Business Overview”, the 70% interest in this project in Chengdu held by P&R Holdings group and the remaining 30% interest in such project held by the joint venture owned as to 50% each by the Regal group and the

Cosmopolitan group will be sold to the Cosmopolitan group, pursuant to separate agreements entered into on 27th June, 2013. Completion of these agreements is subject to, among others, approval by the independent shareholders of Cosmopolitan. Relevant details of these transactions are disclosed in a joint announcement of the Company dated 27th June, 2013.

Regal (Chongqing) Equity Investment Fund, L.P.

P&R Holdings group also holds limited partnership interest of approximately RMB250 million in a cross-border Renminbi fund, named as Regal (Chongqing) Equity Investment Fund, L.P., the investment objective of which is principally to support the businesses undertaken by P&R Holdings group in China. A wholly owned subsidiary of Century City International Holdings Limited, the ultimate listed holding company of the Company, acts as the general partner of the fund and holds a very minor interest in the partnership.

FINANCIAL REVIEW

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates, while its senior unsecured notes were denominated in US dollar and Hong Kong dollar with fixed coupon interest rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As the US dollars are pegged to the Hong Kong dollars, the exchange risks are considered to be insignificant and no currency hedging has been deployed.

Cash Flow

Net cash flows used in operating activities during the period under review amounted to HK$1,092.2 million (2012 – net cash flows generated from operating activities of HK$135.6 million). Net interest payment for the period amounted to HK$102.7 million (2012 – HK$22.8 million).

Borrowings and Gearing

As at 30th June, 2013, the Group's borrowings, net of cash and bank balances and deposits (including cash and bank balances attributable to the disposal groups classified as held for sale), amounted to HK$5,248.0 million (31st December, 2012 – HK$3,320.2 million).

As at 30th June, 2013, the gearing ratio of the Group was 15.4% (31st December, 2012 – 10.5%), representing the Group's borrowings net of cash and bank balances and deposits (including cash and bank balances attributable to the disposal groups classified as held for sale) of HK$5,248.0 million (31st December, 2012 – HK$3,320.2 million), as compared to the total assets of the Group of HK$34,075.8 million (31st December, 2012 – HK$31,745.1 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2013 are shown in the condensed consolidated interim financial statements ("Interim Financial Statements") contained in the interim report for the six months ended 30th June, 2013 of the Company to be published on or before 30th September, 2013.

Pledge of Assets

As at 30th June, 2013, certain of the Group's property, plant and equipment, investment properties and properties held for sale in the total amount of HK$20,107.9 million (31st December, 2012 – HK$20,153.1 million) were pledged to secure general banking facilities granted to the Group and, in addition, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK$391.1 million (31st December, 2012 – HK$380.0 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. In addition, as at 31st December, 2012, certain ordinary shares in a listed subsidiary with a market value of HK$338.8 million were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2013 are shown in the Interim Financial Statements.

Contingent Liabilities

The Group had no contingent liability as at 30th June, 2013.

DIVIDEND

The Directors have declared the payment of an interim dividend of HK2.2 cents per ordinary share for the financial year ending 31st December, 2013, representing an increase of 10% over the interim dividend of HK2.0 cents per ordinary share paid for the last financial year. This interim dividend will absorb an amount of approximately HK$24.5 million (2012 – HK$22.4 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 11th October, 2013.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Wednesday, 9th October, 2013 to Friday, 11th October, 2013, 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, Tricor Tengis Limited, no later than 4:30 p.m. on Tuesday, 8th October, 2013. The relevant dividend warrants are expected to be despatched on or about 25th October, 2013.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
REVENUE (Note 2)	**975.2**	597.5
Cost of sales	**(512.7)**	(463.0)
Gross profit	**462.5**	134.5
Other income (Note 3)	**52.8**	10.2
Fair value gains on investment properties, net	**8.0**	4.8
Fair value losses on financial assets at fair value through profit or loss, net	**(20.0)**	(55.4)
Fair value loss on remeasurement of investments in a listed associate and an unlisted joint venture, net	–	(4,355.0)
Gain on bargain purchase of a listed subsidiary	–	6,473.4
Administrative expenses	**(128.1)**	(57.6)
Other operating income (Note 4)	–	0.6
OPERATING PROFIT BEFORE DEPRECIATION	**375.2**	2,155.5
Depreciation	**(223.2)**	(78.0)
OPERATING PROFIT (Notes 2 & 5)	**152.0**	2,077.5
Finance costs (Note 6)	**(117.6)**	(26.8)
Share of profits and losses of:		
Joint ventures	**0.1**	(0.2)
Associates	**46.3**	131.9
PROFIT BEFORE TAX	**80.8**	2,182.4
Income tax (Note 7)	**(20.4)**	27.3
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**60.4**	2,209.7

Condensed Consolidated Income Statement (Cont'd)

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
Attributable to:		
Equity holders of the parent	**27.5**	2,220.3
Non-controlling interests	**32.9**	(10.6)
	60.4	2,209.7
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic and diluted	**HK$0.02**	HK$1.94

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**60.4**	2,209.7
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	**0.5**	1.4
Cash flow hedges:		
Changes in fair value of cash flow hedges	**4.8**	–
Transfer from hedge reserve to the income statement	**2.9**	–
	7.7	–
Exchange differences on translating foreign operations	**45.1**	(7.0)
Reclassification adjustments on deemed disposals of a listed associate and an unlisted joint venture	**–**	(32.6)
Share of other comprehensive loss of:		
A joint venture	**–**	(1.1)
Associates	**–**	(56.2)
Other comprehensive income/(loss) for the period	**53.3**	(95.5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**113.7**	2,114.2
Attributable to:		
Equity holders of the parent	**57.0**	2,126.4
Non-controlling interests	**56.7**	(12.2)
	113.7	2,114.2

Condensed Consolidated Statement of Financial Position

	30th June, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**19,194.6**	20,269.8
Investment properties	**956.3**	948.3
Properties under development	**–**	370.8
Investment in a joint venture	**397.0**	251.2
Investments in associates	**18.9**	26.1
Available-for-sale investments	**10.7**	9.5
Financial assets at fair value through profit or loss	**166.9**	164.5
Derivative financial instruments	**5.0**	–
Loans receivable	**22.3**	21.7
Deposits	**43.0**	2.3
Trademark	**610.2**	610.2
Total non-current assets	**21,424.9**	22,674.4
CURRENT ASSETS		
Properties under development	**922.9**	831.1
Properties held for sale	**1,511.8**	1,510.8
Inventories	**47.9**	38.1
Debtors, deposits and prepayments (Note 10)	**629.0**	934.8
Loans receivable	**0.3**	0.3
Held-to-maturity investments	**159.7**	210.8
Financial assets at fair value through profit or loss	**1,342.4**	1,085.4
Derivative financial instruments	**11.1**	–
Restricted cash	**53.4**	44.2
Pledged time deposits and bank balances	**235.0**	321.9
Time deposits	**1,552.4**	2,727.2
Cash and bank balances	**2,979.5**	1,366.1
	9,445.4	9,070.7
Assets of disposal groups classified as held for sale	**3,205.5**	–
Total current assets	**12,650.9**	9,070.7

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	**(558.3)**	(611.2)
Deposits received	**(15.6)**	(47.0)
Interest bearing bank borrowings	**(664.9)**	(81.5)
Derivative financial instruments	**(1.3)**	(2.1)
Tax payable	**(87.5)**	(47.4)
	(1,327.6)	(789.2)
Liabilities directly associated with the assets of disposal groups classified as held for sale	**(517.3)**	–
Total current liabilities	**(1,844.9)**	(789.2)
NET CURRENT ASSETS	**10,806.0**	8,281.5
TOTAL ASSETS LESS CURRENT LIABILITIES	**32,230.9**	30,955.9
NON-CURRENT LIABILITIES		
Creditor	**(448.1)**	(448.1)
Deposits received	**(2.5)**	(2.5)
Interest bearing bank borrowings	**(5,208.4)**	(5,404.3)
Other borrowings	**(4,219.0)**	(2,293.8)
Derivative financial instruments	–	(2.8)
Deferred tax liabilities	**(1,930.4)**	(2,286.8)
Total non-current liabilities	**(11,808.4)**	(10,438.3)
Net assets	**20,422.5**	20,517.6
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**111.5**	111.5
Reserves	**10,956.3**	10,923.8
Dividends	**24.5**	98.1
	11,092.3	11,133.4
Non-controlling interests	**9,330.2**	9,384.2
Total equity	**20,422.5**	20,517.6

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 consolidated financial statements for the year ended 31st December, 2012, 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, 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*

HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Except as described below, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's results of operation and financial position.

HKAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1*

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 10 *Consolidated Financial Statements* and
HKAS 27 *Separate Financial Statements*

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. HKFRS 10 replaces the parts of previously existing HKAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. HKFRS 10 had no material impact on the consolidation of investments held by the Group.

HKFRS 11 *Joint Arrangements* and
HKAS 28 *Investments in Associates and Joint Ventures*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this standard had no impact on the Group's results of operations or financial position.

HKFRS 13 *Fair Value Measurement*

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in the condensed consolidated interim financial statements for financial instruments; accordingly, the Group provides these disclosures in the notes to the condensed consolidated interim financial statements.

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 properties 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 aircraft ownership and leasing business, the provision of financing services, provision of asset management services to Regal REIT, travel agency services, development and distribution of edutainment products and sale of food products.

Management monitors the results of the Group's 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,	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M	HK$’M
Segment revenue:														
Sales to external customers	5.1	288.5	12.6	34.5	942.7	259.6	(3.3)	2.2	18.1	12.7	-	-	975.2	597.5
Intersegment sales	2.4	0.8	78.0	6.2	-	-	-	-	43.8	12.6	(124.2)	(19.6)	-	-
Total	7.5	289.3	90.6	40.7	942.7	259.6	(3.3)	2.2	61.9	25.3	(124.2)	(19.6)	975.2	597.5
Segment results before depreciation	16.0	(2.5)	2.0	7.5	422.0	109.6	(20.7)	(52.4)	(5.1)	(1.3)	-	-	414.2	60.9
Depreciation	(0.6)	(0.1)	(0.2)	(0.3)	(220.3)	(77.4)	-	-	(2.0)	(0.1)	-	-	(223.1)	(77.9)
Segment results	15.4	(2.6)	1.8	7.2	201.7	32.2	(20.7)	(52.4)	(7.1)	(1.4)	-	-	191.1	(17.0)
Unallocated interest income and unallocated non-operating and corporate gains													17.5	6,481.7
Unallocated non-operating and corporate expenses													(56.6)	(4,387.2)
Operating profit													152.0	2,077.5
Finance costs													(117.6)	(26.8)
Share of profits and losses of:														
Joint ventures	0.1	(0.2)	-	-	-	-	-	-	-	-	-	-	0.1	(0.2)
Associates	47.3	(2.1)	-	-	(0.3)	134.3 *	-	-	(0.7)	(0.3)	-	-	46.3	131.9
Profit before tax													80.8	2,182.4
Income tax													(20.4)	27.3
Profit for the period before allocation between equity holders of the parent and non-controlling interests													60.4	2,209.7
Attributable to:														
Equity holders of the parent													27.5	2,220.3
Non-controlling interests													32.9	(10.6)
													60.4	2,209.7

*The amount represents contribution from the Regal group.

3. Other income represents the following items:

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest income	**22.6**	9.9
Forfeiture of deposits	**27.1**	–
Others	**3.1**	0.3
	52.8	10.2

4. Other operating income represents the following item:

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Reversal of impairment of loans receivable	**–**	0.6

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

	Six months ended 30th June, 2013	Six months ended 30th June, 2012
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Profit/(Loss) on disposal of listed investments	**(10.7)**	0.6
Profit on disposal of property	**0.2**	–

6. Finance costs of the Group are as follows:

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
Interest on bank loans wholly repayable within five years	**64.7**	20.4
Interest on other borrowings wholly repayable within five years	**65.1**	–
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**2.9**	–
Amortisation of debt establishment costs	**16.2**	4.5
Other loan costs	**3.5**	3.7
	152.4	28.6
Less: Finance costs capitalised	**(34.8)**	(1.8)
	117.6	26.8

7. The income tax charge/(credit) for the period arose as follows:

	Six months ended 30th June, 2013 (Unaudited) HK$'M	Six months ended 30th June, 2012 (Unaudited) HK$'M
Group:		
Current – Hong Kong		
Charge for the period	**38.3**	4.6
Current – Overseas		
Charge for the period	**3.4**	–
Underprovision/(Overprovision) in prior years	**0.1**	(0.9)
Deferred	**(21.4)**	(31.0)
Total tax charge/(credit) for the period	**20.4**	(27.3)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2012 – 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$9.3 million (2012 – HK$7.7 million) is included in "Share of profits and losses of associates" in the condensed consolidated income statement.

No provision for tax is required for the joint ventures as no assessable profits were earned by the joint ventures during the period (2012 – Nil).

8. Dividend:

	For year ending 31st December, 2013	**For year ended 31st December, 2012**
	HK$'M	**HK$'M**
Interim – HK2.2 cents (2012 – HK2.0 cents) per ordinary share	**24.5**	22.4

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$27.5 million (2012 – HK$2,220.3 million) and on the weighted average of 1,115.0 million (2012 – 1,144.5 million) ordinary shares of the Company in issue during the period.

No adjustment has been made to the basic earnings per ordinary share amount presented for the periods ended 30th June, 2013 and 2012 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

10. Included in debtors, deposits and prepayments is an amount of HK$120.2 million (31st December, 2012 – HK$151.2 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, 2013	31st December, 2012
	(Unaudited)	(Audited)
	HK$'M	HK$'M
Outstanding balances with ages:		
Within 3 months	**93.8**	127.4
Between 4 to 6 months	**10.8**	7.8
Between 7 to 12 months	**6.1**	7.1
Over 1 year	**11.7**	11.1
	122.4	153.4
Impairment	**(2.2)**	(2.2)
	120.2	151.2

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. The Group does not hold any collateral or other credit enhancements over these balances.

11. Included in creditors and accruals is an amount of HK$88.5 million (31st December, 2012 – HK$84.6 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, 2013 (Unaudited) HK$'M	31st December, 2012 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**87.8**	83.1
Between 4 to 6 months	**–**	1.1
Between 7 to 12 months	**0.3**	0.1
Over 1 year	**0.4**	0.3
	88.5	84.6

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, 2013.

REVIEW OF RESULTS

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2013 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, 2013 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, 2013, 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 Corporate Governance Code 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, 2013, 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, GBS, JP
Mr. WONG Chi Keung

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 26th August, 2013