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ANNOUNCEMENT OF 2011 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2011	Year 2010	% Change
	HK\$'M	HK\$'M	
Revenue	436.1	120.0	+263.4%
Profit for the year attributable to equity holders of the parent	1,484.2	2,150.5	-31.0%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$1.30	HK\$2.07	-37.2%
Proposed final dividend	HK8.0 cents	HK7.5 cents	+6.7%
Total dividends for the year	HK19.8 cents*	HK9.0 cents	+120.0%
	As at 31st December,		
	2011	2010	
Net asset value per ordinary share after non-controlling interests			
Book	HK\$7.78	HK\$6.83	+13.9%
	(Unaudited)	(Unaudited)	
**Adjusted	HK\$8.94	HK\$7.00	+27.7%

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

** 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\$1,484.2 million, as compared to the comparative 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 project.**
- **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, 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 about 8.9% over those paid in 2010 and, if the special interim cash dividend of HK10.0 cents per share paid in 2011 is included, the increase in the total dividends will amount to 120.0%.**
- **P&R Holdings Limited, the 50%-owned joint venture established with Regal, has since its establishment in April 2011 acquired a total of 4 development projects in Hong Kong, in addition to purchasing a 70% effective interest in a composite development in Xindu District, Chengdu, Sichuan, the PRC.**
- **Three of the development projects in Hong Kong will be developed into hotels and the latest site acquired at government land auction is intended to be developed into residential houses and apartments.**
- **The Group is effectively debt free with substantial cash reserves and will continue to look out for any suitable acquisition opportunities to further enlarge its development land bank.**
- **The Directors are hopeful that when the projects presently undertaken by P&R Holdings are progressively completed as planned, the results of the Group over the next few years would be very rewarding.**

FINANCIAL RESULTS

For the year ended 31st December, 2011, the Group 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 while, for the previous financial year, a very significant part of the profit attained was related to a one-off accounting gain recognised by Regal Hotels International Holdings Limited, the listed associate of the Group, on the consolidation of Regal Real Estate Investment Trust as a subsidiary of Regal in July 2010.

BUSINESS OVERVIEW

PROPERTIES

The Group has a 30% interest in Larvotto, the luxury residential development at Ap Lei Chau Inland Lot No. 129, Hong Kong. As mentioned in the Interim Report for 2011, most of the residential apartments and a majority of the car parks have been sold, with total sale consideration exceeding HK\$16 billion. The share of the net cash proceeds attributable to the Group has been received and the corresponding profit already reflected in the financial statements of the Group for the year under review. Save for the comparatively minor distribution yet to be received from the disposal of the remaining units, the Group's investment in the Larvotto joint venture project can virtually be regarded as having been successfully completed.

In April 2011, Flourish Lead Investments Limited was established by Regal and the Group as a 50:50 owned joint venture for the development of real estate projects for sale and/or leasing, which has now been renamed as P&R Holdings Limited.

As mentioned in the 2011 Interim Report, P&R Holdings has since its establishment acquired a total of 3 sites in Hong Kong, two of which are located in Sheung Wan District and were acquired from the Group, while the other one is located in North Point and was acquired from a third party. All the three sites are planned for hotel developments. In June 2011, P&R Holdings further acquired a 70% effective interest in the composite development in Xindu District, Chengdu, Sichuan, the People's Republic of China, which was previously owned by the joint venture entity 50:50 held by each of Regal and Cosmopolitan International Holdings Limited.

Later in September 2011, through one of its wholly owned subsidiaries, P&R Holdings has successfully acquired at a government land auction another development site at Tan Kwai Tsuen Road, Yuen Long, New Territories, which is intended to be developed into residential houses and apartments.

Shareholders could refer to the section headed "Management Discussion and Analysis" in this announcement for further details on the progress of these property projects undertaken by P&R Holdings.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group operates a comprehensive range of construction and other building related businesses. Although overall business volume has relatively contracted due to keen market competition, these operating units are providing to the Group and its affiliates strong logistic support on different essential aspects of the property development and related businesses. Apart from the professional services rendered by the development consultancy unit, Chatwin Engineering Limited, the Group's construction arm, has recently been awarded, after a competitive tendering process, the main contract for the hotel construction works at Nos.132 -140 Bonham Strand in Sheung Wan being developed by P&R Holdings.

OTHER INVESTMENTS

As at 31st December, 2011, the Group held, as long term strategic investments, 17.1% of the issued shares and certain 2013 convertible bonds of Cosmopolitan. Like most other financial assets, these holdings of shares and convertible bonds of Cosmopolitan are stated in the financial statements at their fair values based on the traded price of the Cosmopolitan shares and, in the case of the convertible bonds, valued by an independent professional valuer. On account of the fluctuation in the traded price of the Cosmopolitan shares, the changes in the fair values of the Group's holdings in the shares and convertible bonds of Cosmopolitan have been relatively substantial. Due to the weak performance of the stock market in Hong Kong in 2011 and the fall in the traded price of the Cosmopolitan shares, the fair values of the shares and convertible bonds of Cosmopolitan have substantially declined. This has resulted in a loss on changes in fair values of approximately HK\$630.5 million, which more than reversed the corresponding profit of approximately HK\$466.6 million recorded in the previous year. Although the investments in Cosmopolitan are held for long term strategic purpose and the loss resulting from the changes in their fair values is non-cash flow in nature, such changes have nevertheless adversely impacted the results of the Group for the year under review.

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, as previously explained, 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, in which the Regal group is holding approximately 74.5% of its issued units.

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

With the net cash proceeds received from the Larvotto joint venture project, the financial strength of the Group has been significantly enhanced. The Group is effectively debt free with substantial cash reserves. While the Group has already been expanding its property development businesses actively through P&R Holdings, the Group will continue to look out for any suitable acquisition opportunities to further enlarge its development land bank.

The Directors are hopeful that when the projects presently undertaken by P&R Holdings are progressively completed as planned, the results of the Group over the next few years would be very rewarding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment (including through the joint venture in P&R Holdings), construction and building related businesses and other investments including, in particular, its interests in Regal. 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 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 industry 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 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 above sections headed "Business Overview" and "Outlook" and in this sub-section.

Other Investments

The Group holds, as long term strategic investments, 17.1% of the issued shares of Cosmopolitan and certain convertible bonds issued by the Cosmopolitan group. Due to the decreased market price of the Cosmopolitan shares as compared with that prevailing as at 31st December, 2010, the fair values of the Group's investments in Cosmopolitan have substantially declined. Consequently, the fair value losses on financial assets recorded in the final results under review were mostly attributable to the Group's investments in Cosmopolitan.

Joint Venture – P&R Holdings Limited
(formerly known as Flourish Lead Investments Limited)

P&R Holdings is a 50:50 owned joint venture established with Regal in April 2011, with maximum total capital commitment presently capped at HK\$3,800 million. The maximum capital commitment for each of the Company and Regal is HK\$1,900 million, which is to be contributed on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. P&R Holdings has, since its establishment, acquired a number of property development projects. Further information relating to such property development projects is set out below:

Hong Kong

Nos.132-140 Bonham Strand and

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

In May 2011, P&R Holdings acquired two development sites from the Company for an aggregate transaction consideration of HK\$752 million, which was equivalent to the then market valuations of the properties as appraised by an independent professional valuer appointed by P&R Holdings.

The development site at Nos.132-140 Bonham Strand, with a site area of approximately 5,430 square feet, is planned for the development of a hotel with 248 guestrooms and suites with gross floor area of approximately 79,800 square feet. The foundation works are being carried out and will soon be completed. The superstructure works for this hotel development will commence shortly and are expected to be completed in the fourth quarter of 2013.

The other development site is constituted by two adjoining properties at Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street having an aggregate site area of approximately 3,710 square feet. The general building plans for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 56,350 square feet, have been approved. The foundation works for this site have commenced and completion of the hotel development is presently anticipated for the fourth quarter of 2014.

Nos.14-20 Merlin Street, North Point

The sale and purchase agreement entered into with an independent third party vendor in August 2011 for the purchase of the subject properties at a consideration of HK\$459.3 million was, upon delivery of vacant possession by the vendor, completed in September 2011. The properties have an aggregate site area of approximately 5,300 square feet and the plans for their development into a hotel with about 351 guestrooms and suites, with total gross floor area of approximately 75,490 square feet, have been approved. Foundation works are currently in progress and this development project is scheduled for completion in the third quarter of 2014.

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

This development site was acquired at a land premium of HK\$361 million through a government public auction held in September 2011. The site has an area of approximately 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 120,470 square feet. The building plans have been submitted to the government for approval.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan

The 70% interest in this property project was acquired by P&R Holdings in June 2011 from the jointly controlled entity that is 50:50 owned by the Regal group and Cosmopolitan. The consideration payable by P&R Holdings was based on an agreed value of HK\$1,000 million, representing a discount of 12% to the appraised value as at 29th June, 2011 of RMB1,350 million for the whole property project, which appraisal was carried out by an independent professional valuer jointly engaged by the vendor and P&R Holdings. Details of this transaction were contained in the joint announcement of the Company dated 30th June, 2011.

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 5,360,000 square feet and will be developed in stages. The first stage now

primarily comprises a five-star hotel and three residential towers, to be 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 438,000 square feet. Superstructural works for the hotel development is progressing and the first phase of hotel is presently scheduled to be soft opened in the second quarter of 2013. 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 489,000 square feet. Superstructure works for this part of the development are also in progress, with overall construction works scheduled to be completed in the first quarter of 2013. Presale of the residential units is anticipated to be launched shortly in the second quarter of 2012. Development works for the other stages are planned to be carried out progressively.

Regal (Chongqing) Equity Investment Fund

P&R Holdings have subscribed, through two of its wholly owned subsidiaries, a total amount of approximately RMB250 million in a cross-border Renminbi fund, named as Regal (Chongqing) Equity Investment Fund, in December 2011. The fund was established as a limited partnership and its investment objective is principally to support the businesses undertaken by P&R Holdings 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.

Other Joint Venture – Hang Fok Properties Limited

The joint development project in the Central Business District in Beijing, PRC is held through Hang Fok, an associate that is 50% owned by each of the Group and Regal. As previously reported, Hang Fok has been exercising strenuous efforts to set aside the earlier adverse arbitral award to rescind the previous agreements for the purchase by Hang Fok from the third party vendor of 36% interests in the PRC joint venture entities that hold the subject development site. Such efforts have unfortunately not been successful and the beneficial interests of Hang Fok in the PRC joint venture entities have effectively been reduced from 59% to 23%. Appropriate provision had already been made at the associate's level in the financial year ended 31st December, 2010 and the interest held by the Group in this development project is now carried in the consolidated financial statements of the Group at an

insignificant amount. Nevertheless, the Group's management will persist in striving to protect the Group's interest in the project and to salvage potential value. Shareholders will be kept informed if any substantive progress in this respect can be achieved.

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\$8.94 per share, as follows:

	As at 31st December, 2011	
	HK\$'M	HK\$ per ordinary share
Book net assets after non-controlling interests	8,945.9	7.78
Adjustment to restate the Group's interest in Regal based on its adjusted net assets	1,331.6	1.16
Unaudited adjusted net assets after non-controlling interests	10,277.5	8.94

Net cash flows generated from operating activities during the year under review amounted to HK\$104.8 million (2010 – net cash flows used in operating activities of HK\$184.2 million). Net interest receipt for the year amounted to HK\$11.9 million (2010 – HK\$3.9 million).

As at 31st December, 2011, the Group had cash and bank balances and deposits net of borrowings of HK\$1,395.2 million (2010 – HK\$417.1 million and no borrowings).

As at 31st December, 2011, the held-to-maturity investment of HK\$36.7 million (2010 – Nil) and certain ordinary shares in the listed associate with a market value of HK\$224.3 million (2010 – HK\$293.9 million) 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 HK8.0 cents per ordinary share for the year ended 31st December, 2011, representing an increase of about 6.7% over the final dividend of HK7.5 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK\$91.9 million (2010 – HK\$84.3 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 HK1.8 cents (2010 – HK1.5 cents) and a special interim cash dividend of HK10.0 cents (2010 – Nil) per ordinary share paid in October 2011, total dividends per ordinary share for the year ended 31st December, 2011 will amount to HK19.8 cents (2010 – HK9.0 cents). Comparing on the basis of ordinary dividends, the total ordinary dividends for the year will represent an increase of about 8.9% 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 120.0%.

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)	436.1	120.0
Cost of sales	(354.3)	(116.0)
Gross profit	81.8	4.0
Other income and gains (Note 3)	79.0	4.3
Fair value gains on investment properties	–	0.1
Fair value gains/(losses), net, on financial assets at fair value through profit or loss	(673.3)	468.3
Administrative expenses	(35.4)	(32.6)
Other operating expenses, net (Note 4)	(14.0)	(2.2)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	(561.9)	441.9
Finance costs (Note 6)	(0.9)	(0.1)
Share of profits and losses of:		
A jointly controlled entity	41.4	–
Associates	2,005.9	1,709.3
PROFIT BEFORE TAX	1,484.5	2,151.1
Income tax (Note 7)	(0.4)	(0.6)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	1,484.1	2,150.5
Attributable to:		
Equity holders of the parent	1,484.2	2,150.5
Non-controlling interests	(0.1)	–
	1,484.1	2,150.5
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	HK\$1.30	HK\$2.07
Diluted	HK\$1.29	HK\$2.00

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2011	Year ended 31st December, 2010
	HK\$'M	HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	1,484.1	2,150.5
OTHER COMPREHENSIVE INCOME/(LOSS):		
Changes in fair value of available-for-sale investments	(0.5)	–
Exchange differences on translating foreign operations	4.5	2.4
Share of other comprehensive income/(loss) of:		
A jointly controlled entity	5.2	–
Associates	(57.6)	130.7
Other comprehensive income/(loss) for the year	(48.4)	133.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,435.7	2,283.6
Attributable to:		
Equity holders of the parent	1,435.8	2,283.6
Non-controlling interests	(0.1)	–
	1,435.7	2,283.6

Consolidated Statement of Financial Position

	31st December, 2011	31st December, 2010
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	1.7	1.6
Investment properties	0.2	0.5
Investment in a jointly controlled entity	940.9	–
Investments in associates	6,043.3	6,075.0
Available-for-sale investments	3.6	–
Financial assets at fair value through profit or loss	348.3	957.1
Loans receivable	3.0	3.2
Deposits for purchase of properties	–	42.6
	<hr/>	<hr/>
Total non-current assets	7,341.0	7,080.0
	<hr/>	<hr/>
CURRENT ASSETS		
Financial assets at fair value through profit or loss	112.2	213.9
Held-to-maturity investment	36.7	–
Properties held for sale	6.0	6.0
Inventories	9.4	4.1
Debtors, deposits and prepayments (Note 10)	88.3	82.9
Time deposits	1,317.6	219.9
Cash and bank balances	160.6	197.2
	<hr/>	<hr/>
	1,730.8	724.0
Asset of a disposal group classified as held for sale	–	249.4
	<hr/>	<hr/>
Total current assets	1,730.8	973.4
	<hr/>	<hr/>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2011	31st December, 2010
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(38.1)	(49.9)
Tax payable	(3.7)	(3.6)
Deposits received	(0.2)	(217.0)
Interest bearing bank borrowings	(83.0)	–
	<u>(125.0)</u>	<u>(270.5)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	–	(98.9)
	<u>(125.0)</u>	<u>(369.4)</u>
NET CURRENT ASSETS	1,605.8	604.0
Net assets	8,946.8	7,684.0
	<u><u>8,946.8</u></u>	<u><u>7,684.0</u></u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	114.9	112.4
Reserves	8,739.1	7,487.1
Proposed final dividend	91.9	84.3
	<u>8,945.9</u>	<u>7,683.8</u>
Non-controlling interests	0.9	0.2
	<u>0.9</u>	<u>0.2</u>
Total equity	8,946.8	7,684.0
	<u><u>8,946.8</u></u>	<u><u>7,684.0</u></u>

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	<i>Amendment to HKFRS 1 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	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 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>	<i>Amendments to a number of HKFRSs issued in May 2010</i>

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.

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	2.1	3.1	-	-	-	-	436.1	120.0
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>2.1</u>	<u>3.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436.1</u>	<u>120.0</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>(684.1)</u>	<u>470.9</u>	<u>1.4</u>	<u>3.3</u>	<u>-</u>	<u>-</u>	<u>(542.9)</u>	<u>463.8</u>
Interest income and unallocated non-operating and corporate gains													15.4	3.8
Unallocated non-operating and corporate expenses													(34.4)	(25.7)
Operating profit/(loss)													(561.9)	441.9
Finance costs													(0.9)	(0.1)
Share of profits and losses of:														
A jointly controlled entity	41.4	-	-	-	-	-	-	-	-	-	-	-	41.4	-
Associates	1,945.4	(413.5)	-	-	60.5	* 2,122.8	*	-	-	-	-	-	2,005.9	1,709.3
Profit before tax													1,484.5	2,151.1
Income tax													(0.4)	(0.6)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													<u>1,484.1</u>	<u>2,150.5</u>
Attributable to:														
Equity holders of the parent													1,484.2	2,150.5
Non-controlling interests													(0.1)	-
													<u>1,484.1</u>	<u>2,150.5</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	503.8	1,179.1	3.3	3.5	-	-	606.5	1,267.2
Investment in a jointly controlled entity	940.9	-	-	-	-	-	-	-	-	-	-	-	940.9	-
Investments in associates	103.6	146.9	-	-	5,939.7	5,928.1	-	-	-	-	-	-	6,043.3	6,075.0
Asset of a disposal group classified as held for sale	-	249.4	-	-	-	-	-	-	-	-	-	-	-	249.4
Cash and unallocated assets													1,481.1	461.8
Total assets													9,071.8	8,053.4
Segment liabilities	(2.9)	(5.6)	(22.8)	(36.4)	-	(1.7)	(3.7)	-	-	-	-	-	(29.4)	(43.7)
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													(95.6)	(226.8)
Total liabilities													(125.0)	(369.4)
Other segment information:														
Depreciation	-	-	0.5	0.5	-	-	-	-	-	-	-	-	-	-
Capital expenditure	-	42.6	0.7	0.1	-	-	-	-	-	-	-	-	-	-
Gain on disposal of a disposal group classified as held for sale	(66.2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-cash income	-	-	-	-	-	-	-	-	(0.5)	(2.3)				

Geographical information

(a) Revenue from external customers

	2011	2010
	HK\$'M	HK\$'M
Hong Kong	435.6	111.7
Mainland China	0.5	8.3
	<hr/> 436.1 <hr/>	<hr/> 120.0 <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	6,257.7	6,118.4
Mainland China	728.4	1.3
	<hr/> 6,986.1 <hr/>	<hr/> 6,119.7 <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	1.2	2.0
Dividend income from listed investments	0.9	1.1
Hotel operation	–	18.8
Other operations	1.2	1.0
	436.1	120.0
<u>Other income and gains</u>		
Interest income from:		
Bank balances	8.6	0.6
Loans receivable	3.5	3.7
Held-to-maturity investment	0.3	–
Dividend income from unlisted investments	0.1	–
Gain on disposal of an investment property	0.2	–
Gain on disposal of a disposal group classified as held for sale	66.2	–
Others	0.1	–
	79.0	4.3

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

	2011	2010
	HK\$'M	HK\$'M
Depreciation	0.6	0.6
Loss on disposal of financial assets at fair value through profit or loss	12.3	–
Loss on disposal of an associate	–	3.9
Reversal of impairment of loans receivable	(0.5)	(2.3)
	<u><u> </u></u>	<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	(11.1)	2.0
	<u><u> </u></u>	<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	0.2	0.1
	<u> </u>	<u> </u>
Total finance costs	0.9	0.1
	<u><u> </u></u>	<u><u> </u></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 – HK1.8 cents (2010 – HK1.5 cents) and special interim cash of HK10.0 cents (2010 – Nil) per ordinary share	136.3	15.5
Proposed final – HK8.0 cents (2010 – HK7.5 cents) per ordinary share	91.9	84.3
	<hr/> 228.2 <hr/>	<hr/> 99.8 <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\$1,484.2 million (2010 – HK\$2,150.5 million) and on the weighted average of 1,141.5 million (2010 – 1,037.2 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. 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 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 the year. The exercise price of the share options of Regal outstanding during the year is higher than the average market price of the ordinary shares of 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. 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 36.1 million that would be issued at no consideration assuming all

outstanding share options and 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 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\$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	2.7	18.0
Between 4 to 6 months	–	0.1
Between 7 to 12 months	0.4	–
Over 1 year	7.9	0.1
	<u>11.0</u>	<u>18.2</u>

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	<u>1.6</u>	<u>4.2</u>

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 5,782,000 ordinary shares of the Company at an aggregate purchase price of HK\$13,338,540 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\$)	
October 2011	1,588,000	2.470	2.210	3,708,480
November 2011	2,516,000	2.470	2.230	5,899,760
December 2011	1,678,000	2.300	2.130	3,730,300
Total	<u>5,782,000</u>			<u>13,338,540</u>
		Total expenses on shares repurchased		<u>50,536</u>
			Total	<u><u>13,389,076</u></u>

Out of the 5,782,000 repurchased ordinary shares, 5,478,000 repurchased ordinary shares were cancelled during the year, and the remaining 304,000 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. 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, 21st March, 2012