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ANNOUNCEMENT OF 2011 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2011	Year 2010	% Change
	HK\$'M	HK\$'M	
Revenue	453.5	131.1	+245.9%
Profit for the year attributable to equity holders of the parent	889.8	1,287.1	-30.9%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$0.28	HK\$0.52	-46.2%
Proposed final dividend	HK1.7 cents	HK1.6 cents	+6.3%
Total dividends for the year	HK3.2 cents*	HK2.0 cents	+60.0%
	As at 31st December,		
	2011	2010	
Net asset value per ordinary share after non-controlling interests			
Book	HK\$1.84	HK\$1.78	+3.4%
	(Unaudited)	(Unaudited)	
**Adjusted	HK\$2.03	HK\$1.75	+16.0%

* including the special interim cash dividend of HK1.0 cent

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

- **Achieved net profit attributable to shareholders of HK\$889.8 million, as compared to the comparative profit of HK\$1,287.1 million attained in 2010.**
- **A very significant part of the profit attained in 2010 was related to a one-off accounting gain recognised by Regal Hotels International Holdings Limited, the listed associate of the Group held through Paliburg Holdings Limited, the listed subsidiary of the Group, on the consolidation of Regal Real Estate Investment Trust as a subsidiary of Regal in July 2010.**
- **Comparing on the basis of ordinary dividends, the total ordinary dividends for the year will represent an increase of 10.0% over those paid in 2010 and, if the special interim cash dividend of HK1.0 cent per share paid in 2011 is included, the increase in the total dividends will amount to 60.0%.**
- **With the aggregate cash proceeds of over HK\$320 million brought in by the exercise of the 2011 warrants of the Company over the years, the Group's financial position has been further strengthened.**
- **Completed in December 2011 the disposal of a majority portion of the Group's investment in KH Investment Holdings Limited, realising a reasonable profit within a relatively short span of time.**
- **Actively contemplating to develop the Group's businesses in the PRC, where more appropriate opportunities are available, which are intended to encompass investment, fund management and financial related services.**
- **Having regard to the encouraging performance of all the member companies within the Group, the Directors are optimistic that the Group will continue to prosper in the years ahead.**

FINANCIAL RESULTS

For the year ended 31st December, 2011, the Group achieved a consolidated profit attributable to shareholders of HK\$889.8 million, as compared to the profit of HK\$1,287.1 million attained in 2010.

When reviewing the comparative results, it should be noted that a very significant part of the profit attained in 2010 was related to a one-off accounting gain recognised by Regal Hotels International Holdings Limited, the listed associate of the Group held through Paliburg Holdings Limited, the listed subsidiary of the Group, on the consolidation of Regal Real Estate Investment Trust as a subsidiary of Regal in July 2010.

BUSINESS OVERVIEW

With the aggregate cash proceeds of over HK\$320 million brought in by the exercise of the 2011 warrants of the Company over the years, the Group's financial position has been further strengthened. Due to the uncertainty overshadowing the financial and capital markets in most part of 2011, the Group has remained prudent in committing to major investment proposals, apart from the property acquisitions undertaken through Paliburg and its affiliates.

As mentioned in the Interim Report 2011, the Group launched in August 2011 conditional mandatory cash offers for the shares and certain other securities of KH Investment Holdings Limited, a company listed on the Growth Enterprise Market in Hong Kong. The share offer was made at a price of HK\$0.25 per share, which represented the highest price paid by the Group for the shares acquired in KH Investment. Including the additional shares acquired by the Group under the share offer, the Group held in aggregate approximately 52.9% of the issued shares of KH Investment as at the date of closing of the offers in September 2011.

On 30th December, 2011, the Group entered into a transaction to dispose of approximately 45.9% of the issued shares of KH Investment to a substantial shareholder of KH Investment at a price of HK\$0.35 per share. After the completion of the transaction, the Group's

shareholding interest in KH Investment has been reduced to approximately 7.0% and KH Investment ceased to be a subsidiary of the Group.

The acquisition of shares in KH Investment has all along been contemplated as a strategic investment. The Group considered that the disposal transaction represented a good opportunity for the Group to realise a majority portion of its investment in KH Investment at a reasonable profit within a relatively short span of time. The Group will continue to consider undertaking strategic investments in other listed and/or unlisted entities, whether in Hong Kong or elsewhere, if appropriate opportunities are available.

In December 2011, a wholly owned subsidiary of the Group participated in the establishment in Chongqing, the People's Republic of China a cross-border Renminbi fund, named as Regal (Chongqing) Equity Investment Fund. The fund was established as a limited partnership and a total amount of RMB250 million have been raised. A wholly owned subsidiary of the Group acts as the general partner of the fund and holds a very minor interest in the partnership. The remainder of the funds raised was subscribed by two wholly owned subsidiaries of P&R Holdings Limited (formerly known as Flourish Lead Investments Limited), a joint venture company established and equally owned by Paliburg and Regal, and the investment objective of the fund is principally to support the businesses undertaken by P&R Holdings in the PRC.

Presently, the Group is also taking steps to establish in Chengdu, Sichuan, the PRC entities that will have the capacities to engage in the provision of financial services in the PRC.

As at 31st December, 2011, the Company beneficially held approximately 60.3% of the issued shares of Paliburg, which held approximately 49.4% of Regal. Regal, in turn, owned approximately 74.5% of the issued units of Regal REIT, which has become a subsidiary of Regal in July 2010.

The financial results and operating performance of Paliburg, Regal and Regal REIT during the year under review are set out below.

PALIBURG HOLDINGS LIMITED

For the year ended 31st December, 2011, Paliburg achieved a consolidated profit attributable to shareholders of HK\$1,484.2 million, as compared to the profit of HK\$2,150.5 million attained in 2010. The profit achieved in the year under review was principally attributable to the profit contribution from the Larvotto joint venture.

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2011, Regal achieved a consolidated profit attributable to shareholders of HK\$107.9 million, as compared to the HK\$6,928.8 million attained in 2010. However, a very significant part of the profit attained last year was related to a one-off accounting gain of HK\$6,637.4 million recognised on the consolidation of Regal REIT as a subsidiary of Regal in July 2010.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, was contained in Regal's announcement released on 20th March, 2012.

REGAL REAL ESTATE INVESTMENT TRUST

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

For the year ended 31st December, 2011, Regal REIT achieved a consolidated net profit before distribution to unitholders of HK\$2,997.3 million, which was an increase of about 200% over the comparative amount of HK\$997.1 million recorded for the year 2010. The significant improvement in the net profit achieved was principally attributable to the increase in the fair values of its hotel property portfolio, particularly with respect to the five Regal

Hotels leased to the Regal group and held by Regal REIT as investment properties. Total distributable income of Regal REIT for the year amounted to approximately HK\$397.9 million, as compared to HK\$682.9 million for the preceding year.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, was contained in Regal REIT's announcement released on 20th March, 2012.

OUTLOOK

Capitalising on its financial strength and professional expertise, the Group will continue to search for suitable investment opportunities with a view to broadening its earnings base. The Group is actively contemplating to develop its businesses in the PRC, where more appropriate opportunities are available, which are intended to encompass investment, fund management and financial related services.

Having regard to the encouraging performance of all the member companies within the Group, the Directors are optimistic that the Group will continue to prosper in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses and other investments including, in particular, its interest in Regal, which is held through Paliburg. The operational review of Paliburg during the year and its business prospects are contained in Paliburg's announcement separately released today. The significant investments and business interests of Regal comprise hotel ownership through Regal REIT, hotel operation and management businesses, the asset management of Regal REIT, property development and

investment, including the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the year under review, the commentary on the local hotel industry and changes in general market conditions and the potential impact on their operating performance and future prospects are contained in Regal's announcement released on 20th March, 2012.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Business Overview" and "Outlook" above.

FINANCIAL REVIEW

On the basis that the Group's interest in Regal is adjusted, assuming that the Regal group's hotel property portfolio, which is stated at its deemed cost less accumulated depreciation in its consolidated financial statements, is restated at its market value as at 31st December, 2011 with the relevant deferred tax liabilities added back, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK\$2.03 per share, as follows:

	As at 31st December, 2011	
	HK\$'M	HK\$ per ordinary share
Book net assets after non-controlling interests	5,968.0	1.84
Adjustment to restate the Group's interest in Regal based on its adjusted net assets	600.9	0.19
Unaudited adjusted net assets after non-controlling interests	6,568.9	2.03

Net cash flows generated from operating activities during the year under review amounted to HK\$47.4 million (2010 – net cash flows used in operating activities of HK\$143.5 million). Net interest receipt for the year amounted to HK\$13.2 million (2010 – HK\$4.1 million).

As at 31st December, 2011, the Group had cash and bank balances and deposits net of borrowings of HK\$1,946.1 million (2010 – HK\$567.2 million and no borrowings).

As at 31st December, 2011, held-to-maturity investment of HK\$73.4 million (2010 – Nil) and certain ordinary shares in the listed subsidiary and the listed associate with market values of HK\$355.1 million (2010 – HK\$486.2 million) and HK\$224.3 million (2010 – HK\$293.9 million) respectively were pledged to secure general banking facilities granted to the Group.

As the Group's banking facilities were mainly denominated in Hong Kong dollar and US dollar currencies, which are both in relatively insignificant amounts, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed during the year under review.

Information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 31st December, 2011 is disclosed in the annual report of the Company for the year ended 31st December, 2011 (the "2011 Annual Report"), which will be despatched to shareholders on or before 30th April, 2012. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the interim report of the Company for the six months ended 30th June, 2011. Detailed information in such aspects is contained in the Company's 2011 Annual Report.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.7 cents per ordinary share for the year ended 31st December, 2011, representing an increase of about 6.3% over the final dividend of HK1.6 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK\$55.0 million (2010 – HK\$52.0 million) and will be payable to the holders of ordinary shares on the Register of Ordinary Shareholders on 8th June, 2012.

Together with the interim dividend of HK0.5 cent (2010 – HK0.4 cent) and a special interim cash dividend of HK1.0 cent (2010 – Nil) per ordinary share paid in October 2011, total dividends per ordinary share for the year ended 31st December, 2011 will amount to HK3.2 cents (2010 – HK2.0 cents). Comparing on the basis of ordinary dividends, the total ordinary dividends for the year will represent an increase of 10.0% over those paid in 2010 and, if the special interim cash dividend paid in 2011 is included, the increase in the total dividends will amount to 60.0%.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Wednesday, 30th May, 2012. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2011 Annual Report, in due course.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders of the Company will be closed during the following periods, within which no transfers of shares will be effected:

- (i) from Monday, 28th May, 2012 to Wednesday, 30th May, 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2012 Annual General Meeting. In order to be entitled to attend and vote at the 2012 Annual General Meeting, 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 (the "Branch Registrar"), no later than 4:30 p.m. on Friday, 25th May, 2012; and

- (ii) from Wednesday, 6th June, 2012 to Friday, 8th June, 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Branch Registrar no later than 4:30 p.m. on Tuesday, 5th June, 2012.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 22nd June, 2012.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2011	Year ended 31st December, 2010
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	453.5	131.1
Cost of sales	(365.8)	(116.0)
Gross profit	87.7	15.1
Other income and gains (Note 3)	110.4	6.8
Fair value gains on investment properties	–	0.1
Fair value gains/(losses), net, on financial assets at fair value through profit or loss	(691.6)	474.6
Administrative expenses	(49.0)	(41.6)
Other operating income/(expenses), net (Note 4)	(17.9)	4.7
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	(560.4)	459.7
Finance costs (Note 6)	(1.0)	(0.1)
Share of profits and losses of:		
A jointly controlled entity	41.4	–
Associates	2,005.9	1,711.9
PROFIT BEFORE TAX	1,485.9	2,171.5
Income tax (Note 7)	(0.4)	(0.6)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	1,485.5	2,170.9
Attributable to:		
Equity holders of the parent	889.8	1,287.1
Non-controlling interests	595.7	883.8
	1,485.5	2,170.9
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	HK27.71 cents	HK51.69 cents
Diluted	HK27.11 cents	HK48.91 cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2011 HK\$'M	Year ended 31st December, 2010 HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	1,485.5	2,170.9
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value	(3.8)	0.8
Reclassification adjustment for gains included in the consolidated income statement	(0.6)	–
	<u>(4.4)</u>	<u>0.8</u>
Exchange differences on translating foreign operations	8.7	2.4
Share of other comprehensive income/(loss) of:		
A jointly controlled entity	3.1	–
Associates	(58.6)	128.1
	<u>(51.2)</u>	<u>131.3</u>
Other comprehensive income/(loss) for the year	(51.2)	131.3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,434.3</u>	<u>2,302.2</u>
Attributable to:		
Equity holders of the parent	856.5	1,364.0
Non-controlling interests	577.8	938.2
	<u>1,434.3</u>	<u>2,302.2</u>

Consolidated Statement of Financial Position

	31st December, 2011	31st December, 2010
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	3.7	4.2
Investment properties	0.2	0.5
Goodwill	202.0	202.0
Investment in a jointly controlled entity	786.7	–
Investments in associates	5,967.1	6,075.0
Available-for-sale investments	13.2	6.2
Financial assets at fair value through profit or loss	360.6	957.1
Loans receivable	3.0	3.2
Deposits for purchase of properties	–	42.6
Other assets	0.2	0.2
Total non-current assets	<u>7,336.7</u>	<u>7,291.0</u>
CURRENT ASSETS		
Financial assets at fair value through profit or loss	183.7	272.2
Held-to-maturity investment	73.4	–
Properties held for sale	6.0	6.0
Inventories	9.4	4.1
Debtors, deposits and prepayments (Note 10)	97.8	88.5
Time deposits	1,460.9	238.7
Cash and bank balances	631.2	328.5
	<u>2,462.4</u>	<u>938.0</u>
Asset of a disposal group classified as held for sale	–	249.4
Total current assets	<u>2,462.4</u>	<u>1,187.4</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2011	31st December, 2010
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(50.9)	(72.9)
Tax payable	(3.7)	(3.6)
Deposits received	(0.2)	(217.0)
Interest bearing bank borrowings	(146.0)	–
	(200.8)	(293.5)
Liability directly associated with the asset of a disposal group classified as held for sale	–	(98.9)
Total current liabilities	(200.8)	(392.4)
NET CURRENT ASSETS		
	2,261.6	795.0
Net assets	9,598.3	8,086.0
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	323.6	279.7
Reserves	5,589.4	4,641.6
Proposed final dividend	55.0	52.0
	5,968.0	4,973.3
Non-controlling interests	3,630.3	3,112.7
Total equity	9,598.3	8,086.0

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investments and financial assets at fair value through profit or loss, which have been measured at fair value. A disposal group classified as held for sale was stated at the lower of its carrying amount and fair value less costs to sell in the prior year. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- *HKAS 1 Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.
- *HKAS 27 Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1st July, 2009 or earlier if HKAS 27 is applied earlier.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;

- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through Regal REIT;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services, artist management and infrared consultancy services.

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.

Segment assets exclude time deposits, cash and bank balances, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest bearing bank borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2011 and 2010.

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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	377.8	5.8	56.2	92.3	-	18.8	5.2	14.2	14.3	-	-	-	453.5	131.1
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	<u>377.8</u>	<u>5.8</u>	<u>56.2</u>	<u>92.3</u>	<u>-</u>	<u>18.8</u>	<u>5.2</u>	<u>14.2</u>	<u>14.3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453.5</u>	<u>131.1</u>
Segment results	<u>141.5</u>	<u>(15.2)</u>	<u>(1.7)</u>	<u>7.1</u>	<u>-</u>	<u>(2.3)</u>	<u>(698.4)</u>	<u>497.9</u>	<u>25.9</u>	<u>3.7</u>	<u>-</u>	<u>-</u>	<u>(532.7)</u>	<u>491.2</u>
Interest income and unallocated non-operating and corporate gains													19.4	4.2
Unallocated non-operating and corporate expenses													(47.1)	(35.7)
Operating profit/(loss)													(560.4)	459.7
Finance costs													(1.0)	(0.1)
Share of profits and losses of:														
A jointly controlled entity	41.4	-	-	-	-	-	-	-	-	-	-	-	41.4	-
Associates	1,945.4	(413.5)	-	-	60.5	2,125.4	-	-	-	-	-	-	<u>2,005.9</u>	<u>1,711.9</u>
Profit before tax													1,485.9	2,171.5
Income tax													(0.4)	(0.6)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													<u>1,485.5</u>	<u>2,170.9</u>
Attributable to:														
Equity holders of the parent													889.8	1,287.1
Non-controlling interests													<u>595.7</u>	<u>883.8</u>
													<u>1,485.5</u>	<u>2,170.9</u>

*The amount represents contribution from the Regal group.

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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 assets	66.6	50.8	32.8	32.7	-	1.1	635.0	1,243.6	3.3	3.5	-	-	737.7	1,331.7
Investment in a jointly controlled entity	786.7	-	-	-	-	-	-	-	-	-	-	-	786.7	-
Investments in associates	103.6	146.9	-	-	5,863.5	5,928.1	-	-	-	-	-	-	5,967.1	6,075.0
Asset of a disposal group classified as held for sale	-	249.4	-	-	-	-	-	-	-	-	-	-	-	249.4
Cash and unallocated assets													2,307.6	822.3
Total assets													9,799.1	8,478.4
Segment liabilities	(2.9)	(5.6)	(22.8)	(36.3)	-	(1.7)	(3.7)	(11.6)	-	-	-	-	(29.4)	(55.2)
Liability directly associated with the asset of a disposal group classified as held for sale	-	(98.9)	-	-	-	-	-	-	-	-	-	-	-	(98.9)
Interest bearing bank borrowings and unallocated liabilities													(171.4)	(238.3)
Total liabilities													(200.8)	(392.4)
Other segment information:														
Depreciation	-	-	0.5	0.5	-	-	-	-	-	-	-	-	-	-
Capital expenditure	-	42.6	0.7	0.1	-	-	-	-	0.2	-	-	-	-	-
Impairment of deposits paid	-	-	-	-	-	-	-	-	5.0	-	-	-	-	-
Gain on disposal of a disposal group classified as held for sale	(66.2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	(29.3)	-	-	-	-	-
Other non-cash income	-	-	-	-	-	-	-	-	(0.6)	(2.5)	-	-	-	-

Geographical information

(a) Revenue from external customers

	2011	2010
	HK\$'M	HK\$'M
Hong Kong	443.6	122.8
Mainland China	9.9	8.3
	<hr/> 453.5 <hr/>	<hr/> 131.1 <hr/>

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2011	2010
	HK\$'M	HK\$'M
Hong Kong	6,385.6	6,323.2
Mainland China	574.3	1.3
	<hr/> 6,959.9 <hr/>	<hr/> 6,324.5 <hr/>

The non-current assets information above is based on the location of assets and excludes financial instruments.

Information about major customers

Revenue of approximately HK\$376.0 million was derived from sales to a major customer primarily in the property development and investment segment.

In the prior year, revenue of approximately HK\$43.7 million and HK\$14.0 million was derived from sales to two major customers respectively, primarily in the construction and building related businesses segment.

3. Revenue (which is also the Group's turnover), other income and gains are analysed as follows:

	2011	2010
	HK\$'M	HK\$'M
<u>Revenue</u>		
Rental income:		
Investment properties	0.1	4.4
Properties held for sale	0.5	0.4
Construction and construction-related income	51.8	77.5
Proceeds from sale of properties	376.0	–
Estate management fees	3.2	3.2
Property development consultancy and project management fees	1.2	11.6
Gain from sale of listed investments at fair value through profit or loss, net	1.3	10.8
Dividend income from listed investments	3.9	3.4
Hotel operation	–	18.8
Other operations	15.5	1.0
	453.5	131.1
<u>Other income and gains</u>		
Interest income from:		
Bank balances	9.4	0.7
Loans receivable	3.6	3.8
Held-to-maturity investment	0.6	–
Dividend income from unlisted investments	0.1	2.3
Gain on disposal of an investment property	0.2	–
Gain on disposal of available-for-sale investment	0.8	–
Gain on disposal of a disposal group classified as held for sale	66.2	–
Gain on disposal of a subsidiary	29.3	–
Others	0.2	–
	110.4	6.8

4. Other operating expenses, net, include the following major items:

	2011	2010
	HK\$'M	HK\$'M
Depreciation	1.7	1.4
Loss on disposal of financial assets at fair value through profit or loss	12.3	–
Loss on disposal of an associate	–	3.9
Impairment of deposits paid	5.0	–
Reversal of impairment of loans receivable	(0.6)	(10.0)
	<u> </u>	<u> </u>

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

	2011	2010
	HK\$'M	HK\$'M
Profit/(loss) on disposal of listed investments	(11.0)	10.8
Profit on disposal of available-for-sale investments	0.8	–
	<u> </u>	<u> </u>

6. Finance costs of the Group are as follows:

	2011	2010
	HK\$'M	HK\$'M
Interest on bank loans wholly repayable within five years	0.7	–
Other loan costs	0.3	0.1
	<u> </u>	<u> </u>
Total finance costs	<u>1.0</u>	<u>0.1</u>

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

	2011	2010
	HK\$'M	HK\$'M
Group:		
Current – Hong Kong Charge for the year	0.4	0.6

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2010 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

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\$380.7 million (2010 – HK\$37.2 million) is included in “Share of profits and losses of associates” in the consolidated income statement.

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

There was no material unprovided deferred tax in respect of the year and as at 31st December, 2011.

8. Dividends:

	2011	2010
	HK\$'M	HK\$'M
Interim – HK0.5 cent (2010 – HK0.4 cent) and special interim cash of HK1.0 cent (2010 – Nil) per ordinary share	48.7	9.6
Proposed final – HK1.7 cents (2010 – HK1.6 cents) per ordinary share	55.0	52.0
	<hr/> 103.7 <hr/>	<hr/> 61.6 <hr/>

9. The calculation of basic earnings per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK\$889.8 million (2010 – HK\$1,287.1 million) and on the weighted average of 3,210.7 million (2010 – 2,490.1 million) ordinary shares of the Company in issue during the year.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2011 is based on the profit for the year attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg group of HK\$7.1 million assuming all outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the year. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 45.4 million that would be issued at no consideration assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the year. The exercise prices of the share options of the Company and Regal outstanding during the year are higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2010 was based on the profit for that year attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg

group of HK\$16.5 million assuming all outstanding share options of Paliburg and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of that year. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 107.5 million that would be issued at no consideration assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that year. The exercise prices of the share options of the Company and Regal outstanding during that year were higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$11.0 million (2010 – HK\$18.2 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	4.2	19.6
Between 4 to 6 months	–	0.1
Between 7 to 12 months	0.5	0.1
Over 1 year	8.0	0.2
	<hr/> 12.7	<hr/> 20.0
Impairment	(1.7)	(1.8)
	<hr/> 11.0 <hr/>	<hr/> 18.2 <hr/>

Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk. 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\$1.6 million (2010 – HK\$4.2 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	1.6	4.2

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

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

During the year ended 31st December, 2011, the Company repurchased a total of 11,440,000 ordinary shares of the Company at an aggregate purchase price of HK\$5,420,020 on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price
		Highest (HK\$)	Lowest (HK\$)	(HK\$)
September 2011	1,900,000	0.455	0.440	844,500
October 2011	4,616,000	0.510	0.415	2,137,060
November 2011	2,752,000	0.520	0.470	1,356,800
December 2011	2,172,000	0.520	0.485	1,081,660
Total	11,440,000			5,420,020
		Total expenses on shares repurchased		17,155
			Total	5,437,175

Out of the 11,440,000 repurchased ordinary shares, 11,276,000 repurchased ordinary shares were cancelled during the year, and the remaining 164,000 repurchased ordinary shares were cancelled subsequent to the year end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2011, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2011, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Bye-laws of the Company, all Directors (including the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

Mr. Jimmy LO Chun To

Miss LO Po Man

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 21st March, 2012