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ANNOUNCEMENT OF 2012 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2012	Year 2011	% Change
	HK\$'M	HK\$'M	
Revenue	1,739.8	453.5	+283.6%
Gross profit	737.1	87.7	+740.5%
Operating profit/(loss) before depreciation and finance costs	2,433.7	(558.7)	N/A
Profit for the year attributable to equity holders of the parent	1,192.7	889.8	+34.0%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$0.37	HK\$0.28	+32.1%
Proposed final dividend per ordinary share	HK1.9 cents	HK1.7 cents	+11.8%
Total ordinary dividends for the year per ordinary share	HK2.45 cents	HK2.2 cents*	+11.4%
	As at 31st December,	2011	
	2012	2011	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent	HK\$2.27	HK\$1.84	+23.4%

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

- **Gross profit of HK\$737.1 million, a year-on-year increase of about 7.4 times. Operating profit before depreciation and finance costs for the year amounted to HK\$2,433.7 million (2011 – loss of HK\$558.7 million). Depreciation charges for the year amounted to HK\$290.9 million.**
- **Achieved consolidated profit attributable to shareholders of HK\$1,192.7 million, as compared to the corresponding profit of HK\$889.8 million attained in 2011.**
- **The profit achieved was mainly attributable to the one-off net accounting gain recognised by Paliburg Holdings Limited, the listed intermediate subsidiary of the Company, on consolidating Regal Hotels International Holdings Limited as a subsidiary of Paliburg and, in turn, of the Company during the year.**
- **The Group acquired in July 2012, through subscription in an investment fund, an effective 84.9% interest in a 1998 new generation model of Boeing 737-800 single aisle aircraft and has so far invested approximately US\$14.1 million in the fund. The aircraft is presently under lease to an Asian airline company and yielding satisfactory returns. Taking advantage of this investment platform, the Regal group also purchased in December 2012, for investment purpose, a 100% interest in an Airbus A321-211 aircraft manufactured in 1998 for a consideration of US\$10.5 million, which has recently been leased to an airline operator for lease income. Depending on market conditions and overall circumstances, the Group as a whole may consider further investing in this new line of investment business.**
- **Fund management and related investment businesses are the other line of new business that the Group has been developing. Up to date, a wholly owned subsidiary of the Company has participated, as general partners, in the establishments of two equity investment funds in China with an aggregate fund size of RMB450 million.**
- **The diversification into the aircraft leasing and fund management and related investment businesses have been undertaken with the objective to optimise the investment returns on the Group's available cash surpluses.**
- **Hotel and property businesses will continue to be the core business segments of the Group. A number of strategic acquisitions have already been made during the year to strengthen the Group's property portfolio and new acquisition opportunities will continue to be reviewed.**
- **Given the favourable outlook of the economic development in Hong Kong and China, the Directors are optimistic that the Group as a whole will continue to grow and prosper.**

FINANCIAL RESULTS

For the year ended 31st December, 2012, the Group achieved a consolidated profit attributable to shareholders of HK\$1,192.7 million, as compared to the corresponding profit of HK\$889.8 million attained in 2011.

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

BUSINESS OVERVIEW

During the past year, the Group has taken various initiatives to diversify its investment and business portfolio.

As mentioned in the 2012 Interim Report, a wholly owned subsidiary of the Company acquired in July 2012, through subscription of shares in JAR Aviation Fund PCC Limited, an independent professional investment fund established in Gibraltar, an effective 84.9% interest in a 1998 new generation model of Boeing 737-800 single aisle aircraft. The Group has so far invested approximately US\$14.1 million in JAR Aviation Fund, which is managed by a professional investment adviser and a professional aircraft asset manager. The aircraft is presently under lease to an Asian airline company and yielding satisfactory returns. Taking advantage of this investment platform, the Regal group also purchased in December 2012, for investment purpose, a 100% interest in an Airbus A321-211 aircraft manufactured in 1998 for a consideration of US\$10.5 million. This aircraft is similarly under the management of the professional investment adviser and aircraft asset manager and has recently been leased to an airline operator for lease income. Depending on market conditions and overall circumstances, the Group as a whole may consider further investing in this new line of investment business.

Fund management and related investment businesses are the other line of new business that the Group has been developing. A wholly owned subsidiary of the Company first participated, as the general partner, in the establishment of the Regal (Chongqing) Equity Investment Fund, L.P. in Chongqing, China in December 2011, which has a fund size of RMB250 million and was subscribed by wholly owned subsidiaries of P&R Holdings Limited, a 50:50 joint venture owned by Paliburg and Regal. Further in July 2012, another investment fund was also established in Chongqing, the Chongqing Fudu Equity Investment Fund, L.P., with a fund size of RMB200 million, of which RMB198 million was subscribed by a major China state-owned enterprise as the limited partner and the remaining RMB2 million subscribed by the same wholly owned subsidiary of the Company as the general partner of the fund. Capitalising on its professional expertise and strong business network, the Group plans to further expand in this business sector when suitable opportunities arise.

Shareholders could note that as a result of the share repurchases by Regal under its share repurchase programme announced in April 2012, the shareholdings held by Paliburg and, effectively, of the Group in Regal increased to over 50% on 7th May, 2012. Consequently, the assets and liabilities of Regal (including its majority-owned Regal Real Estate Investment Trust) and their results since 7th May, 2012 have been consolidated into the financial statements of the Group presented in this announcement. With the Company as the ultimate holding company, the Century City Group as a whole now comprises a total of four listed members. The respective financial results and operating performance of the three listed subsidiaries of the Group are highlighted below.

PALIBURG HOLDINGS LIMITED

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

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

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

REGAL REAL ESTATE INVESTMENT TRUST

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

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

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

OUTLOOK

As the ultimate holding company of a sizable listed group, Century City has all along been actively exploring new investment opportunities that suit the business needs of its member companies, with a view to broadening the asset and earnings base of the Group. The diversification into the aircraft leasing and fund management and related investment businesses have been undertaken with the objective to optimise the investment returns on the Group's available cash surpluses.

Hotel and property businesses will continue to be the core business segments of the Group, in which management of the Group has extensive experience and expertise. A number of strategic acquisitions have already been made during the year to strengthen the Group's property portfolio and new acquisition opportunities will continue to be reviewed. Given the favourable outlook of the economic development in Hong Kong and China, the Directors are optimistic that the Group as a whole will continue to grow and prosper.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including, in particular, aircraft ownership and leasing business.

The operating review of the principal businesses of Paliburg, the Group's listed intermediate subsidiary, comprising its investment in Regal, its property development and investment (including those undertaken through the joint venture in P&R Holdings), construction and building related businesses and other investments during the year and their business prospects are contained in Paliburg's announcement separately released today.

The significant investments and business interests of Regal, the Paliburg group's principal listed subsidiary, comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the year under review, the commentary on the local hotel and property sectors and changes in general market conditions and the potential impact on their operating performance and future prospects are also contained in Regal's and Regal REIT's announcements both separately released today.

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

FINANCIAL REVIEW

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates while its senior unsecured notes issued during the year are denominated in US dollar with a fixed coupon rate. The use of hedging instruments for interest rate purposes to cater to business and operational needs is

kept under review by the Group's management from time to time. As the US dollars are pegged to the Hong Kong dollars, the exchange risks are considered to be insignificant and no currency hedging has been deployed.

Cash Flow

Net cash flows generated from operating activities during the year under review amounted to HK\$3.0 million (2011 – HK\$47.4 million). Net interest payment for the year amounted to HK\$71.9 million (2011 – net interest receipt of HK\$13.2 million).

Borrowings and Gearing

As at 31st December, 2012, the Group had borrowings net of cash and bank balances and deposits of HK\$3,179.4 million (2011 – cash and bank balances and deposits net of borrowings of HK\$1,946.1 million). The increase in the level of borrowings was mainly due to the consolidation of Regal and P&R Holdings during the year.

As at 31st December, 2012, the gearing ratio of the Group is 9.9%, representing the Group's borrowings net of cash and bank balances and deposits of HK\$3,179.4 million, as compared to the total assets of the Group of HK\$32,144.7 million. The Group had no gearing as at 31st December, 2011.

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

Pledge of Assets

As at 31st December, 2012, certain of the Group's property, plant and equipment, investment properties and properties held for sale in the total amount of HK\$20,153.1 million and certain ordinary shares in two listed subsidiaries with an aggregate market value of HK\$775.4 million were pledged to secure general banking facilities granted to the Group and, in addition, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK\$380.0 million

were pledged to secure a bank guarantee procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT.

As at 31st December, 2011, held-to-maturity investment of HK\$73.4 million and certain ordinary shares in the listed subsidiary and a former listed associate with market value of HK\$355.1 million and HK\$224.3 million respectively were pledged to secure general banking facilities granted to the Group.

Capital Commitments

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

Contingent Liabilities

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

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.9 cents per ordinary share for the year ended 31st December, 2012, representing an increase of about 11.8% over the final dividend of HK1.7 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK\$61.0 million (2011 – HK\$55.0 million) and will be payable to the holders of ordinary shares on the Register of Ordinary Shareholders on 10th June, 2013.

Together with the interim dividend of HK0.55 cent per ordinary share paid in October 2012 (2011 – ordinary interim dividend of HK0.5 cent and special interim cash dividend of HK1.0 cent, aggregating to HK1.5 cents per ordinary share), total dividends per ordinary share for the year ended 31st December, 2012 will amount to HK2.45 cents. Comparing on the basis of the ordinary dividends, the total ordinary dividends for the year represent an increase of about 11.4% over those paid in 2011.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Friday, 31st May, 2013. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2012 Annual Report, in due course.

CLOSURE OF REGISTER

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

- (i) from Wednesday, 29th May, 2013 to Friday, 31st May, 2013, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2013 Annual General Meeting. In order to be entitled to attend and vote at the 2013 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch registrar in Hong Kong, Tricor Tengis Limited (the “Branch Registrar”), no later than 4:30 p.m. on Tuesday, 28th May, 2013; and
- (ii) from Thursday, 6th June, 2013 to Monday, 10th June, 2013, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Branch Registrar no later than 4:30 p.m. on Wednesday, 5th June, 2013.

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

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,739.8	453.5
Cost of sales	(1,002.7)	(365.8)
Gross profit	737.1	87.7
Other income and gains (Note 3)	35.6	110.4
Fair value gains on investment properties	60.6	–
Fair value losses on financial assets at fair value through profit or loss, net	(124.0)	(691.6)
Fair value loss on remeasurement of investments in a listed associate and an unlisted jointly controlled entity, net	(4,355.9)	–
Gain on bargain purchase of a listed subsidiary	6,473.4	–
Impairment of goodwill	(202.0)	–
Administrative expenses	(191.3)	(49.0)
Other operating income/(expenses), net (Note 4)	0.2	(16.2)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	2,433.7	(558.7)
Depreciation	(290.9)	(1.7)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	2,142.8	(560.4)
Finance costs (Note 6)	(122.0)	(1.0)
Share of profits and losses of:		
Jointly controlled entities	(0.8)	41.4
Associates	166.6	2,005.9
PROFIT BEFORE TAX	2,186.6	1,485.9
Income tax (Note 7)	(2.6)	(0.4)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,184.0	1,485.5

Consolidated Income Statement (Cont'd)

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	1,192.7	889.8
Non-controlling interests	991.3	595.7
	<hr/> 2,184.0	<hr/> 1,485.5
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	<hr/> HK36.95 cents	<hr/> HK27.71 cents
Diluted	<hr/> HK36.95 cents	<hr/> HK27.11 cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK\$'M	HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	2,184.0	1,485.5
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value	0.6	(3.8)
Reclassification adjustment for loss/(gain) included in the income statement		
- Gain on disposal	(0.4)	(0.6)
- Impairment loss	1.9	–
	<u>2.1</u>	<u>(4.4)</u>
Cash flow hedges:		
Changes in fair value of cash flow hedges	(2.9)	–
Transfer from hedge reserve to the income statement	1.3	–
	<u>(1.6)</u>	<u>–</u>
Exchange differences on translating foreign operations	10.3	8.7
Reclassification adjustments on deemed disposals of a listed associate and an unlisted jointly controlled entity	(31.7)	–
Share of other comprehensive income/(loss) of:		
Jointly controlled entities	(0.5)	3.1
Associates	(55.1)	(58.6)
Other comprehensive loss for the year	<u>(76.5)</u>	<u>(51.2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,107.5</u>	<u>1,434.3</u>
Attributable to:		
Equity holders of the parent	1,146.0	856.5
Non-controlling interests	961.5	577.8
	<u>2,107.5</u>	<u>1,434.3</u>

Consolidated Statement of Financial Position

	31st December, 2012	31st December, 2011
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	20,393.7	3.7
Investment properties	948.3	0.2
Properties under development	370.8	–
Investment in a jointly controlled entity	251.2	786.7
Investments in associates	23.5	5,967.1
Available-for-sale investments	22.5	13.2
Financial assets at fair value through profit or loss	174.2	360.6
Loans receivable	21.7	3.0
Deposits	2.3	–
Trademark	610.2	–
Goodwill	–	202.0
Other assets	0.2	0.2
Total non-current assets	<u>22,818.6</u>	<u>7,336.7</u>
CURRENT ASSETS		
Properties under development	831.1	–
Properties held for sale	1,510.8	6.0
Inventories	38.1	9.4
Debtors, deposits and prepayments (Note 10)	949.7	97.8
Loans receivable	0.3	–
Held-to-maturity investments	219.5	73.4
Financial assets at fair value through profit or loss	1,176.4	183.7
Restricted cash	44.2	–
Pledged time deposits and bank balances	321.9	–
Time deposits	2,769.4	1,460.9
Cash and bank balances	1,464.7	631.2
Total current assets	<u>9,326.1</u>	<u>2,462.4</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2012	31st December, 2011
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(617.3)	(50.9)
Deposits received	(47.0)	(0.2)
Interest bearing bank borrowings	(81.5)	(146.0)
Derivative financial instruments	(2.1)	–
Tax payable	(47.4)	(3.7)
Total current liabilities	<u>(795.3)</u>	<u>(200.8)</u>
NET CURRENT ASSETS	<u>8,530.8</u>	<u>2,261.6</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>31,349.4</u>	<u>9,598.3</u>
NON-CURRENT LIABILITIES		
Creditor	(448.1)	–
Deposits received	(8.3)	–
Interest bearing bank borrowings	(5,404.3)	–
Other borrowing	(2,293.8)	–
Derivative financial instruments	(2.8)	–
Deferred tax liabilities	(2,286.8)	–
Total non-current liabilities	<u>(10,444.1)</u>	<u>–</u>
Net assets	<u>20,905.3</u>	<u>9,598.3</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	321.3	323.6
Reserves	6,907.2	5,589.4
Proposed final dividend	61.0	55.0
	<u>7,289.5</u>	<u>5,968.0</u>
Non-controlling interests	<u>13,615.8</u>	<u>3,630.3</u>
Total equity	<u>20,905.3</u>	<u>9,598.3</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

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

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

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

2. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

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

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

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

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2012 and 2011.

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:														
Sales to external customers	304.8	377.8	59.5	56.2	1,331.5	-	19.4	5.2	24.6	14.3	-	-	1,739.8	453.5
Intersegment sales	3.1	-	28.4	-	-	-	-	-	62.8	-	(94.3)	-	-	-
Total	307.9	377.8	87.9	56.2	1,331.5	-	19.4	5.2	87.4	14.3	(94.3)	-	1,739.8	453.5
Segment results before depreciation	36.7	141.5	4.9	(1.2)	644.1	-	(100.7)	(698.4)	0.5	25.9	-	-	585.5	(532.2)
Depreciation	(0.8)	-	(0.5)	(0.5)	(283.7)	-	-	-	(4.8)	-	-	-	(289.8)	(0.5)
Segment results	35.9	141.5	4.4	(1.7)	360.4	-	(100.7)	(698.4)	(4.3)	25.9	-	-	295.7	(532.7)
Unallocated interest income and unallocated non-operating and corporate gains													6,498.8	19.4
Unallocated non-operating and corporate expenses													(4,651.7)	(47.1)
Operating profit/(loss)													2,142.8	(560.4)
Finance costs													(122.0)	(1.0)
Share of profits and losses of:														
Jointly controlled entities	(0.8)	41.4	-	-	-	-	-	-	-	-	-	-	(0.8)	41.4
Associates	36.5	1,945.4	-	-	133.2 *	60.5 *	-	-	(3.1)	-	-	-	166.6	2,005.9
Profit before tax													2,186.6	1,485.9
Income tax													(2.6)	(0.4)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													<u>2,184.0</u>	<u>1,485.5</u>
Attributable to:														
Equity holders of the parent													1,192.7	889.8
Non-controlling interests													991.3	595.7
													<u>2,184.0</u>	<u>1,485.5</u>

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

Group

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Securities investment		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment assets	6,658.7	66.6	35.7	32.8	18,682.7	-	1,659.2	635.0	268.0	3.3	(44.3)	-	27,260.0	737.7
Investment in a jointly controlled entity	251.2	786.7	-	-	-	-	-	-	-	-	-	-	251.2	786.7
Investments in associates	12.4	103.6	-	-	6.6	5,863.5	-	-	4.5	-	-	-	23.5	5,967.1
Cash and unallocated assets													4,610.0	2,307.6
Total assets													<u>32,144.7</u>	<u>9,799.1</u>
Segment liabilities	(714.6)	(2.9)	(33.2)	(22.8)	(335.8)	-	(6.2)	(3.7)	(18.3)	-	44.3	-	(1,063.8)	(29.4)
Interest bearing bank borrowings and unallocated liabilities													<u>(10,175.6)</u>	<u>(171.4)</u>
Total liabilities													<u>(11,239.4)</u>	<u>(200.8)</u>
Other segment information:														
Capital expenditure	3,609.6	-	0.6	0.7	18,725.6	-	-	-	210.1	0.2				
Gain on disposal of a disposal group classified as held for sale	-	(66.2)	-	-	-	-	-	-	-	-				
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(29.3)				
Reversal of impairment of loans receivable	-	-	-	-	-	-	-	-	(0.5)	(0.6)				
Impairment of deposits paid	-	-	-	-	-	-	-	-	-	5.0				
Impairment of trade debtors, net	-	-	-	-	0.9	-	-	-	-	-				
Impairment of available-for-sale investments (transfer from equity)	-	-	-	-	-	-	1.9	-	-	-				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	121.9	691.6	-	-				
Fair value gains on investment properties	(43.6)	-	-	-	(17.0)	-	-	-	-	-				
Interest income	(0.4)	-	-	-	(1.9)	-	(6.6)	(0.6)	(0.3)	(1.0)				

Geographical information

(a) Revenue from external customers

	2012	2011
	HK\$'M	HK\$'M
Hong Kong	1,703.8	443.6
Mainland China	25.9	9.9
Overseas	10.1	–
	1,739.8	453.5

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

(b) Non-current assets

	2012	2011
	HK\$'M	HK\$'M
Hong Kong	20,734.0	6,385.6
Mainland China	1,660.0	574.3
Overseas	203.9	–
	22,597.9	6,959.9

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

Information about a major customer

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

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

	2012	2011
	HK\$'M	HK\$'M
<u>Revenue</u>		
Rental income:		
Hotel properties	20.1	–
Investment properties	9.3	0.1
Properties held for sale	0.5	0.5
Aircraft	10.1	–
Construction and construction-related income	42.8	51.8
Proceeds from sale of properties	298.4	376.0
Estate management fees	4.5	3.2
Property development consultancy and project management fees	12.2	1.2
Gain from sale of listed investments at fair value through profit or loss, net	9.3	1.3
Dividend income from listed investments	10.1	3.9
Hotel operations and management services	1,307.7	–
Other operations	14.8	15.5
	1,739.8	453.5

	2012	2011
	HK\$'M	HK\$'M
<u>Other income and gains</u>		
Interest income from:		
Bank balances	23.3	9.4
Others	9.4	4.2
Dividend income from unlisted investments	0.1	0.1
Gain on disposal of an investment property	–	0.2
Fair value gain on available-for-sale investments (transfer from equity on disposal)	0.4	0.8
Gain on disposal of a disposal group classified as held for sale	–	66.2
Gain on disposal of a subsidiary	–	29.3
Others	2.4	0.2
	35.6	110.4

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

	2012	2011
	HK\$'M	HK\$'M
Loss on disposal of financial assets at fair value through profit or loss	–	(12.3)
Impairment of deposits paid	–	(5.0)
Reversal of impairment of loans receivable	0.5	0.6

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

	2012	2011
	HK\$'M	HK\$'M
Profit/(loss) on disposal of listed investments	9.3	(11.0)
Profit on disposal of available-for-sale investments	0.4	0.8
Profit on disposal of properties	6.0	–
	<u>15.7</u>	<u>(10.2)</u>

6. Finance costs of the Group are as follows:

	2012	2011
	HK\$'M	HK\$'M
Interest on bank loans wholly repayable within five years	80.1	0.7
Interest on other borrowing wholly repayable within five years	20.2	–
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	1.3	–
Amortisation of debt establishment costs	16.6	–
Other loan costs	3.8	0.3
	<u>122.0</u>	<u>1.0</u>

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

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

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2011 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The share of tax charge attributable to associates amounting to HK\$15.0 million (2011 – HK\$380.7 million) is included in “Share of profits and losses of associates” in the consolidated income statement.

No provision for tax is required for the jointly controlled entities as no assessable profits were earned by the jointly controlled entities during the year (2011 – Nil).

8. Dividends:

	2012	2011
	HK\$'M	HK\$'M
Interim – HK0.55 cent (2011 – HK0.5 cent and special interim cash HK1.0 cent, aggregating to HK1.5 cents) per ordinary share	17.7	48.7
Proposed final – HK1.9 cents (2011 – HK1.7 cents) per ordinary share	61.0	55.0
	78.7	103.7

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\$1,192.7 million (2011 – HK\$889.8 million) and on the weighted average of 3,227.8 million (2011 – 3,210.7 million) ordinary shares of the Company in issue during the year.

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

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

Company and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$153.2 million (2011 – HK\$11.0 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	131.5	4.2
Between 4 to 6 months	7.1	–
Between 7 to 12 months	7.2	0.5
Over 1 year	11.3	8.0
	<hr/> 157.1	<hr/> 12.7
Impairment	(3.9)	(1.7)
	<hr/> 153.2 <hr/>	<hr/> 11.0 <hr/>

Credit terms

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

11. Included in creditors and accruals is an amount of HK\$84.6 million (2011 – HK\$1.6 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

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

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

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

During the year ended 31st December, 2012, the Company repurchased a total of 23,228,000 ordinary shares of the Company at an aggregate purchase price of HK\$12,500,800 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\$)	
May 2012	6,740,000	0.570	0.530	3,732,120
June 2012	3,944,000	0.550	0.520	2,107,360
July 2012	1,100,000	0.530	0.520	579,240
November 2012	8,316,000	0.540	0.510	4,346,000
December 2012	3,128,000	0.570	0.530	1,736,080
	23,228,000			12,500,800
		Total expenses on shares repurchased		50,008
			Total	12,550,808

All the above 23,228,000 repurchased ordinary shares, together with 164,000 ordinary shares repurchased in 2011 but not cancelled during that year, in aggregate 23,392,000 repurchased ordinary shares, were cancelled during the year. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company.

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

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2012, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2012, except that:

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

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, 25th March, 2013