



富豪酒店國際控股有限公司

**Regal Hotels**

**International Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 78)

## 2009 FINAL RESULTS ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

	Year 2009	Year 2008
	HK\$'M	HK\$'M
Operating profit/(loss)	106.8	(335.5)
Profit/(Loss) for the year	431.1	(808.8)
Basic earnings/(loss) per ordinary share	HK42.6 cents	HK(78.6) cents
Proposed final dividend	HK6.8 cents	HK5.0 cents
Total dividends for the year	HK8.8 cents	HK8.0 cents
Adjusted net asset value per ordinary share	HK\$11.14	HK\$10.70

- Achieved net profit for the year of HK\$431.1 million, as compared to the loss of HK\$808.8 million recorded in 2008.
- Final dividend and total dividends per ordinary share for 2009 increased by 36% and 10%, respectively, over the comparative amounts last year.
- Sold in 2009 a total of 9 houses in Regalia Bay, Stanley for an aggregate sale consideration of HK\$754 million.
- The 50%-owned composite development project in Chengdu progressing steadily, with the presale of the residential development comprised within Stage 1 expected to be launched before the end of this year.
- Business operations at the five Regal Hotels in Hong Kong in 2010 anticipated to produce more positive results than those achieved in 2009.
- The Group is maintaining a very solid financial position and will make use of its financial strength to explore various investment opportunities with a view to expanding its investment and income base.

Press Release

22nd March, 2010

For Immediate Release

## **Regal Hotels Announces 2009 Final Results**

Regal Hotels International Holdings Limited (stock code: 078) announced today its final results for the year ended 31st December, 2009.

### **FINANCIAL RESULTS**

For the year ended 31st December, 2009, the Group achieved a consolidated profit attributable to shareholders of HK\$431.1 million, as compared to the consolidated loss of HK\$808.8 million recorded in 2008. The profit attained for the year under review is mainly attributable to the fair value gains on the financial assets and investment properties held by the Group and the contribution from its listed associate, Regal Real Estate Investment Trust.

### **DIVIDENDS**

The Directors have resolved to recommend the payment of a final dividend of HK6.8 cents (2008 – HK5.0 cents) per ordinary share for the year ended 31st December, 2009.

Together with the interim dividend of HK2.0 cents (2008 – HK3.0 cents, as adjusted) per ordinary share paid in October 2009, total dividends per ordinary share for the year ended 31st December, 2009 will amount to HK8.8 cents (2008 – HK8.0 cents, as adjusted).

### **BUSINESS OVERVIEW**

#### **REGAL REAL ESTATE INVESTMENT TRUST**

The Group presently holds approximately 74.2% of the issued units of Regal REIT, which owns the five Regal Hotels as well as a 75% interest in Regal iClub Building in Hong Kong. In conforming to the prescribed accounting standards, the interests of the Group held in Regal REIT, representing one of the most significant investments held by the Group, were only stated in the consolidated financial statements for the year ended 31st December, 2009 at a value of HK\$140.0 million, which was by far below

its underlying value. Accordingly, for the purpose of reference, supplementary information on the net assets of the Group, compiled on an adjusted basis to reflect more fairly the underlying net assets attributable to the interests held by the Group in Regal REIT, is provided in the final results announcement released today. **The adjusted net asset value per ordinary share is HK\$11.14.**

Regal Portfolio Management Limited, a wholly-owned subsidiary of the Group, is acting as the REIT Manager of Regal REIT. For the management services provided, the REIT Manager received fees in an aggregate amount of HK\$70.8 from Regal REIT for the year 2009, a majority part of which is settled by the issue of Regal REIT units.

For the year ended 31st December, 2009, Regal REIT attained a consolidated profit before distributions to unitholders of HK\$626.8 million, as compared to a consolidated net loss of HK\$2,150.2 million before distributions to unitholders recorded in 2008. Total distributable income for 2009 amounted to approximately HK\$558.2 million, as compared to HK\$501.9 million in 2008. Total contribution from Regal REIT attributable to the Group, amounted to HK\$468.9 million for the year under review.

For 2009 final results and further information on Regal REIT, please refer to Regal REIT's press release and full set of final results announcement.

## **HOTELS**

2009 was on the whole a challenging year for hotel operators in Hong Kong. In the first half of the year, the travel market was adversely affected by the aftermath of the financial tsunami and the H1N1 swine flu pandemic. As the worldwide economies began to stabilise in the second half, hotel businesses in Hong Kong gradually improved. Total visitor arrivals to Hong Kong in 2009 were maintained at about the same level as that of 2008 and recorded a total count of approximately 29.6 million. Travelers from major overseas markets generally declined, particularly those from Americas, Europe, Japan and South Korea. However, visitors from Mainland China continued to increase, rising to account for slightly over 60% of the total arrivals in 2009 and provided key supporting demand for the local hotel sector.

Based on the information published by Tourism Research of the Hong Kong Tourism Board, the average hotel room occupancy rate for all hotels in different categories in Hong Kong for the year 2009 was 78%, dropped from 85% in the previous year, with average achieved hotel room rate having also declined by 16.3%, primarily due to the

reduced travelers from major overseas markets. The performance of the five Regal Hotels in Hong Kong in 2009 was likewise affected by the market downturn, with the average occupancy rate and the average achieved room rate having decreased by approximately 9.1% and 16.1%, respectively, as compared with 2008, which was generally in line with the overall market. Consequently, the results of the Group's hotel operation business for the year under review have been adversely impacted.

Alongside the hotel operation business, important focus has also been placed on the development of the hotel management network under the "Regal" brand, particularly in Mainland China. The Regal Jinfeng Hotel, located in Jinqiao Export Processing Zone in Pudong, was opened in October 2009 and is the third managed hotel property in Shanghai. In January 2010, the Group landed in Chengdu, Sichuan with the soft opening of the Regal Master Hotel, a 350-room luxurious international five-star hotel located in a prime commercial district in Chengdu city and managed by the Group. Another managed hotel expected to come on stream is the Regal Kangbo Hotel, a 215-room five-star hotel project under development in Dezhou, Shandong, scheduled to be opened in the third quarter this year. Recently, the Group has also entered into a memorandum of understanding to manage a block of service apartments under development in Waigaoqiao Free Trade Zone, Pudong, Shanghai, planned to be opened by the end of 2010 under a new Regal brand, the "Regal Residence".

Locally, the Group is providing management services to the 50-room Regal iClub Hotel in Wanchai, which is 75% owned by Regal REIT and 25% owned by Paliburg Holdings Limited. Business at this new hotel since it commenced operation in late December 2009 has been encouraging. In the meantime, the Group is also actively working on extending its management services to hotel properties and projects overseas.

## **PROPERTIES**

The Group sold in 2009 a total of 9 houses in Regalia Bay, Stanley for an aggregate sale consideration of HK\$754 million. The Group is currently retaining over 20 houses in Regalia Bay, some of which have been leased out for rental income. Due to the very limited supply, the price level of luxury residential properties on Hong Kong Island is expected to remain firm and the remaining houses will only be disposed of when the offered price is considered to be satisfactory.

The Group is steadily progressing with the composite development project in Chengdu, which is 50% owned by each of the Group and Cosmopolitan International Holdings Limited. The first stage of the project will entail the construction on the two

separate land parcels, respectively, a 300-room five-star hotel with extensive facilities and a residential development comprising 9 tower blocks with total gross floor area of about 1.5 million square feet and providing over 1,200 apartment units. Development works for the first stage have been commenced and presale of the residential development is expected to be launched before the end of this year. Stage two of the development project also comprises residential development which will have total gross floor area of about 1.9 million square feet, while stage three is planned for commercial and office accommodations with total gross floor area of about 1.5 million square feet.

### **OTHER INVESTMENTS**

During the year, the Group participated as one of the cornerstone investors in the initial public offering of China Pacific Insurance (Group) Co., Ltd. Moreover, the Group also owns within its investment portfolio substantial interests in the convertible bonds issued by Cosmopolitan group and, in addition, certain issued ordinary shares of Cosmopolitan. For the year ended 31st December, 2009, the Group recorded significant fair value gains on its portfolio of financial assets, including those attributable to the interests held in the shares and convertible bonds of the Cosmopolitan group.

### **OUTLOOK**

With the sustained economic growth expected in China, the overall economy in Hong Kong should gradually continue to recover. In view of China's policies to promote Chinese citizens to travel to Hong Kong, including the relaxation of multiple entry permits for Shenzhen residents and the Individual Visit Schemes for major Mainland cities, and, more importantly, the staging of the World Expo in Shanghai later this year, the tourism market in Hong Kong should further improve. Moreover, it is also expected that the increasing number of travelers from Mainland China will not only serve to benefit the local hotel businesses with regard to occupancy level but, given their growing affluence and their willingness to spend more on hotel accommodation, should also help to enhance the average room rate. Overall, the Group is anticipating that the business operations at the Regal Hotels in Hong Kong in 2010 should produce more positive results than those achieved in the year under review.

“The Group is maintaining a very solid financial position and, taking into account the cash resources, is effectively free of debt. Although the financial environment could still be volatile, general economic conditions are gradually stabilizing. The Group will make use of its financial strength to explore various investment opportunities with a view to expanding its investment and income base.” concluded Mr. Y. S. Lo,

Chairman and Chief Executive Officer of the Group.

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For further information, please refer to the full set of Regal's final results announcement released today.

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