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HARBOUR CENTRE DEVELOPMENT LIMITED

HARBOUR CENTRE DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 51

Interim Results Announcement

For the six months ended 30 June 2009

GROUP RESULTS

The severe general economic downturn affected all businesses across Hong Kong.

The hotel sector was one of the hardest hit, with turnover declining by 22% and operating profit declining by 42%. Investment profit (including unrealized profit) suffered a decline of 26%. Property development projects are at an early stage of development and made a small unfavourable contribution.

The unaudited Group profit attributable to Shareholders for the six months ended 30 June 2009 amounted to HK\$230.6 million, a decrease of 20% as compared with the corresponding period last year (2008: HK\$289.2 million). Earnings per share were HK\$0.41 based on the weighted average of 568.6 million shares in issue (2008: HK\$0.65 on 442.1 million shares).

The Group's profit has included an investment property revaluation surplus (after related deferred tax) of HK\$63.9 million (2008: HK\$104.7 million). Excluding this, profit for the period under review would be HK\$166.7 million (2008: HK\$173.6 million) for a decrease of 4%.

INTERIM DIVIDEND

The Board has declared an interim dividend in respect of the half-year period ended 30 June 2009 of HK\$0.05 (2008: HK\$0.05) per share, payable on Friday, 25 September 2009 to shareholders on record as at 18 September 2009, absorbing a total amount of HK\$35.4 million based on 708.8 million shares as enlarged by the rights issue completed in May 2009 (2008: HK\$23.6 million based on 472.5 million shares).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Against the backdrop of the severe global economic crisis, all businesses across the board were shadowed. The hotel industry was one of the hardest hit.

Turnover and operating profit of the **Hotel Segment** fell by 22% and 42% respectively to HK\$179.2 million and HK\$41.4 million on a considerable drop in average room rates and occupancy during the period. The segment bore the brunt of the global recession and human swine flu pandemic, and fell victim to dwindling market demand. Accordingly, average occupancy at the Marco Polo Hongkong Hotel (“MPHK Hotel”) dropped to 75% and a 20% drop in average room rates was registered during the period.

The **Property Investment Segment** was relatively less affected. Total revenue and operating profit dropped mildly by 2% and 1% to HK\$62.8 million and HK\$52.0 million respectively, primarily on a moderate drop in occupancy for the retail area in MPMK Hotel arising from a realignment of tenant mix.

The Group’s **investment properties**, comprising the office and retail areas in MPMK Hotel and the Star House retail units were revalued by an independent valuer as at 30 June 2009. The net revaluation surplus after deferred tax was HK\$63.9 million during the period (2008: HK\$104.7 million).

China Properties

In spite of the current global crisis, the fundamental outlook for the real estate market in China remains positive on the back of the rapid pace of urbanisation, vibrant economic developments and high savings rate in the Mainland. As at the end of June 2009, the total developable area attributable to the Group was about 26 million square feet, comprising five prime sites in the cities of Changzhou, Suzhou, Chongqing and Shanghai owned either solely or through joint ventures with reputable local property companies. Given these projects are still at an early stage of development, the Property Development Segment made a small unfavourable contribution during the period.

In April 2009, the Group swapped its 40% interest in a land parcel in Hangzhou co-owned with Greentown China Holdings for a land parcel in Shanghai wholly-owned by Greentown. The project in Shanghai is superbly located in the North-Eastern part of Yangpu District (楊浦區) within the Xinjiangwancheng sub-district community (新江灣城社區), an area with abundant green & wet land. The land lot boasts a site area of 0.6 million square feet and offers a plot ratio GFA of 1.08 million square feet. It is adjacent to a station of the Shanghai Metro Line 10 which is expected to be in operation by 2010. The development comprises high end medium-rise residences. Construction is underway and is scheduled for completion by 2012.

A land parcel ideally located in the eastern side of Jiangbei City (江北城), facing the Yangtze River (長江) in the east and north and Jialing River (嘉陵江) in the south is being developed

by the Group and China Overseas Land on a 55:45 ownership basis into a high end residential project. The area is to become the future Central Business District (CBD) of Chongqing with good transportation links. Three bridges crossing Jialing River and the Yangtze River to the old CBD (渝中區) and the new headquarters hub (彈子石區) have already been built. In addition, there will be light railway line 6 and line 9 passing this area with respective station nearby the site. Developments in this new CBD include a City of Memory (記憶之城) comprising public facilities, three theme parks and shopping centres, together with a City of Future (未來之城) comprising Grade A office buildings, 5-star hotels and shopping centres. Being adjacent to the Chongqing City Grand Theatre (重慶大劇院), the Chongqing Science Museum (重慶科技館) and the 100,000-square-metre Central Park (中央公園). The land parcel boasts a site area of about one million square feet and offers a plot ratio GFA of 2.5 million square feet attributable to the Group. Design work is being underway and this prestigious residential development in Chongqing is scheduled for completion in phases by 2014.

Two land parcels on Xinghu Jie (星湖街) and Xiandai Da Dao (現代大道) in Suzhou Industrial Park (蘇州工業園區) in Suzhou are being developed by a joint venture 80:20 owned respectively by the Group and Genway Housing Development Group (蘇州工業園區建屋發展集團). Suzhou, among the top and most vibrant second-tier cities, is at the heart of Yangtze River Delta with strong manufacturing and trading sectors. The city has a population size of 6.3 million and posted a 13% GDP growth in 2008, beating the national average. The two land parcels in the city command a total site area of about 5.65 million square feet and offer a plot ratio GFA of 13.5 million square feet attributable to the Group.

A 400-metre skyscraper landmark (mixed office and apartment building), the tallest building in the city with panoramic view over Jinji lake and Suzhou City skyline, will be built at the site of Xinghu Jie, which is superbly located in the prime and central location at the new Central Business District (CBD) of Suzhou. Underground connections are being constructed to provide seamless access to two nearby subway stations. The parcel also enjoys well-established regional transportation networks with very efficient highway and rapid train networks connecting to Shanghai, Hangzhou and Nanjing.

As far as another land parcel located at Xiandai Da Dao is concerned, it will house sizeable residential developments to cater for the solid and steady demand for and tight near-term supply of residential premises especially in Suzhou Industrial Park, where master town planning is of international standard. Ideally located on the axis of eastern expansion of Suzhou along the main east-west thoroughfare of Xiandai Da Dao and being next to the future subway terminal, the site is divided into four plots, each of which will be developed by phases into high-end residential developments. Planning and design for the developments of the two land parcels is in progress. Construction is scheduled to be commenced by mid 2010.

Ideally located in the prime area of Xinbei District (新北區) of Changzhou City (常州市), the parcel is just five kilometers away from the city centre, in the vicinity of China Changzhou Dinosaur Land theme park (中華恐龍園) and Xin Qu Park (新區公園)). Changzhou, with more than 2,500 years' cultural history, is 170 kilometers away from Shanghai and 110

kilometers away from Nanjing. Together with its adjacent Suzhou and Wuxi cities, Changzhou constitutes the Su-Xi-Chang city belt (蘇錫常都市圈), one of the most affluent regions in China. The city has a population size of 5.5 million and its GDP reached RMB220.22 billion in 2008. The average household consumption expenditure in the city ranked second in Jiangsu Province. Changzhou, in 2008, was listed by Forbes as one of The Best Business Cities in China. The land parcel acquired by the Group is in the core area of the new north administrative area, near to the national AAAA scenic area – “China dinosaur garden”. It commands a total site area of 4.4 million square feet and offers a plot ratio GFA of 8.7 million square feet. It boasts superb air-sea-land transportation links to Changzhou Airport and Huning Express Railway. The development, situate in the future CBD, comprises mainly high-end residences including high-rise buildings, semi-detached houses and row of villas, a 5-star hotel and a State Guest House. The whole project is scheduled for completion in phases by 2017, with the first phase of presales targeting to be launched by end 2009. The hotel and State Guest House are expected to open in 2013.

Financial Review

(I) Review of 2009 Interim Results

Turnover

The unprecedented financial turmoil followed by the spread of human swine flu pandemic adversely impacted the Group’s hotel business in the first half of 2009. Group turnover slipped by 21% to HK\$260.2 million (2008: HK\$329.7 million).

Hotel Segment generated a total revenue of HK\$179.2 million (2008: HK\$229.5 million) with a decline of 22% due mainly to the decrease in room revenue. Market demand softened particularly after the spread of human swine flu. Marco Polo Hongkong Hotel’s (“MPHK Hotel”) achieved room rate fell by 20% year-on-year and room occupancy dropped behind last year at 75%. Food and beverage revenue declined by 8%, reflecting the change in spending pattern of guests in response to the economic downturn.

Property investment revenue dropped marginally to HK\$62.8 million (2008: HK\$63.9 million). The revamp of the Star House units completed in the last quarter of 2008 improved occupancy and hence revenue but that was more than offset by the decrease in rental income from MPHK Hotel’s retail areas, which were under a realignment program for its tenant mix.

Investment and Others Segment’s interest and dividend income derived from the Group’s surplus cash and investment decreased by 50% to HK\$18.2 million (2008: HK\$36.3 million), reflecting contraction of the Group’s investment portfolio and the prevailing low interest rate environment.

Operating Profit

The Group's operating profit decreased by 28% to HK\$171.8 million (2008: HK\$238.4 million). Hotel Segment's profit dropped by 42% to HK\$41.4 million. Property Investment Segment reported operating profit of HK\$52.0 million, which was in line with 2008.

For Investment and Others Segment, profit decreased by HK\$32.2 million to HK\$89.9 million (2008: HK\$122.1 million) due to the absence of profit from sale of investments (2008: HK\$88.3 million) and decrease in interest and dividend income. This was alleviated by a net exchange gain of HK\$68.3 million (partly unrealized) which arose from the foreign exchange contracts entered into earlier to lock in liabilities in Japanese Yen to finance the Group's Reminbi assets in the Mainland. During the period under review, US dollar appreciated against the Yen.

Increase in Fair Value of Investment Properties

The Group's completed investment properties were revalued by an independent valuer as at 30 June 2009, producing a surplus of HK\$76.5 million (2008: HK\$ 125.4 million). The net surplus after deferred tax taken to the income statement was HK\$63.9 million (2008: HK\$104.7 million). The Group's investment properties under development were not carried at fair value until at the earlier of when their fair values first become reliably measurable and the dates of their respective completion in accordance with the revised accounting standard HKAS 40, which expands the definition of an investment property to include an investment property being under development.

Finance Costs

Net finance costs for the period decreased to HK\$7.5 million (2008: HK\$32.9 million), resulting from the exceptional low average interest rate at 0.8% p.a. for the Group's bank borrowings. The charge was after capitalisation of HK\$4.3 million (2008: Nil) for the Group's China projects.

Share of Results after Tax of Associate and Jointly Controlled Entities

Share of profits of the associate and jointly controlled entities after tax was HK\$15.8 million (2008: loss of HK\$2.0 million). The profit was mainly derived from a write back of excess contingent development cost for a former property project undertaken by the associate, but partly offset by the start-up losses incurred by the jointly controlled entities that engaged in certain property projects, which are at their early stages of the developments.

Taxation

The taxation charge for the period decreased to HK\$26.0 million (2008: HK\$39.6 million), broadly in line with the decrease in operating profit and revaluation surplus

recorded for the period under review.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period ended 30 June 2009 amounted to HK\$230.6 million (2008: HK\$289.2 million), representing a decrease of HK\$58.6 million or 20%. Earnings per share were HK\$0.41 based on weighted average of 568.6 million shares in issue (2008: HK\$0.65 on 442.1 million shares as restated for the Rights Issue), taking into account the 236.3 million new shares issued during the period.

Excluding the net investment property surplus of HK\$63.9 million (2008: HK\$104.7 million and the related deferred tax credit of HK\$10.9 million resulted from the 1% tax rate reduction), the Group's net profit for the period was HK\$166.7 million, representing a decrease of 4% over last year (2008: HK\$173.6 million).

(II) Liquidity, Financial Resources and Capital Commitments

Rights Issue

In May 2009, the Company completed a Rights Issue for 236.3 million new ordinary shares at HK\$3.99 each with net proceeds of HK\$935.2 million.

Shareholders' Equity

As at 30 June 2009, the Group's shareholders' equity was HK\$8,380.2 million, equivalent to HK\$11.82 per share based on 708.8 million issued shares as enlarged by the Rights Issue in May 2009 (31 December 2008: HK\$14.96 per share based on 472.5 million issued shares).

The Group's hotel property is stated at cost less accumulated depreciation according to the prevailing Hong Kong Financial Reporting Standards. By restating the hotel property based on the valuation as at 30 June 2009 carried out by an independent valuer would give rise a revaluation surplus of HK\$2,542.8 million and increase the Group's shareholders' equity to HK\$10,923.0 million, equivalent to HK\$15.41 per share.

Total Assets

The Group's total assets increased by 8% to HK\$12,413.2 million (31 December 2008: HK\$11,507.1 million), mainly due to the increase of HK\$750.4 million bank deposits and cash derived from the Rights Issue completed in May 2009.

The Group's major assets included properties under development of HK\$6,029.8 million, interest in a jointly controlled entity of HK\$981.0 million and investment properties of HK\$2,359.0 million. Other major assets included bank deposits and cash of HK\$2,008.8 million and available-for-sale investments of HK\$855.1 million.

In previous years, investment properties which are under development were not classified as investment property and stated at cost by the Group. As a result of the change in the relevant accounting standard, such properties in the amount of HK\$402.2 million have been classified as investment property and have to be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. No fair value gain or loss was recognised from such properties under development during the period.

In April 2009, the Group completed a share swap transaction and effectively disposed of its 40% interest in the Lanseqianjiang project in Hangzhou for a 100% interest in the Xinjiangwancheng project in Shanghai with net cash inflow of RMB145.1 million. The share swap transaction resulted in a decrease in interest in jointly controlled entities of HK\$1,605.7 million with a corresponding increase in properties under development.

Debt and Gearing

As at 30 June 2009, the Group had net debt of HK\$791.2 million (31 December 2008: HK\$1,806.6 million), which was made up of HK\$2,800.0 million bank borrowings less HK\$2,008.8 million cash. The gearing ratio to shareholders' equity was 9.4% (31 December 2008: 25.6%).

Finance and Availability of Facilities and Funds

As at 30 June 2009, the Group's available loan facilities amounted to HK\$4,050.0 million of which HK\$2,800.0 million was drawn. Certain banking facilities of the Group were secured by mortgages mainly over the Group's hotel and investment properties with total carrying value of HK\$1,657.2 million (31 December 2008: HK\$2,174.1 million).

The Group's debts were primarily denominated in Hong Kong dollar ("HKD") and United States dollar ("USD"). Reminbi borrowings will be sourced to finance the development cost of the China projects apart from their land cost.

The use of derivative financial instruments was strictly controlled. The majority of the derivative financial instruments entered into by the Group were primarily used for management of the Group's interest rate and foreign currency exposures.

Net Cash Flows for Operating and Investing Activities

For the period under review, the Group had net operating cash outflow of HK\$34.8 million (2008: HK\$3,380.3 million, substantially for payments of land cost for developments in China). For investing activities, the Group had a net cash inflow of HK\$185.9 million, mainly arising from the above-mentioned share swap transaction. Net proceeds of HK\$935.2 million from the Rights Issue was received in May 2009.

The Group maintained a reasonable level of surplus cash, which was denominated principally in HK dollar and Reminbi, to facilitate the Group's business and investment activities. As at 30 June 2009, the Group also maintained a portfolio of investments primarily consisting of blue chip securities, with an aggregate market value of HK\$855.1 million (31 December 2008: HK\$604.0 million), which is available for liquidation to meet the Group's commitment if necessary. The performance of the portfolio was in line with the stock markets.

Capital Commitments

As at 30 June 2009, the Group's total outstanding commitments to properties under development in the mainland China, both by the Group and through jointly controlled entities, amounted to HK\$15.8 billion, of which HK\$1.1 billion have been contracted for. Included in the commitments is land cost of HK\$0.9 billion payable in the second half of 2009. The committed property developments will be carried out by stages in the forthcoming years and funded by internal financial resources, proceeds from property pre-sales and bank loans.

(III) Human Resources

The Group has approximately 460 employees as at 30 June 2009 (31 December 2008: 470). Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results. Total staff costs for the period ended 30 June 2009 amounted to HK\$62.9 million (2008: HK\$63.7 million).

CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial period under review, all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, except in respect of one code provision providing for the roles of chairman and chief executive officer to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive officer. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, a substantial number thereof being independent Non-executive Directors.

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

		Unaudited 6 months ended 30/6/2009 HK\$ Million	Unaudited 6 months ended 30/6/2008 HK\$ Million
	Note		
Turnover	2	260.2	329.7
Other net income	4	71.6	82.3
Direct costs and operating expenses		(127.7)	(136.0)
Selling and marketing expenses		(11.2)	(12.8)
Administrative and corporate expenses		(7.5)	(7.1)
Operating profit before depreciation, amortisation, interest and tax		185.4	256.1
Depreciation and amortisation		(13.6)	(17.7)
Operating profit	3	171.8	238.4
Increase in fair value of investment properties		76.5	125.4
Finance costs	5	(7.5)	(32.9)
Share of results after tax of:			
Associate		17.6	(0.2)
Jointly controlled entities		(1.8)	(1.8)
Profit before taxation		256.6	328.9
Taxation	6(b)	(26.0)	(39.6)
Profit for the period		230.6	289.3
Profit attributable to:			
Equity shareholders		230.6	289.2
Minority interests		-	0.1
		230.6	289.3
Earnings per share	7	HK\$0.41	HK\$0.65

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Unaudited 6 months ended 30/6/2009 HK\$ Million	Unaudited 6 months ended 30/6/2008 HK\$ Million
Profit for the period	230.6	289.3
Other comprehensive income for the period (after taxation and reclassification adjustments):		
Exchange difference	(37.6)	278.0
Available-for-sale investments:	258.1	(468.6)
Surplus/(deficit) on revaluation	258.1	(338.2)
Less: reclassification adjustments for gains included in profit or loss on disposal	-	(130.4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	451.1	98.7
Total comprehensive income attributable to:		
Equity shareholders of the company	448.9	86.0
Minority interests	2.2	12.7
	451.1	98.7

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009**

	Note	Unaudited 30/6/2009 HK\$ Million	Audited 31/12/2008 HK\$ Million
Non-current assets			
Fixed assets			
Investment properties		2,359.0	1,877.0
Leasehold land		15.2	15.2
Other property, plant and equipment		71.1	80.4
Interest in an associate		18.3	0.7
Interest in jointly controlled entities		981.0	2,586.7
Available-for-sale investments		855.1	604.0
Long term receivables		0.5	0.5
Derivative financial assets		-	2.9
		<u>4,300.2</u>	<u>5,167.4</u>
Current assets			
Properties under development		6,029.8	4,972.6
Inventories		3.1	3.4
Trade and other receivables	8	57.1	105.3
Derivative financial assets		14.2	-
Bank deposits and cash		2,008.8	1,258.4
		<u>8,113.0</u>	<u>6,339.7</u>
Current liabilities			
Trade and other payables	9	177.7	180.9
Derivative financial liabilities		-	165.8
Taxation payable		82.1	77.4
		<u>259.8</u>	<u>424.1</u>
Net current assets		<u>7,853.2</u>	<u>5,915.6</u>
Total assets less current liabilities		<u>12,153.4</u>	<u>11,083.0</u>
Non-current liabilities			
Employee retirement benefit liabilities		4.0	3.6
Derivative financial liabilities		8.7	1.3
Bank loans		2,800.0	3,065.0
Deferred taxation		262.5	250.3
		<u>3,075.2</u>	<u>3,320.2</u>
NET ASSETS		<u>9,078.2</u>	<u>7,762.8</u>
Capital and reserves			
Share capital		354.4	236.3
Reserves		8,025.8	6,830.7
Shareholders' equity		<u>8,380.2</u>	<u>7,067.0</u>
Minority interests		698.0	695.8
TOTAL EQUITY		<u>9,078.2</u>	<u>7,762.8</u>

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure provisions of Listing Rules of The Stock Exchange of Hong Kong Limited.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008 except the changes mentioned below.

With effect from 1 January 2009, the Group has adopted the below new and revised Hong Kong Financial Reporting Standards (“HKFRS”s), amendments and interpretations, which are relevant to the Group’s financial statements.

HKAS 1 (revised)	Presentation of financial statements
HKFRS 8	Operating segments
Improvements to HKFRSs (2008)	Amendments to HKAS 40 investment property
HK(IFRIC) Int 13	Customer loyalty programmes

(a) HKAS 1 (revised) - Presentation of financial statements

As a result of the adoption of HKAS 1 (revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) HKFRS 8 - Operating segments

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's top management, and has resulted in amended disclosure being presented. Corresponding amounts have been restated on a basis consistent with the revised segment information.

(c) "Improvements to HKFRSs (2008)" - Amendments to HKAS 40 Investment property

As a result of the amendment to HKAS 40, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit and loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. This amendment is applied prospectively. As a result of this amendment, the Group has reclassified its property under development amounting to HK\$402.2 million from properties under development to investment properties as at 1 January 2009. The Group's investment properties under development were not carried at fair value until at the earlier of when their fair values first become reliably measurable and the dates of their respective completion. No fair value gain or loss was recognised from such properties under development during the period under review.

(d) HK(IFRIC) - Int 13 - Customer loyalty programmes

HK(IFRIC) - Int 13 clarifies that, where goods or services are sold together with a customer loyalty incentive, a portion of the consideration received from the customer should be deferred until the customer loyalty incentive is redeemed. The adoption of HK(IFRIC) - Int 13 has no significant impacts on the Group's results and financial position.

2. SEGMENT INFORMATION

The Group managed its diversified businesses according to the nature of services and products provided. Management has determined four reportable operating segments for measuring performance and allocating resources. The segments are hotel, property investment, property development and investment and others.

Hotel segment represents the operations of the Marco Polo Hongkong Hotel.

Property investment segment primarily represents the property leasing of the Group's investment properties in Hong Kong. Currently, the Group's properties portfolio also include certain development projects in China for investment purpose.

Property development segment encompasses activities relating to the development, design, construction, sale and marketing of trading properties in Hong Kong and China.

Investment and others segment includes activities for managing corporate assets and liabilities, available-for-sale investments and derivative financial instruments.

Management evaluates performance based on operating profit as well as the equity share of results of associate and jointly controlled entities of each segment.

Segment assets principally comprise all tangible, intangible assets and current assets directly attributable to each segment with the exception of income tax assets. Segment liabilities include all liabilities and borrowing directly attributable to and managed by each segment with the exception of income tax liabilities.

	Turnover HK\$ Million	Operating profit HK\$ Million	Increase in fair value of investment properties HK\$ Million	Finance costs HK\$ Million	Share of results after tax of associate HK\$ Million	Share of results after tax of jointly controlled entities HK\$ Million	Profit before taxation HK\$ Million
For the period ended 30 June 2009							
Hotel	179.2	41.4	-	(4.7)	-	-	36.7
Property investment	62.8	52.0	76.5	-	-	-	128.5
Property development	-	(5.9)	-	(1.1)	17.6	(1.8)	8.8
Investment and others	18.2	89.9	-	(1.7)	-	-	88.2
Segment total	<u>260.2</u>	<u>177.4</u>	<u>76.5</u>	<u>(7.5)</u>	<u>17.6</u>	<u>(1.8)</u>	<u>262.2</u>
Corporate expenses	-	(5.6)	-	-	-	-	(5.6)
Total	<u>260.2</u>	<u>171.8</u>	<u>76.5</u>	<u>(7.5)</u>	<u>17.6</u>	<u>(1.8)</u>	<u>256.6</u>

For the period ended 30 June 2008

Hotel	229.5	71.1	-	(14.2)	-	-	56.9
Property investment	63.9	52.7	125.4	-	-	-	178.1
Property development	-	(1.4)	-	(8.8)	(0.2)	(1.8)	(12.2)
Investment and others	36.3	122.1	-	(9.9)	-	-	112.2
Segment total	<u>329.7</u>	<u>244.5</u>	<u>125.4</u>	<u>(32.9)</u>	<u>(0.2)</u>	<u>(1.8)</u>	<u>335.0</u>
Corporate expenses	-	(6.1)	-	-	-	-	(6.1)
Total	<u>329.7</u>	<u>238.4</u>	<u>125.4</u>	<u>(32.9)</u>	<u>(0.2)</u>	<u>(1.8)</u>	<u>328.9</u>

No inter-segment revenue has been recorded during the current and prior periods.

3. OPERATING PROFIT

Operating profit is arrived at:

	30/6/2009	30/6/2008
	HK\$ Million	HK\$ Million
After charging:		
Cost of inventories sold	14.3	16.1
Depreciation and amortisation	13.6	17.7
Staff costs, including defined contribution pension schemes costs HK\$2.8million (2008: HK\$2.9 million)	62.9	63.7
Auditors' remuneration	0.8	0.9
and crediting:		
Rental income less direct outgoings including contingent rentals HK\$20.4 million (2008: HK\$21.9 million)	47.3	47.9
Interest income on bank deposits	1.7	7.6
Dividend income from listed investments	16.5	28.7
Net foreign exchange gain/(loss)	68.4	(2.5)

4. OTHER NET INCOME

	30/6/2009	30/6/2008
	HK\$ Million	HK\$ Million
(Loss)/profit on disposal of available-for-sale investments - including HK\$Nil (2008: HK\$130.4 million) reclassified from the investments revaluation reserve	(0.1)	88.3
Net gain on disposal of a jointly controlled entity	3.4	-
Exchange gain/(loss) on foreign forward exchange exchange contracts	68.3	(6.0)
	71.6	82.3

5. FINANCE COSTS

	30/6/2009	30/6/2008
	HK\$ Million	HK\$ Million
Interest on bank borrowings wholly repayable within 5 years	8.7	28.3
Other finance costs	3.1	4.6
	11.8	32.9
Less: Amount capitalised	(4.3)	-
	7.5	32.9

6. TAXATION

(a) The provision for Hong Kong profits tax is 16.5% (2008: 16.5%) of the estimated assessable profits for the period.

(b) Taxation in the consolidated income statement represents:

	30/6/2009	30/6/2008
	HK\$ Million	HK\$ Million
Current taxation		
Hong Kong Profits Tax	13.8	31.8
	13.8	31.8
Deferred taxation		
Origination and reversal of temporary differences	(0.4)	(0.7)
Change in fair value of investment properties	12.6	20.7
Effect on deferred tax balances at 1 January resulting from a change in tax rate	-	(12.2)
	12.2	7.8
Total tax charge	26.0	39.6

(c) Share of an associate's tax for the period ended 30 June 2009 of HK\$3.4 million (2008: HK\$Nil) is included in the share of results after tax of an associate.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the period attributable to equity shareholders of HK\$230.6 million (2008: HK\$289.2 million) and the weighted average of 568.6 million ordinary shares (2008: 442.1 million shares after adjusting for the rights issue which was completed in May 2009), calculated as follows:

Weighted average number of ordinary shares

	30/6/2009	30/6/2008
	Million	Million
Issued ordinary shares at 1 January	472.5	315.0
Effect of rights issue	96.1	127.1
Weighted average number of ordinary shares at 30 June	568.6	442.1

For the period under review and the preceding period, there is no difference between the basic and diluted earnings per share.

8. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as at the period end date as follows:

	<u>30/6/2009</u> <u>HK\$ Million</u>	<u>31/12/2008</u> <u>HK\$ Million</u>
Trade receivables		
Current	31.8	74.8
Past due:		
0 - 30 days	1.2	0.3
31 - 60 days	0.2	1.1
Over 60 days	1.3	0.7
	<u>34.5</u>	<u>76.9</u>
Other receivables	11.3	24.6
Amounts due from fellow subsidiaries	11.3	3.8
	<u>57.1</u>	<u>105.3</u>

The Group has defined credit policies for each of its core business. Trade receivables are normally due within 30 days from the date of billing.

9. TRADE AND OTHER PAYABLES

Included in this item are trade creditors with an ageing analysis as at the period end date as follows:

	<u>30/6/2009</u> <u>HK\$ Million</u>	<u>31/12/2008</u> <u>HK\$ Million</u>
Trade creditors		
0 - 30 days	8.1	12.5
31 - 60 days	3.4	8.0
61 - 90 days	0.4	0.9
Over 90 days	0.1	-
	<u>12.0</u>	<u>21.4</u>
Other payables	133.1	121.9
Amounts due to fellow subsidiaries	5.6	8.6
Amounts due to an associate	27.0	29.0
	<u>177.7</u>	<u>180.9</u>

10. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	30/6/2009	30/6/2008
	<u>HK\$Million</u>	<u>HK\$Million</u>
Interim dividend of 5.0 cents proposed after the period end date (2008: 5.0 cents) per share	<u>35.4</u>	<u>23.6</u>

(a) The amount of the proposed interim dividend in respect of 2009 is based on 708.8 million shares (2008: 472.5 million shares) as being enlarged by the rights issue in May 2009 by the Company. The proposed interim dividends have not been recognised as liabilities at the period end dates.

(b) The final dividend of HK\$70.9 million for 2008 was approved and paid in 2009.

11. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised), Presentation of financial statements and HKFRS 8 Operating segments, certain comparative figures have been reclassified to conform to the current period's presentation. Further details of these developments are disclosed in note 1.

12. REVIEW OF RESULTS

The unaudited interim results for the six months ended 30 June 2009 have been reviewed with no disagreement by the Audit Committee of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial period under review.

BOOK CLOSURE

The Register of Members will be closed from Wednesday, 16 September 2009 to Friday, 18 September 2009, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 15 September 2009.

By Order of the Board
Wilson W. S. Chan
Company Secretary

Hong Kong, 17 August 2009

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui, together with three independent non-executive Directors, namely, Mr. H. M. V. de Lacy Staunton, Mr. Michael T. P. Sze and Mr. Brian S. K. Tang.