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## ANNOUNCEMENT OF 2010 GROUP FINAL RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2010	Year 2009	% Change
	HK\$'M	HK\$'M	
		(Restated)	
<b>Operating profit</b>	<b>459.7</b>	378.0	<b>+21.6%</b>
<b>Profit for the year attributable to equity holders of the parent</b>	<b>1,287.1</b>	316.0	<b>+307.3%</b>
<b>Basic earnings per ordinary share attributable to equity holders of the parent</b>	<b>HK\$0.52</b>	HK\$0.13	<b>+300.0%</b>
<b>Net asset value per ordinary share</b>	<b>HK\$1.78</b>	HK\$1.43	<b>+24.5%</b>
<b>Proposed final dividend</b>	<b>HK1.6 cents</b>	HK0.8 cent	<b>+100.0%</b>

- **Achieved net profit attributable to shareholders of HK\$1,287.1 million, as compared to the comparative profit of HK\$316.0 million (as restated) attained in 2009.**
- **Final dividend and total dividends per ordinary share increased by 100% and 81.8%, respectively, for 2010.**
- **Presently exploring a number of investment opportunities including certain proposals on finance related businesses.**
- **With the solid foundation built over the years, the Group is in command of substantial funding resources to enable it to implement various business expansion and diversification plans.**
- **The Group has a strong business network and, with its extensive experience, is well-positioned to capture and capitalise on investment opportunities that will potentially become available from time to time.**

## **FINANCIAL RESULTS**

For the year ended 31st December, 2010, the Group achieved a consolidated profit attributable to shareholders of HK\$1,287.1 million, as compared to the comparative profit of HK\$316.0 million (as restated) attained in 2009. The significant improvement in the profit achieved was mainly attributable to the increased share of profit from Regal Hotels International Holdings Limited, the listed associate of the Group, principally derived from the accounting profit recognised by Regal on the consolidation of Regal Real Estate Investment Trust as its subsidiary.

The background to the recognition by Regal of this accounting profit and its impact on the Group's results have been disclosed in the earlier joint announcement by the Company dated 2nd December, 2010. Nevertheless, before accounting for the net contribution from Regal and other associates and the finance costs, the operating profit achieved by the Group for 2010 amounted to HK\$459.7 million, including fair value gains on the changes in the fair values of the financial assets, as compared with the corresponding amount of HK\$378.0 million (as restated) attained last year.

## **BUSINESS OVERVIEW**

On 7th October, 2010, the Company announced a rights issue on the basis of one rights share for every ten shares at a subscription price of HK\$0.48 per share. The rights issue was proposed to raise funds for the Group to subscribe for shares of Paliburg Holdings Limited, the listed subsidiary of the Company, by exercising warrants issued by Paliburg and held by the Group, which were due for subscription in November 2010.

The rights issue was well received and 7.1 times oversubscribed by the shareholders of the Company. The rights issue was implemented in early November 2010 and raised net proceeds of approximately HK\$112.1 million, which were applied by the Group for the exercise of the Paliburg warrants.

As a result of the rights issue, the exercise price of the then outstanding warrants of the Company due on 11th January, 2011 was adjusted from HK\$1.00 to HK\$0.48 per share. Prior to the expiry date, substantially all of the 2011 warrants of the Company had been exercised by the holders, resulting in the issue of a total of 641.7 million shares of the Company, of which 2011 warrants with relevant subscription proceeds in the sum of approximately HK\$215.8 million were exercised after the 2010 year end.

As explained in the 2010 Interim Report, despite hard efforts by management to expand and diversify the Group's business portfolio, no substantial progress has yet been achieved, as although a number of investment proposals have been reviewed, the Group has adhered to a prudent assessment approach and has hence not committed to any particular investment proposal to date. Nevertheless, management is presently exploring a number of investment opportunities including certain proposals on finance related businesses and is hopeful that progress could be achieved.

As at the year end date, the Company beneficially held approximately 59.5% of the issued shares of Paliburg which held approximately 49.3% of Regal. Regal, in turn, owned approximately 74.4% of the issued units of Regal REIT, which is now consolidated as a subsidiary of Regal.

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

## **PALIBURG HOLDINGS LIMITED**

For the year ended 31st December, 2010, Paliburg achieved a consolidated profit attributable to shareholders of HK\$2,150.5 million, as compared to the comparative profit of HK\$430.6 million (as restated) attained in 2009. The significant improvement in the profit achieved was likewise mainly attributable to the increased share of profit from Regal, the listed associate of the Paliburg group, principally derived from the accounting profit recognised by Regal on the consolidation of Regal REIT as its subsidiary.

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

## **REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED**

For the year ended 31st December, 2010, Regal achieved a consolidated profit attributable to shareholders of HK\$6,928.8 million, which is significantly above the comparative amount of HK\$448.0 million (as restated) attained for the preceding financial year. The profit achieved by Regal for the year included an accounting profit of HK\$6,637.4 million derived from the consolidation of Regal REIT as its subsidiary with effect from 23rd 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 23rd March, 2011.

## **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 74.4% of its issued units.

For the year ended 31st December, 2010, Regal REIT achieved a consolidated net profit before distribution to unitholders of HK\$997.1 million, which was an increase of 46.1% over the comparative amount of HK\$682.3 million (as restated) recorded for the year 2009. Total distributable income for the year amounted to approximately HK\$682.9 million, as compared to HK\$558.2 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 23rd March, 2011.

## **OUTLOOK**

With the solid foundation built over the years, the Century City Group is in command of substantial funding resources to enable it to implement various business expansion and diversification plans. The Group has a strong business network and, with its extensive experience, is well-positioned to capture and capitalise on investment opportunities that will potentially become available from time to time, despite that they will continue to be pursued cautiously.

Overall, the Directors remain optimistic of the future prospects of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses and other investments including, in particular, its interest in Regal, which is held through Paliburg. The operating results of Paliburg during the year and its business prospects are contained in Paliburg's announcement separately released today. The significant investments and business interests of Regal comprise hotel operation and management businesses, hotel ownership through its investment in Regal REIT, the asset management of Regal REIT, property development and investment, including the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the year under review, the commentary on the local hotel industry and changes in general market conditions and the potential impact on their operating performance and future prospects are contained in Regal's announcement released on 23rd March, 2011.

With respect to the joint development project in the Central Business District in Beijing, PRC and as previously reported, an associate that is 50% owned by each of the Group (holding through the Paliburg group) and the Regal group, which holds 59% shareholding interest in the Sino-foreign joint venture entities (which, in turn, own the development project), was

engaged in arbitration proceedings conducted in Beijing, involving claims against the associate by the vendor for the rescission of the contracts entered into between the parties in 2005 for the purchase by the associate of 36% shareholding interest in the joint venture entities. Although the relevant court rejected the petitions made by the associate for the setting aside of the unfavourable arbitral awards, the associate is still resorting to other available legal means to safeguard the aforesaid 36% shareholding interest and to pursue its legal rights against the vendor. On the other hand, the joint venture entities are encountering various difficult issues including shareholders' disputes, lawsuits raised by the Chinese joint venture partner and a third party, and outstanding issues relating to the land development rights of the project. The associate and the joint venture entities are in discussions with the Chinese joint venture partner and the relevant government authorities in an attempt to resolve the abovementioned issues. While the Group's managements will persist in striving to tackle the overall difficult situation and to protect the Group's interests in the project, due to the lack of progress in resolving various issues for a prolonged period and having taken into account the complications in the overall situation, the Group's management considers it appropriate to make a further provision at the associate's level in respect of its investment in the project in the amount of HK\$801.0 million and 50% of which is directly attributable to the Group.

Net cash flows used in operating activities during the year under review amounted to HK\$143.5 million (2009 – HK\$4.9 million). Net interest receipt for the year amounted to HK\$4.1 million (2009 – HK\$0.7 million).

As at 31st December, 2010, the Group had cash and bank balances and deposits of HK\$567.2 million and no borrowings (2009 – HK\$366.3 million and no borrowings).

As at 31st December, 2010, certain ordinary shares in the listed associate with a market value of HK\$293.9 million (2009 – HK\$309.2 million) were pledged to secure general banking facilities granted to the Group.

As the Group's banking facilities were all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, 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 contingent liabilities of the Group as of 31st December, 2010 is disclosed in the annual report of the Company for the year ended 31st December, 2010 (the “2010 Annual Report”), which will be despatched to shareholders on or before 30th April, 2011. 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, 2010. Detailed information in such aspects is contained in the Company’s 2010 Annual Report.

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

## **DIVIDEND**

The Directors have resolved to recommend the payment of a final dividend of HK1.6 cents per ordinary share for the year ended 31st December, 2010, representing an increase of 100% over the final dividend of HK0.8 cent per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK\$52.0 million (2009 – HK\$19.1 million) and will be payable to the holders of ordinary shares on the Register of Ordinary Shareholders on 31st May, 2011.

Together with the interim dividend of HK0.4 cent (2009 – HK0.3 cent) per ordinary share paid in October 2010, total dividends per ordinary share for the year ended 31st December, 2010 will amount to HK2.0 cents, representing an increase of 81.8% over the total dividends of HK1.1 cents paid for the last financial year.

## **CLOSURE OF REGISTER**

The Register of Ordinary Shareholders will be closed from Friday, 27th May, 2011 to Tuesday, 31st May, 2011, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the proposed final dividend and be entitled to attend and vote at the forthcoming 2011 Annual General Meeting of the Company, 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, no later than 4:30 p.m. on Thursday, 26th May, 2011. The relevant dividend warrants are expected to be despatched on or about 17th June, 2011.



## YEAR END RESULTS

### Consolidated Income Statement

	Year ended 31st December, 2010	Year ended 31st December, 2009
	HK\$'M	HK\$'M (Restated)
REVENUE (Notes 2 & 3)	131.1	188.5
Cost of sales	(116.0)	(147.4)
Gross profit	15.1	41.1
Other income and gains (Note 3)	6.8	53.1
Fair value gains on investment properties	0.1	46.1
Fair value gains, net, on financial assets at fair value through profit or loss	474.6	336.0
Administrative expenses	(41.6)	(47.2)
Other operating income/(expenses), net (Note 4)	4.7	(51.1)
OPERATING PROFIT (Notes 2 & 5)	459.7	378.0
Finance costs (Note 6)	(0.1)	(1.6)
Share of profits and losses of associates	1,711.9	119.9
PROFIT BEFORE TAX	2,171.5	496.3
Income tax (Note 7)	(0.6)	(0.6)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,170.9	495.7
Attributable to:		
Equity holders of the parent	1,287.1	316.0
Non-controlling interests	883.8	179.7
	2,170.9	495.7
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	HK51.69 cents	HK13.32 cents
Diluted	HK48.91 cents	HK12.88 cents

## Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2010 HK\$'M	Year ended 31st December, 2009 HK\$'M (Restated)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,170.9	495.7
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	0.8	6.9
Reclassification adjustment for losses included in the consolidated income statement	–	1.4
	<u>0.8</u>	<u>8.3</u>
Exchange differences on translating foreign operations	2.4	–
Share of other comprehensive income/(loss) of associates	128.1	(7.2)
	<u>131.3</u>	<u>1.1</u>
Other comprehensive income for the year	131.3	1.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,302.2</u>	<u>496.8</u>
Attributable to:		
Equity holders of the parent	1,364.0	319.8
Non-controlling interests	938.2	177.0
	<u>2,302.2</u>	<u>496.8</u>

## Consolidated Statement of Financial Position

	31st December, 2010	31st December, 2009	1st January, 2009
	HK\$'M	HK\$'M	HK\$'M
		(Restated)	(Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4.2	2.7	3.3
Investment properties	0.5	0.4	358.3
Goodwill	202.0	202.0	202.0
Investments in associates	6,075.0	4,390.2	4,135.2
Available-for-sale investments	6.2	7.5	14.0
Financial assets at fair value through profit or loss	957.1	583.9	211.3
Loans receivable	3.2	5.5	6.5
Deferred tax assets	–	–	7.6
Deposits for purchase of properties	42.6	–	–
Other assets	0.2	0.2	0.2
Total non-current assets	<u>7,291.0</u>	<u>5,192.4</u>	<u>4,938.4</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	272.2	198.8	192.9
Properties held for sale	6.0	6.0	6.0
Inventories	4.1	7.2	10.0
Debtors, deposits and prepayments (Note 10)	88.5	54.2	93.5
Time deposits	238.7	238.6	206.8
Cash and bank balances	328.5	127.7	110.5
	<u>938.0</u>	<u>632.5</u>	<u>619.7</u>
Asset of a disposal group classified as held for sale	249.4	249.4	249.4
Total current assets	<u>1,187.4</u>	<u>881.9</u>	<u>869.1</u>

**Consolidated Statement of Financial Position (Cont'd)**

	<b>31st December, 2010</b>	<b>31st December, 2009</b>	<b>1st January, 2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>
		<b>(Restated)</b>	<b>(Restated)</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals (Note 11)	(72.9)	(183.3)	(105.9)
Tax payable	(3.6)	(3.6)	(3.7)
Deposits received	(217.0)	(216.9)	(221.3)
	<u>(293.5)</u>	<u>(403.8)</u>	<u>(330.9)</u>
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)	(98.9)
Total current liabilities	<u>(392.4)</u>	<u>(502.7)</u>	<u>(429.8)</u>
<b>NET CURRENT ASSETS</b>	<b>795.0</b>	379.2	439.3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>8,086.0</b>	5,571.6	5,377.7
<b>NON-CURRENT LIABILITY</b>			
Interest bearing bank borrowing	–	–	(214.6)
Net assets	<b>8,086.0</b>	5,571.6	5,163.1
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital	279.7	239.1	312.2
Reserves	4,641.6	3,153.8	2,784.8
Proposed final dividend	52.0	19.1	11.6
	<u>4,973.3</u>	<u>3,412.0</u>	<u>3,108.6</u>
<b>Non-controlling interests</b>	<b>3,112.7</b>	2,159.6	2,054.5
Total equity	<b>8,086.0</b>	5,571.6	5,163.1

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 is stated at the lower of its carrying amount and fair value less costs to sell. 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 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 12 Amendments	<i>Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (early adopted)</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>

HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments included in <i>Improvements to HKFRSs</i> issued in October 2008	Amendments to HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 <i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause</i>

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKAS 12, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1st January, 2010.

(b) Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Amendments to HKAS 12 were issued in December 2010 which introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in HKAS 40 *Investment Property* should be determined on the basis that its carrying amount will be recovered through sale. The amendments also require that deferred tax on non-depreciable assets measured using the revaluation model in HKAS 16 *Property, Plant and Equipment* should always be measured on a sale basis. As a result of the amendments, Hong Kong (SIC)-21 *Income Taxes – Recovery of Revalued Non-depreciable Assets*, will be superseded once the amendments become effective. Although the amendments are effective for annual periods beginning on or after 1st January, 2012, the Group has decided to early adopt the amendments in these financial statements.

A former subsidiary of the Group, which has become an associate following the disposal by the Group of its 75% interest in the company in 2009, and Regal REIT, a former associate of Regal, which has become a subsidiary of Regal since 23rd July, 2010 have previously provided deferred tax on the fair value gains on their investment

properties assuming that the carrying amounts of these properties will be recovered through use. Upon the adoption of the Amendments to HKAS 12, they now measure deferred tax on investment properties assuming that their carrying amounts will be recovered through sale. The effects of the above changes are summarised below:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<i>Consolidated income statement</i>		
<i>for the year ended 31st December</i>		
Decrease in other income and gains	–	(16.3)
Increase in other operating expenses, net	<b>(9.9)</b>	–
Increase/(Decrease) in share of profits and losses of associates	<b>(2.0)</b>	10.1
Decrease in income tax expense	–	7.6
Decrease/(Increase) in profits attributable to non-controlling interests	<b>4.8</b>	(0.6)
Increase/(Decrease) in profit for the year	<b>(7.1)</b>	0.8
Increase/(Decrease) in basic earnings per share	<b>HK(0.29) cent</b>	HK0.03 cent
Increase/(Decrease) in diluted earnings per share	<b>HK(0.27) cent</b>	HK0.03 cent
<i>Consolidated statement of financial position</i>		
<i>at 31st December</i>		
Increase in investments in associates	<b>2.1</b>	14.0
Increase in non-controlling interests	<b>(0.9)</b>	(5.8)
	<b>1.2</b>	8.2
Increase in capital reserve	<b>0.1</b>	–
Increase in retained profits	<b>1.1</b>	8.2
	<b>1.2</b>	8.2



**2009**  
**HK\$'M**

*Consolidated statement of financial position  
at 1st January*

Decrease in investments in associates	(1.6)
Increase in deferred tax assets	7.6
Decrease in deferred tax liabilities	6.9
Increase in non-controlling interests	(5.5)
	<hr/>
Increase in retained profits	7.4
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Due to the retrospective application of the amendments which has resulted in the restatement of items in the consolidated statement of financial position, a consolidated statement of financial position as at 1st January, 2009, and the related notes affected by the amendments are presented in these 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 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 segment engages in hotel operations and the provision of hotel management services;

- (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 its 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 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, 2010 and 2009.

## Group

	Property development and investment		Construction and building related businesses		Hotel operation and management		Securities investment		Others		Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'M	HK\$'M (Restated)	HK\$'M	HK\$'M	HK\$'M	HK\$'M (Restated)	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M (Restated)
Segment revenue:														
Sales to external customers	5.8	12.1	92.3	148.6	18.8	0.2	14.2	27.6	-	-	-	-	131.1	188.5
Intersegment sales	-	-	-	1.3	-	-	-	-	-	-	-	(1.3)	-	-
Total	<u>5.8</u>	<u>12.1</u>	<u>92.3</u>	<u>149.9</u>	<u>18.8</u>	<u>0.2</u>	<u>14.2</u>	<u>27.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1.3)</u>	<u>131.1</u>	<u>188.5</u>
Segment results	<u>(15.2)</u>	<u>66.3</u>	<u>7.1</u>	<u>3.8</u>	<u>(2.3)</u>	<u>(0.1)</u>	<u>497.9</u>	<u>311.3</u>	<u>3.7</u>	<u>1.7</u>	<u>-</u>	<u>-</u>	<u>491.2</u>	<u>383.0</u>
Interest income and unallocated non-operating and corporate gains													4.2	34.9
Unallocated non-operating and corporate expenses													(35.7)	(39.9)
Operating profit													459.7	378.0
Finance costs													(0.1)	(1.6)
Share of profits and losses of associates	(413.5)	(113.2)	-	-	2,125.4 *	233.1 *	-	-	-	-	-	-	1,711.9	119.9
Profit before tax													2,171.5	496.3
Income tax													(0.6)	(0.6)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													<u>2,170.9</u>	<u>495.7</u>
Attributable to:														
Equity holders of the parent													1,287.1	316.0
Non-controlling interests													883.8	179.7
													<u>2,170.9</u>	<u>495.7</u>

\*The amount represents contribution from Regal.

## Group

	Property development and investment		Construction and building related businesses		Hotel operation and management		Securities investment		Others		Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'M	HK\$'M (Restated)	HK\$'M	HK\$'M	HK\$'M	HK\$'M (Restated)	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M (Restated)
Segment assets	50.8	12.1	32.7	31.1	1.1	0.1	1,243.6	790.3	3.5	6.1	-	-	1,331.7	839.7
Investments in associates	146.9	658.4	-	-	5,928.1	3,731.8	-	-	-	-	-	-	6,075.0	4,390.2
Asset of a disposal group classified as held for sale	249.4	249.4	-	-	-	-	-	-	-	-	-	-	249.4	249.4
Cash and unallocated assets													822.3	595.0
<b>Total assets</b>													<b>8,478.4</b>	<b>6,074.3</b>
Segment liabilities	(5.6)	(9.8)	(36.3)	(57.0)	(1.7)	(0.1)	(11.6)	(103.8)	-	-	-	-	(55.2)	(170.7)
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)	-	-	-	-	-	-	-	-	-	-	(98.9)	(98.9)
Unallocated liabilities													(238.3)	(233.1)
<b>Total liabilities</b>													<b>(392.4)</b>	<b>(502.7)</b>
Other segment information:														
Depreciation	-	-	0.5	0.5	-	-	-	-	-	-	-	-	-	-
Capital expenditure	42.6	10.8	0.1	0.5	-	-	-	-	-	-	-	-	-	-
Other non-cash income	-	-	-	-	-	-	-	-	(2.5)	(0.7)				

## Geographical information

### (a) Revenue from external customers

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Hong Kong	<b>122.8</b>	187.9
Mainland China	<b>8.3</b>	0.6
	<hr/> <b>131.1</b> <hr/>	<hr/> 188.5 <hr/>

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

### (b) Non-current assets

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
		<b>(Restated)</b>
Hong Kong	<b>6,323.2</b>	4,167.9
Mainland China	<b>1.3</b>	427.6
	<hr/> <b>6,324.5</b> <hr/>	<hr/> 4,595.5 <hr/>

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

## Information about major customers

Revenue of approximately HK\$43.7 million (2009 – HK\$80.9 million) and HK\$14.0 million (2009 – HK\$38.0 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:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
		<b>(Restated)</b>
<u>Revenue</u>		
Rental income:		
Investment properties	<b>4.4</b>	10.7
Properties held for sale	<b>0.4</b>	0.4
Construction and construction-related income	<b>77.5</b>	140.1
Estate management fees	<b>3.2</b>	3.1
Property development consultancy and project management fees	<b>11.6</b>	5.4
Gain from sale of listed investments at fair value through profit or loss, net	<b>10.8</b>	18.6
Dividend income from listed investments	<b>3.4</b>	9.0
Hotel operation	<b>18.8</b>	0.2
Other operations including estate agency service	<b>1.0</b>	1.0
	<b>131.1</b>	188.5
<u>Other income and gains</u>		
Interest income from:		
Bank balances	<b>0.7</b>	0.5
Loans receivable	<b>3.8</b>	1.6
Dividend income from listed investments	<b>2.3</b>	–
Gain on disposal of subsidiaries	–	17.4
Excess over the cost of additional interests in the listed subsidiary	–	33.6
	<b>6.8</b>	53.1

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

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Loss on redemption of financial assets at fair value through profit or loss	–	49.1
Loss on disposal of an associate	<b>3.9</b>	–
Reversal of impairment of loans receivable and debtors	<b>(10.0)</b>	(0.7)
	<u>                    </u>	<u>                    </u>

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

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit on disposal of listed investments	<b>10.8</b>	18.6
Loss on disposal of available-for-sale investments	–	(1.6)
	<u>                    </u>	<u>                    </u>

6. Finance costs of the Group are as follows:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest on bank loans wholly repayable within five years	–	1.3
Other loan costs	<b>0.1</b>	0.3
	<u>                    </u>	<u>                    </u>
Total finance costs	<b>0.1</b>	1.6
	<u>                    </u>	<u>                    </u>

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

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
		<b>(Restated)</b>
Group:		
Current – Hong Kong Charge for the year	<b>0.6</b>	0.7
Deferred tax	–	(0.1)
Total tax charge for the year	<b>0.6</b>	0.6

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2009 – 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\$37.2 million (2009 – HK\$6.1 million, as restated) is included in “Share of profits and losses of associates” in the consolidated income statement.

Deferred tax expense has been calculated by applying the rate that is expected to apply in the year when the asset is realised or the liability is settled.



8. Dividends:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interim – HK0.4 cent (2009 – HK0.3 cent) per ordinary share	<b>9.6</b>	6.9
Proposed final – HK1.6 cents (2009 – HK0.8 cent) per ordinary share	<b>52.0</b>	19.1
	<b>61.6</b>	26.0

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\$1,287.1 million (2009 – HK\$316.0 million, as restated) and on the weighted average of 2,490.1 million (2009 – 2,372.4 million, as restated) ordinary shares of the Company in issue during the year, as adjusted for the effect of the rights issue of new ordinary shares to the qualifying shareholders of the Company on the basis of one new ordinary share for every ten existing ordinary shares held on 18th October, 2010 at a subscription price of HK\$0.48 per share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2010 is based on the profit for the year attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg group of HK\$16.5 million assuming all outstanding share options of Paliburg and the subscription rights attaching to all outstanding warrants of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the year. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 107.5 million that would be issued assuming the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the year. The exercise prices of the share options of the Company and Regal outstanding during the year are higher than the average market prices of the respective ordinary shares of the Company and Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2009 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 (as restated) during that year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 79.9 million (as restated) that would be issued assuming all the 812.4 million convertible preference shares of the Company were converted into 83.2 million (as restated) ordinary shares of the Company at the beginning of that year. The exercise prices of the share options of the Company, Paliburg and Regal and the subscription prices of the warrants of the Company and Paliburg outstanding during that year were higher than the average market prices of the respective ordinary shares of the Company, Paliburg and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$18.2 million (2009 – HK\$7.4 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:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>19.6</b>	8.8
Between 4 to 6 months	<b>0.1</b>	0.2
Between 7 to 12 months	<b>0.1</b>	0.3
Over 1 year	<b>0.2</b>	0.2
	<b>20.0</b>	9.5
Impairment	<b>(1.8)</b>	(2.1)
	<b>18.2</b>	7.4

### **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.

11. Included in creditors and accruals is an amount of HK\$4.2 million (2009 – HK\$3.4 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:

	<b>2010</b>	<b>2009</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>4.2</b>	<b>3.4</b>

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2010.

## **REVIEW OF RESULTS**

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2010, 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 of Hong Kong Limited (the "Stock Exchange") during the year ended 31st December, 2010, 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, during the period under review, arrangements had been put in place such that the Independent Non-Executive Directors would retire, and were subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years. Further, following the relevant amendments to the Bye-laws on 9th June, 2010, all Directors (including the Independent Non-Executive Directors) of the Company would be subject to retirement by rotation, and eligible for re-election, at least once every three years.

## **ANNUAL GENERAL MEETING**

An Annual General Meeting of the Company will be convened to be held on Tuesday, 31st May, 2011. The Notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and sent to the shareholders of the Company, together with the Company's 2010 Annual Report, in due course.

## **BOARD OF DIRECTORS**

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

***Executive Directors:***

Mr. LO Yuk Sui  
*(Chairman and Chief Executive Officer)*  
Mr. Kenneth NG Kwai Kai  
*(Chief Operating Officer)*  
Mr. Donald FAN Tung  
Mr. Kelvin LEUNG So Po  
Mr. Jimmy LO Chun To  
Miss LO Po Man

***Independent Non-Executive Directors:***

Mr. Anthony CHUANG  
Mr. NG Siu Chan  
Mr. WONG Chi Keung

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 24th March, 2011