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ANNOUNCEMENT OF 2012 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2012	Year 2011	% Change
	HK\$'M	HK\$'M	
Revenue	1,722.4	436.1	+295.0%
Gross profit	720.4	81.8	+780.7%
Operating profit/(loss) before depreciation and finance costs	2,615.7	(561.3)	N/A
Profit for the year attributable to equity holders of the parent	2,294.3	1,484.2	+54.6%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$2.02	HK\$1.30	+55.4%
Proposed final dividend per ordinary share	HK8.8 cents	HK8.0 cents	+10.0%
Total ordinary dividends for the year per ordinary share	HK10.8 cents	HK9.8 cents*	+10.2%
	As at 31st December,	2011	
	2012	2011	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent	HK\$9.98	HK\$7.78	+28.3%

* excluding the special interim cash dividend of HK10.0 cents

- **Gross profit of HK\$720.4 million, a year-on-year increase of about 7.8 times. Operating profit before depreciation and finance costs for the year amounted to HK\$2,615.7 million (2011 – loss of HK\$561.3 million). Depreciation charges for the year amounted to HK\$285.6 million.**
- **Achieved consolidated profit attributable to shareholders of HK\$2,294.3 million, as compared to the profit of HK\$1,484.2 million attained in 2011.**
- **The profit achieved was mainly attributable to the one-off net accounting gain recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Group, as a subsidiary during the year.**
- **The Group has been actively seeking appropriate new acquisitions to replenish its property portfolio and has made substantive progress. A majority of the new acquisitions have been undertaken through P&R Holdings Limited, a 50:50 joint venture with Regal.**
- **P&R Holdings is presently undertaking five development projects, four of which are in Hong Kong and the other one is a large scale composite development in Chengdu, Sichuan, China. Of the four development projects in Hong Kong, three are hotel redevelopments, with two located in Sheung Wan and one in North Point, while the other development project is a residential development in Yuen Long.**
- **In February 2013, P&R Holdings further concluded a formal sale and purchase agreement for the purchase of the properties located at Ha Heung Road, To Kwa Wan, Kowloon, also intended to be redeveloped into a hotel.**
- **The Group considers that the recent measures introduced by the HKSAR Government to cool down overheated demands and to ensure steady future supply of land for new developments could help in creating a stable environment for the healthy development of the real estate market in Hong Kong and remains optimistic of the continuing prosperity of the local property sector.**
- **The Group has strong financial resources and is both committed and well prepared to pursue the new acquisition opportunities that will become available, with a view to further expanding its property portfolio.**
- **The Directors are confident that the Group will continue to grow and will bring to shareholders increasing returns.**

FINANCIAL RESULTS

For the year ended 31st December, 2012, the Group achieved a consolidated profit attributable to shareholders of HK\$2,294.3 million, as compared to the profit of HK\$1,484.2 million attained in 2011.

The profit achieved in the year under review was mainly attributable to the one-off net accounting gain of HK\$2,118.4 million recognised by the Group on consolidating Regal Hotels International Holdings Limited, previously a listed associate of the Group, based on the fair values of the assets and liabilities of Regal and its subsidiaries as at 7th May, 2012, the date when Regal became a subsidiary of the Company.

BUSINESS OVERVIEW

As mentioned in the 2012 Interim Report, as a result of the share repurchases by Regal under its share repurchase programme announced in April 2012, the shareholdings held by the Group in Regal increased to over 50% on 7th May, 2012. Consequently, Regal and its majority-owned Regal Real Estate Investment Trust both became listed subsidiaries of the Group. Accordingly, the assets and liabilities of Regal (including Regal REIT) and their results since 7th May, 2012 have been consolidated into the financial statements of the Group presented in this announcement.

Apart from the strategic controlling shareholding in Regal, the Group focuses its core businesses primarily on property developments and investments. The Group has during the year been actively seeking appropriate new acquisitions with a view to replenishing its property portfolio and has made substantive progress. A majority of the new acquisitions have been undertaken through P&R Holdings Limited, which was formed as a 50:50 joint venture with Regal in April 2011 primarily to undertake property developments for sale and/or leasing. As Regal became a subsidiary of the Group, the status of P&R Holdings has since also been transformed from a jointly controlled entity into a subsidiary undertaking. Having

regard to the combined financial resources and professional expertise available to P&R Holdings, it is expected that P&R Holdings may continue to take on further new acquisitions.

PROPERTIES

P&R Holdings is presently undertaking five development projects, four of which are in Hong Kong and the other one is a large scale composite development in Chengdu, Sichuan, China. Of the four development projects in Hong Kong, three are hotel redevelopments, with two located in Sheung Wan and one in North Point, while the other development project is a residential development in Yuen Long. One of the hotel redevelopment projects in Sheung Wan, located at Bonham Strand, is scheduled to be completed in the second half of this year and the one at Merlin Street in North Point anticipated for completion in the first half of 2014.

In December 2012, a wholly owned subsidiary of Regal entered into a provisional agreement with a third party vendor for the purchase of the properties located at Ha Heung Road, To Kwa Wan, Kowloon, which is also planned for hotel redevelopment. As the other three hotel redevelopment projects in Hong Kong are already undertaken through P&R Holdings, it was considered to be more efficient and beneficial that this new acquisition would also be undertaken by P&R Holdings. Accordingly, P&R Holdings acquired from the Regal group at cost its equity interests in that purchaser entity on 28th February, 2013 and, on that same date, a formal sale and purchase agreement was concluded with the vendor for the purchase of the subject properties at a consideration of HK\$464.3 million. It is presently intended by P&R Holdings that the property will be redeveloped into a hotel with a proposed gross floor area of about 6,298 square meters (67,790 square feet) and with not more than 340 hotel rooms as approved by the Town Planning Board.

Shareholders could refer to the section headed “Management Discussion and Analysis” in this announcement for the details and latest progress of the property projects undertaken by P&R Holdings.

The Group owns a 30% interest in the luxury residential development at Larvotto in Ap Lei Chau. All the units in this development, except for 8 special featured apartment units and

some 80 car parks, have been sold and completed. After the year end date, 2 of the remaining apartment units and 5 car parks have been sold pending completion and it is anticipated that the other remaining units and car parks will continue to be disposed of gradually.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group's development consultancy arm is providing professional services on the architectural, engineering and interior design work for all the property development and hotel renovation projects undertaken by different members of the Group. In the meantime, the Group's construction arm, Chatwin Engineering Limited, is presently undertaking the main contract works for the development projects of P&R Holdings at Bonham Strand in Sheung Wan and at Merlin Street in North Point, both awarded through competitive tender processes.

OTHER INVESTMENTS

The Group holds a substantial portfolio of investments in a wide range of listed securities, bonds and other financial instruments. The Paliburg Group itself holds within this portfolio, as long term strategic investments, a 17.1% shareholding interest in as well as certain convertible bonds of Cosmopolitan International Holdings Limited. In addition, Regal also holds substantial convertible bonds and a relatively minor shareholding interest in Cosmopolitan. These convertible bonds were previously due for repayment on 14th February, 2013 but the relevant parties have entered into extension agreements in November 2012 to extend the maturity dates to 30th September, 2013. With the approval, among others, of the independent shareholders of Regal obtained at its special general meeting held in January 2013, the extension agreements have since become effective. If all these convertible bonds are converted and assuming there are no changes in the present capital structure of Cosmopolitan, the Group will come to own controlling interest in Cosmopolitan. Management of the Group is considering various options with regards to the Group's position towards Cosmopolitan and it is expected that a strategic plan will be formulated before the next expiry of the convertible bonds.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2012, Regal achieved a consolidated profit attributable to shareholders of HK\$536.3 million, which was an increase of about 4 times over the HK\$107.9 million attained in 2011.

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

The Regal group's hotel ownership business is undertaken through Regal REIT, which is approximately 74.5% held by Regal, and a wholly owned subsidiary of Regal, Regal Portfolio Management Limited, acts as the REIT Manager of Regal REIT.

For the year ended 31st December, 2012, Regal REIT achieved a consolidated net profit before distributions to Unitholders of HK\$3,548.8 million, an increase of 18.4% over the comparative amount of HK\$2,997.3 million recorded for the year 2011. The profit achieved for the year under review included a gain of HK\$3,068.0 million derived from the changes in the fair values of Regal REIT's investment properties, while for the preceding year, a gain of HK\$2,625.3 million was recorded from such fair value changes. Total distributable income has increased by 16.8% from HK\$397.9 million last year to HK\$464.7 million in the year under review.

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 Hong Kong Special Administrative Region Government has recently imposed additional stamp duties on property transactions in an attempt to curb short term speculations and to cool down overheated demands. The government has also announced that it will make available more development lands for public tenders or auctions to ensure a steady future supply of land for new developments. The Group considers that these measures could help in creating a stable environment for the healthy development of the real estate market in Hong Kong and remains optimistic of the continuing prosperity of the local property sector.

The Group has strong financial resources and is both committed and well prepared to pursue the new acquisition opportunities that will become available, with a view to further expanding its property portfolio. The Directors are confident that the Group will continue to grow and will bring to shareholders increasing returns.

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.

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 year 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. P&R Holdings and its subsidiaries are principally engaged in property development business. Further information relating to the property development projects being undertaken by the P&R Holdings group is set out below:

Hong Kong

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 7,776 square meters (83,700 square feet). The superstructure works are in progress and the project is expected to be completed during the second half of 2013.

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

This development site is constituted by two adjoining properties having an aggregate site area of approximately 345 square meters (3,710 square feet). The project is planned for the

development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,491 square meters (59,108 square feet). Due to some delay encountered in the foundation works for this site, the completion schedule of the hotel development is anticipated to be deferred to the first half of 2015.

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 336 guestrooms, with total gross floor area of approximately 7,378 square meters (79,420 square feet). The superstructure works are in progress and the project is expected to be completed during the first half of 2014.

Lot No.4309 in Demarcation District No.124, Tan Kwai Tsuen Road,

Yuen Long, New Territories

This development site, acquired through a government public auction, has an area of approximately 11,192 square meters (120,470 square feet) and is planned for a residential development with a total of 170 units, comprising 36 houses and 134 apartments, having an 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 fourth quarter of 2014.

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

As reported in the section “Business Overview” above, in December 2012, Prosper Harvest Investments Limited, a then wholly owned subsidiary of Regal, entered into a provisional agreement with an independent third party for the acquisition of these properties. On 28th February 2013, the Regal group transferred its entire equity interests in Prosper Harvest at cost to P&R Holdings for a consideration of approximately HK\$46.52 million, effectively representing the shareholders’ loan then owing by Prosper Harvest to the Regal group. Subsequently, on that same date, Prosper Harvest entered into a formal sale and purchase agreement for the property acquisition at a consideration of HK\$464.3 million (subject to adjustments), and a total deposit of HK\$46.5 million was paid to the vendor. Completion of

this agreement is expected to take place in early April 2013. Prosper Harvest plans to redevelop these properties into a hotel with a proposed gross floor area of about 6,298 square meters (67,790 square feet) and with not more than 340 hotel rooms as approved by the Town Planning Board.

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 jointly controlled entity owned as to 50% each by 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 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, being 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 curtain wall construction of the hotel is in progress. The hotel is presently scheduled to be opened in the fourth quarter of 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 of approximately 45,500 square meters (490,000 square feet). The structural frames for this part of the development have also been completed, with overall construction works scheduled to be completed in the first quarter of 2014. Presale of the residential units is anticipated to be launched in the third quarter of 2013. Development works for the other stages are planned to be carried out progressively.

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 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 issued during the year are denominated in US dollar with a fixed coupon rate. 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 generated from operating activities during the year under review amounted to HK\$12.9 million (2011 – HK\$104.8 million). Net interest payment for the year amounted to HK\$77.9 million (2011 – net interest receipt of HK\$11.9 million).

Borrowings and Gearing

As at 31st December, 2012, the Group had borrowings net of cash and bank balances and deposits of HK\$3,320.2 million (2011 – cash and bank balances and deposits net of borrowings of HK\$1,395.2 million). The increase in the level of borrowings was mainly due to the consolidation of Regal and P&R Holdings during the year.

As at 31st December, 2012, the gearing ratio of the Group is 10.5%, representing the Group's borrowings net of cash and bank balances and deposits of HK\$3,320.2 million, as compared to the total assets of the Group of HK\$31,745.1 million. The Group had no gearing as at 31st December, 2011.

Details of the maturity profile of the borrowings of the Group as of 31st December, 2012 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2012 (the “2012 Annual Report”), which will be despatched to shareholders on or before 30th April, 2013.

Pledge of Assets

As at 31st December, 2012, certain of the Group's property, plant and equipment, investment properties and properties held for sale in the total amount of HK\$20,153.1 million and certain ordinary shares in a listed subsidiary with a market value of HK\$338.8 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\$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.

As at 31st December, 2011, held-to-maturity investment of HK\$36.7 million and certain ordinary shares in a former listed associate with a market value of HK\$224.3 million were pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2012 are shown in the Financial Statements.

Contingent Liabilities

The Group had no contingent liability as at 31st December, 2012.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK8.8 cents per ordinary share for the year ended 31st December, 2012, representing an increase of about 10.0% over the final dividend of HK8.0 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK\$98.1 million (2011 – HK\$91.9 million) and will be payable to the holders of ordinary shares on the Register of Ordinary Shareholders on 10th June, 2013.

Together with the interim dividend of HK2.0 cents per ordinary share paid in October 2012 (2011 – ordinary interim dividend of HK1.8 cents and special interim cash dividend of HK10.0 cents, aggregating to HK11.8 cents per ordinary share), total dividends per ordinary share for the year ended 31st December, 2012 will amount to HK10.8 cents. Comparing on the basis of the ordinary dividends, the total ordinary dividends for the year represent an increase of about 10.2% over those paid in 2011.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Friday, 31st May, 2013. 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 2012 Annual Report, in due course.

CLOSURE OF REGISTER

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

- (i) from Wednesday, 29th May, 2013 to Friday, 31st May, 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 Annual General Meeting. In order to be entitled to attend and vote at the 2013 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 Tuesday, 28th May, 2013; and

- (ii) from Thursday, 6th June, 2013 to Monday, 10th June, 2013, 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 Wednesday, 5th June, 2013.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 21st June, 2013.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,722.4	436.1
Cost of sales	(1,002.0)	(354.3)
Gross profit	720.4	81.8
Other income and gains (Note 3)	28.9	79.0
Fair value gains on investment properties	60.6	–
Fair value losses on financial assets at fair value through profit or loss, net	(133.8)	(673.3)
Fair value loss on remeasurement of investments in a listed associate and an unlisted jointly controlled entity, net	(4,355.0)	–
Gain on bargain purchase of a listed subsidiary	6,473.4	–
Administrative expenses	(179.9)	(35.4)
Other operating income/(expenses), net (Note 4)	1.1	(13.4)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	2,615.7	(561.3)
Depreciation	(285.6)	(0.6)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	2,330.1	(561.9)
Finance costs (Note 6)	(121.6)	(0.9)
Share of profits and losses of:		
Jointly controlled entities	(0.2)	41.4
Associates	170.7	2,005.9
PROFIT BEFORE TAX	2,379.0	1,484.5
Income tax (Note 7)	(2.6)	(0.4)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,376.4	1,484.1

Consolidated Income Statement (Cont'd)

	Year ended 31st December, 2012 HK\$'M	Year ended 31st December, 2011 HK\$'M
Attributable to:		
Equity holders of the parent	2,294.3	1,484.2
Non-controlling interests	82.1	(0.1)
	<hr/> 2,376.4	<hr/> 1,484.1
	<hr/>	<hr/>
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	HK\$2.02	HK\$1.30
	<hr/>	<hr/>
Diluted	HK\$2.02	HK\$1.29
	<hr/>	<hr/>

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK\$'M	HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,376.4	1,484.1
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value	0.4	(0.5)
Reclassification adjustment for gain on disposal included in the income statement	(0.4)	–
	–	(0.5)
Cash flow hedges:		
Changes in fair value of cash flow hedges	(2.9)	–
Transfer from hedge reserve to the income statement	1.3	–
	(1.6)	–
Exchange differences on translating foreign operations	11.6	4.5
Reclassification adjustments on deemed disposals of a listed associate and an unlisted jointly controlled entity	(32.6)	–
Share of other comprehensive income/(loss) of:		
Jointly controlled entities	(1.1)	5.2
Associates	(55.9)	(57.6)
Other comprehensive loss for the year	(79.6)	(48.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,296.8	1,435.7
Attributable to:		
Equity holders of the parent	2,211.8	1,435.8
Non-controlling interests	85.0	(0.1)
	2,296.8	1,435.7

Consolidated Statement of Financial Position

	31st December, 2012	31st December, 2011
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	20,269.8	1.7
Investment properties	948.3	0.2
Properties under development	370.8	–
Investment in a jointly controlled entity	251.2	940.9
Investments in associates	26.1	6,043.3
Available-for-sale investments	9.5	3.6
Financial assets at fair value through profit or loss	164.5	348.3
Loans receivable	21.7	3.0
Deposits	2.3	–
Trademark	610.2	–
	<hr/>	<hr/>
Total non-current assets	22,674.4	7,341.0
	<hr/>	<hr/>
CURRENT ASSETS		
Properties under development	831.1	–
Properties held for sale	1,510.8	6.0
Inventories	38.1	9.4
Debtors, deposits and prepayments (Note 10)	934.8	88.3
Loans receivable	0.3	–
Held-to-maturity investments	210.8	36.7
Financial assets at fair value through profit or loss	1,085.4	112.2
Restricted cash	44.2	–
Pledged time deposits and bank balances	321.9	–
Time deposits	2,727.2	1,317.6
Cash and bank balances	1,366.1	160.6
	<hr/>	<hr/>
Total current assets	9,070.7	1,730.8
	<hr/>	<hr/>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2012	31st December, 2011
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(611.2)	(38.1)
Deposits received	(47.0)	(0.2)
Interest bearing bank borrowings	(81.5)	(83.0)
Derivative financial instruments	(2.1)	–
Tax payable	(47.4)	(3.7)
Total current liabilities	<u>(789.2)</u>	<u>(125.0)</u>
NET CURRENT ASSETS	8,281.5	1,605.8
TOTAL ASSETS LESS CURRENT LIABILITIES	30,955.9	8,946.8
NON-CURRENT LIABILITIES		
Creditor	(448.1)	–
Deposits received	(2.5)	–
Interest bearing bank borrowings	(5,404.3)	–
Other borrowing	(2,293.8)	–
Derivative financial instruments	(2.8)	–
Deferred tax liabilities	(2,286.8)	–
Total non-current liabilities	<u>(10,438.3)</u>	<u>–</u>
Net assets	<u>20,517.6</u>	<u>8,946.8</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	111.5	114.9
Reserves	10,923.8	8,739.1
Proposed final dividend	98.1	91.9
	<u>11,133.4</u>	<u>8,945.9</u>
Non-controlling interests	9,384.2	0.9
Total equity	<u>20,517.6</u>	<u>8,946.8</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards 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, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. The 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 revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>

The adoption of these revised HKFRSs has had no significant financial effect on the 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, 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.

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, other borrowing, derivative financial instruments, tax payable, deferred tax liabilities 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, 2012 and 2011.

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	304.8	377.8	59.5	56.2	1,331.5	-	12.1	2.1	14.5	-	-	-	1,722.4	436.1
Intersegment sales	3.1	-	28.4	-	-	-	-	-	62.8	-	(94.3)	-	-	-
Total	<u>307.9</u>	<u>377.8</u>	<u>87.9</u>	<u>56.2</u>	<u>1,331.5</u>	<u>-</u>	<u>12.1</u>	<u>2.1</u>	<u>77.3</u>	<u>-</u>	<u>(94.3)</u>	<u>-</u>	<u>1,722.4</u>	<u>436.1</u>
Segment results before depreciation	36.7	141.5	4.9	(1.2)	644.1	-	(117.1)	(684.1)	(8.4)	1.4	-	-	560.2	(542.4)
Depreciation	(0.8)	-	(0.5)	(0.5)	(283.7)	-	-	-	(0.5)	-	-	-	(285.5)	(0.5)
Segment results	<u>35.9</u>	<u>141.5</u>	<u>4.4</u>	<u>(1.7)</u>	<u>360.4</u>	<u>-</u>	<u>(117.1)</u>	<u>(684.1)</u>	<u>(8.9)</u>	<u>1.4</u>	<u>-</u>	<u>-</u>	<u>274.7</u>	<u>(542.9)</u>
Unallocated interest income and unallocated non-operating and corporate gains													6,492.7	15.4
Unallocated non-operating and corporate expenses													(4,437.3)	(34.4)
Operating profit/(loss)													2,330.1	(561.9)
Finance costs													(121.6)	(0.9)
Share of profits and losses of:														
Jointly controlled entities	(0.2)	41.4	-	-	-	-	-	-	-	-	-	-	(0.2)	41.4
Associates	39.2	1,945.4	-	-	133.9 *	60.5 *	-	-	(2.4)	-	-	-	170.7	2,005.9
Profit before tax													2,379.0	1,484.5
Income tax													(2.6)	(0.4)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													<u>2,376.4</u>	<u>1,484.1</u>
Attributable to:														
Equity holders of the parent													2,294.3	1,484.2
Non-controlling interests													82.1	(0.1)
													<u>2,376.4</u>	<u>1,484.1</u>

*The amount represents contribution from Regal and its subsidiaries which were previously accounted for as associates and became subsidiaries of the Company since 7th May, 2012.

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	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	6,658.8	66.6	35.8	32.8	18,684.2	-	1,529.4	503.8	140.6	3.3	(44.3)	-	27,004.5	606.5
Investment in a jointly controlled entity	251.2	940.9	-	-	-	-	-	-	-	-	-	-	251.2	940.9
Investments in associates	16.1	103.6	-	-	6.6	5,939.7	-	-	3.4	-	-	-	26.1	6,043.3
Cash and unallocated assets													4,463.3	1,481.1
Total assets													<u>31,745.1</u>	<u>9,071.8</u>
Segment liabilities	(718.0)	(2.9)	(33.3)	(22.8)	(335.8)	-	(2.2)	(3.7)	(18.0)	-	44.3	-	(1,063.0)	(29.4)
Interest bearing bank borrowings and unallocated liabilities													<u>(10,164.5)</u>	<u>(95.6)</u>
Total liabilities													<u>(11,227.5)</u>	<u>(125.0)</u>
Other segment information:														
Capital expenditure	3,609.6	-	0.6	0.7	18,725.6	-	-	-	83.7	-				
Gain on disposal of a disposal group classified as held for sale	-	(66.2)	-	-	-	-	-	-	-	-				
Reversal of impairment of loans receivable	-	-	-	-	-	-	-	-	(0.5)	(0.5)				
Impairment of trade debtors, net	-	-	-	-	0.9	-	-	-	-	-				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	131.7	673.3	-	-				
Fair value gains on investment properties	(43.6)	-	-	-	(17.0)	-	-	-	-	-				
Interest income	(0.4)	-	-	-	(1.9)	-	(5.1)	(0.3)	(0.2)	(0.9)				

Geographical information

(a) Revenue from external customers

	2012	2011
	HK\$'M	HK\$'M
Hong Kong	1,696.5	435.6
Mainland China	25.9	0.5
	<hr/> 1,722.4 <hr/>	<hr/> 436.1 <hr/>

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

(b) Non-current assets

	2012	2011
	HK\$'M	HK\$'M
Hong Kong	20,730.9	6,257.7
Mainland China	1,663.7	728.4
Overseas	81.8	–
	<hr/> 22,476.4 <hr/>	<hr/> 6,986.1 <hr/>

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

Information about a major customer

Revenue of approximately HK\$286.5 million (2011 – HK\$376.0 million) was derived from sales to a major customer in the property development and investment segment.

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

	2012	2011
	HK\$'M	HK\$'M
<u>Revenue</u>		
Rental income:		
Hotel properties	20.1	–
Investment properties	9.3	0.1
Properties held for sale	0.5	0.5
Construction and construction-related income	42.8	51.8
Proceeds from sale of properties	298.4	376.0
Estate management fees	4.5	3.2
Property development consultancy and project management fees	12.2	1.2
Gain from sale of listed investments at fair value through profit or loss, net	5.2	1.2
Dividend income from listed investments	6.9	0.9
Hotel operations and management services	1,307.7	–
Other operations	14.8	1.2
	1,722.4	436.1
<u>Other income and gains</u>		
Interest income from:		
Bank balances	18.1	8.6
Others	8.0	3.8
Dividend income from unlisted investments	–	0.1
Gain on disposal of an investment property	–	0.2
Fair value gain on available-for-sale investments (transfer from equity on disposal)	0.4	–
Gain on disposal of a disposal group classified as held for sale	–	66.2
Others	2.4	0.1
	28.9	79.0

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

	2012	2011
	HK\$'M	HK\$'M
Loss on disposal of financial assets at fair value through profit or loss	–	(12.3)
Reversal of impairment of loans receivable	0.5	0.5
	<u> </u>	<u> </u>

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

	2012	2011
	HK\$'M	HK\$'M
Profit/(loss) on disposal of listed investments	5.2	(11.1)
Profit on disposal of available-for-sale investments	0.4	–
Profit on disposal of properties	6.0	–
	<u> </u>	<u> </u>

6. Finance costs of the Group are as follows:

	2012	2011
	HK\$'M	HK\$'M
Interest on bank loans wholly repayable within five years	79.7	0.7
Interest on other borrowing wholly repayable within five years	20.2	–
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	1.3	–
Amortisation of debt establishment costs	16.6	–
Other loan costs	3.8	0.2
	<u> </u>	<u> </u>
	121.6	0.9
	<u> </u>	<u> </u>

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

	2012	2011
	HK\$'M	HK\$'M
Group:		
Current – Hong Kong		
Charge for the year	50.7	0.4
Overprovision in prior years	(1.1)	–
Current – Overseas		
Charge for the year	1.0	–
Overprovision in prior years	(0.8)	–
Deferred	(47.2)	–
	<hr/>	<hr/>
Total tax charge for the year	2.6	0.4
	<hr/> <hr/>	<hr/> <hr/>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2011 – 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\$15.0 million (2011 – HK\$380.7 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 entities as no assessable profits were earned by the jointly controlled entities during the year (2011 – Nil).

8. Dividends:

	2012	2011
	HK\$'M	HK\$'M
Interim – HK2.0 cents (2011 – HK1.8 cents and special interim cash HK10.0 cents, aggregating to HK11.8 cents) per ordinary share	22.4	136.3
Proposed final – HK8.8 cents (2011 – HK8.0 cents) per ordinary share	98.1	91.9
	<hr/> 120.5 <hr/>	<hr/> 228.2 <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\$2,294.3 million (2011 – HK\$1,484.2 million) and on the weighted average of 1,133.2 million (2011 – 1,141.5 million) ordinary shares of the Company in issue during the year.

No adjustment has been made to the basic earnings per ordinary share amount presented for the year ended 31st December, 2012 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the year.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2011 was based on the profit for that year attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 8.1 million that would be issued at no consideration assuming all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that year. The exercise price of the share options of Regal outstanding during that year was higher than the average market price of the ordinary shares of Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$151.2 million (2011 – HK\$11.0 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:

	2012	2011
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	127.4	2.7
Between 4 to 6 months	7.8	–
Between 7 to 12 months	7.1	0.4
Over 1 year	11.1	7.9
	<hr/>	<hr/>
	153.4	11.0
Impairment	(2.2)	–
	<hr/>	<hr/>
	151.2	11.0
	<hr/>	<hr/>

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\$84.6 million (2011 – HK\$1.6 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:

	2012	2011
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	83.1	1.6
Between 4 to 6 months	1.1	–
Between 7 to 12 months	0.1	–
Over 1 year	0.3	–
	<hr/>	<hr/>
	84.6	1.6
	<hr/>	<hr/>

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

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

During the year ended 31st December, 2012, the Company repurchased a total of 34,268,000 ordinary shares of the Company at aggregate purchase prices of HK\$80,184,520 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 (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2012	586,000	2.250	2.160	1,296,740
May 2012	4,234,000	2.410	2.280	10,005,100
June 2012	21,616,000	2.380	2.190	49,084,960
July 2012	704,000	2.370	2.280	1,641,840
November 2012	5,276,000	2.580	2.430	13,234,300
December 2012	1,852,000	2.730	2.560	4,921,580
Total	34,268,000			80,184,520
		Total expenses on shares repurchased		273,766
			Total	80,458,286

All the above 34,268,000 repurchased ordinary shares, together with 304,000 ordinary shares repurchased in 2011 but not cancelled during that year, in aggregate 34,572,000 repurchased ordinary shares, were cancelled during the year. 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, 2012, 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 (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2012, 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.
- (3) One of the Independent Non-Executive Directors of the Company was unable to attend the Annual General Meeting of the Company held in May 2012 due to other engagement.

BOARD OF DIRECTORS

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

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Donald FAN Tung

(Chief Operating Officer)

Mr. Jimmy LO Chun To

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP

Mr. NG Siu Chan

Hon Abraham SHEK Lai Him, SBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 25th March, 2013