富豪酒店國際控股有限公司
Regal Hotels International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 78)

ANNOUNCEMENT OF 2009 GROUP FINAL RESULTS

FINANCIAL HIGHLIGHTS

	Year 2009	**Year 2008**
	HK$'M	**HK$'M**
Operating profit/(loss)	**106.8**	(335.5)
Profit/(Loss) for the year attributable to equity holders of the parent	**431.1**	(808.8)
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	**HK42.6 cents**	HK(78.6) cents
Proposed final dividend	**HK6.8 cents**	HK5.0 cents
⋆Adjusted net asset value per ordinary share	**HK$11.14**	HK$10.70

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

⋆compiled on an adjusted basis, for the purpose of reference, to adjust for the interest held in Regal REIT to reflect the share of the underlying adjusted net assets of Regal REIT attributable to the Group

FINANCIAL RESULTS

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

BUSINESS OVERVIEW

REGAL REAL ESTATE INVESTMENT TRUST

The Group presently holds approximately 74.2% of the issued units of Regal REIT, which owns the five Regal Hotels as well as a 75% majority interest in Regal iClub Building in Hong Kong. As explained previously, in conforming to the prescribed accounting standards, the interests of the Group held in Regal REIT, representing one of the most significant investments held by the Group, were only stated in the consolidated financial statements for the year ended 31st December, 2009 at a value of HK$140.0 million, which was by far below its underlying value. Accordingly, for the purpose of reference, supplementary information on the net assets of the Group, compiled on an adjusted basis to reflect more fairly the underlying net assets attributable to the interests held by the Group in Regal REIT, is provided in the section headed “Management Discussion and Analysis” below.

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

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

HOTELS

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

Based on the information published by Tourism Research of the Hong Kong Tourism Board, the average hotel room occupancy rate for all hotels in different categories in Hong Kong for the year 2009 was 78%, dropped from 85% in the previous year, with average achieved hotel room rate having also declined by 16.3%, primarily due to the reduced travelers from major overseas markets. The performance of the five Regal Hotels in Hong Kong in 2009 was likewise affected by the market downturn, with the average occupancy rate and the average achieved room rate having decreased by approximately 9.1% and 16.1%, respectively, as compared with 2008, which was generally in line with the overall market. Consequently, the results of the Group’s hotel operation business for the year under review have been adversely impacted.

Alongside the hotel operation business, important focus has also been placed on the development of the hotel management network under the “Regal” brand, particularly in Mainland China. The Regal Jinfeng Hotel, located in Jinqiao Export Processing Zone in Pudong, was opened in October 2009 and is the third managed hotel property in Shanghai. In January 2010, the Group landed in Chengdu, Sichuan with the soft opening of the Regal

Master Hotel, a 350-room luxurious international five-star hotel located in a prime commercial district in Chengdu city and managed by the Group. Another managed hotel expected to come on stream is the Regal Kangbo Hotel, a 215-room five-star hotel project under development in Dezhou, Shandong, scheduled to be opened in the third quarter this year. Recently, the Group has also entered into a memorandum of understanding to manage a block of service apartments under development in Waigaoqiao Free Trade Zone, Pudong, Shanghai, planned to be opened by the end of 2010 under a new Regal brand, the "Regal Residence".

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

PROPERTIES

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

The Group is steadily progressing with the composite development project in Chengdu, which is 50% owned by each of the Group and Cosmopolitan International Holdings Limited. The first stage of the project will entail the construction on the two separate land parcels, respectively, a 300-room five-star hotel with extensive facilities and a residential development comprising 9 tower blocks with total gross floor area of about 1.5 million square feet and providing over 1,200 apartment units. Development works for the first stage have been commenced and presale of the residential development is expected to be launched before the end of this year. Stage two of the development project also comprises residential development which will have total gross floor area of about 1.9 million square feet, while stage three is planned for commercial and office accommodations with total gross floor area of about 1.5 million square feet.

On the other hand, the joint development project in the Central Business District of Beijing, which is owned through an associate that is in turn 50% owned by each of the Group and the Paliburg group, is presently encountering some complicated and complex issues. The Group's management will jointly with the Paliburg group use their best endeavours to deal with these difficult issues and to protect the interest of the Group's associate in the development project. Further information on this project is contained in the section headed "Management Discussion and Analysis" below.

OTHER INVESTMENTS

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

OUTLOOK

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's significant investments and principal business activities mainly comprise the hotel operation and management businesses, the investment in Regal REIT, the asset management of Regal REIT, property development and investment, including the interest in the remaining houses in Regalia Bay in Stanley, and other investment businesses.

The performance of the Group'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 "Financial Results", "Business Overview" and "Outlook" above, respectively.

The annual base rents payable by the Group with respect to the leasing of the five Regal Hotels in Hong Kong owned by Regal REIT were fixed for the period up to 31st December, 2010. For the years from 2011 to 31st December, 2015, the date when the present leases will expire, the base rents will be based on market appraisals, subject to an aggregate minimum base rent of not less than HK$400 million per annum, to be determined annually by an independent professional valuer to be jointly appointed by the Group and Regal REIT. The valuation process for the determination of the market base rents for 2011 will be conducted in the second half of this year.

With respect to the joint development project in the Central Business District in Beijing and as previously reported in the interim report for the six months ended 30th June, 2009 of the Company, the 50%-owned associate of the Group 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 an additional 36% shareholding interest in the joint venture entities that, in turn, own the development project. To the Group's surprise, the arbitral tribunal in Beijing has issued in late February 2010 an arbitral award in favour of the vendor. The associate presently holds an aggregate of 59% shareholding interest in the joint venture entities, which include the 36% additional shareholding interest acquired from the vendor in 2005, the subject matter of the arbitration proceedings. The associate has sought legal advice on the arbitration award and has lodged an application to the relevant court in Beijing to set aside the arbitral award. The Company has in this regard published an announcement on 15th March, 2010 on possible provision on the investment in this development project. Having considered the latest circumstances and taking into regard other litigations, claims and disputes affecting the development project, a provision of HK$240.0 million has been made by the associate in respect of its investment in the project. The loss thus attributable to the Group has been reflected in the share of contributions from associates in the consolidated income statement for the year under review.

Based on the consolidated statement of financial position as at 31st December, 2009, the book net asset value of the ordinary shares of the Company was HK$4.43 per share. Such book net asset value has been significantly affected by the elimination of the unrealised gain on the disposal of the subsidiaries owning the hotel properties to Regal REIT in 2007 against the Group's interest held in Regal REIT as well as the sharing of the fair value loss on the hotel properties held by Regal REIT for the year ended 31st December, 2008. The interest held by the Group in Regal REIT represented one of the Group's most significant investments but, as at 31st December, 2009, such interest was only stated at a value of HK$140.0 million. In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to reflect the share of the underlying adjusted net assets of Regal REIT attributable to the Group. Accordingly, on the basis that the interest of the Group held in Regal REIT were to be stated based on the published unaudited adjusted net asset value per unit of Regal REIT of HK$2.913 as at 31st December, 2009, calculated on the basis that the deferred tax liabilities provided by Regal REIT with regard to the revaluation surplus of its hotel properties are added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK$11.14 per share.

	As at 31st December, 2009	
	HK$'M	**HK$ per ordinary share**
Book net assets after minority interests	**4,475.8**	**4.43**
Adjustment to restate the Group's interest in Regal REIT on the basis noted above	**6,779.0**	
Unaudited adjusted net assets after minority interests	**11,254.8**	**11.14**

During the year under review, there were net cash flows used in operating activities of HK$401.7 million (2008 – HK$110.9 million). Net interest receipt for the year amounted to HK$4.5 million (2008 – HK$30.0 million).

As at 31st December, 2009, the Group had total cash and bank balances and deposits, net of bank loans, of HK$1,297.1 million (2008 – HK$1,200.3 million).

As at 31st December, 2009, part of the Group's bank deposits in the amount of HK$1,000.0 million (2008 – HK$1,000.0 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, and certain of the Group's investment properties, properties held for sale, bank deposits and cash balances in the total amount of HK$1,055.1 million (2008 – HK$512.5 million) were also pledged to secure other banking facilities granted to the Group. Under the lease agreements in connection with the leasing of the hotel properties from Regal REIT, the Group has also guaranteed a total minimum variable rent payable for the period from 30th March, 2007 to 31st December, 2010 in the amount of HK$220.0 million, of which HK$101.6 million has been paid by the Group up to 31st December, 2009.

Further information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 31st December, 2009 is disclosed in the annual report of the Company for the year ended 31st December, 2009 (the “2009 Annual Report”), which will be despatched to shareholders on or before 30th April, 2010. 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, 2009. Detailed information in such aspects is contained in the Company’s 2009 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.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK6.8 cents (2008 – HK5.0 cents) per ordinary share for the year ended 31st December, 2009, absorbing an amount of approximately HK$68.7 million (2008 – HK$50.5 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 9th June, 2010.

Together with the interim dividend of HK2.0 cents (2008 – HK3.0 cents, as adjusted for the 10-into-1 share consolidation implemented in October 2008) per ordinary share paid in October 2009, total dividends per ordinary share for the year ended 31st December, 2009 will amount to HK8.8 cents (2008 – HK8.0 cents, as adjusted).

CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Friday, 4th June, 2010 to Wednesday, 9th June, 2010, both days inclusive, during which period no transfers of ordinary shares will be effected. 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 Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 3rd June, 2010. The relevant dividend warrants are expected to be despatched on or about 30th June, 2010.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2009 HK$'M	Year ended 31st December, 2008 HK$'M
REVENUE (Notes 2 & 3)	**1,381.2**	1,511.8
Cost of sales	**(1,611.4)**	(1,545.5)
Gross loss	**(230.2)**	(33.7)
Other income and gains (Note 3)	**43.2**	43.1
Administrative expenses	**(151.6)**	(172.8)
Other operating expenses (Note 4)	**(0.8)**	(59.3)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**311.4**	(145.7)
Fair value gains upon reclassification of properties held for sale to investment properties	**34.2**	358.5
Fair value gains/(losses) on investment properties	**107.0**	(321.6)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	**113.2**	(331.5)
Depreciation	**(6.4)**	(4.0)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	**106.8**	(335.5)
Finance costs (Note 6)	**(4.9)**	(9.9)
Share of profits and losses of:		
Jointly controlled entities	**(2.3)**	(4.9)
Associates	**344.2**	(457.9)
PROFIT/(LOSS) BEFORE TAX	**443.8**	(808.2)
Income tax (Note 7)	**(12.7)**	(0.6)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	**431.1**	(808.8)

Attributable to:		
Equity holders of the parent	**431.1**	(808.8)
Minority interests	**–**	–
	431.1	(808.8)
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic and diluted	**HK42.6 cents**	HK(78.6) cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2009 HK$'M	Year ended 31st December, 2008 HK$'M
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	**431.1**	(808.8)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investment:		
Change in fair value	**–**	(0.8)
Reclassification adjustment for loss included in the consolidated income statement	**0.8**	–
Exchange differences on translating foreign operations	**1.0**	1.1
Share of other comprehensive income of associates/jointly controlled entity	**1.2**	40.0
Share of other comprehensive loss of the listed associate	**(20.0)**	(109.7)
Other comprehensive loss for the year	**(17.0)**	(69.4)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**414.1**	(878.2)
Attributable to:		
Equity holders of the parent	**414.1**	(878.2)
Minority interests	**–**	–
	414.1	(878.2)

Consolidated Statement of Financial Position

	31st December, 2009	31st December, 2008
	HK$'M	HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**38.2**	16.8
Investment properties	**805.0**	855.0
Interests in jointly controlled entities	**176.6**	203.8
Interests in associates	**584.9**	517.4
Financial assets at fair value through profit or loss	**358.0**	423.0
Available-for-sale investment	**–**	3.1
Other loan	**13.3**	36.1
Pledged bank deposits	**1,000.0**	1,000.0
Total non-current assets	**2,976.0**	3,055.2
CURRENT ASSETS		
Hotel inventories	**21.2**	22.7
Properties held for sale	**795.6**	963.5
Debtors, deposits and prepayments (Note 10)	**261.7**	217.1
Financial assets at fair value through profit or loss	**546.1**	108.1
Pledged time deposits	**3.6**	8.3
Time deposits	**251.2**	153.3
Cash and bank balances	**358.5**	307.2
Total current assets	**2,237.9**	1,780.2

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2009	31st December, 2008
	HK$'M	HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	**(407.8)**	(427.2)
Interest bearing bank borrowings	**(69.4)**	–
Tax payable	**(12.8)**	(3.5)
Total current liabilities	**(490.0)**	(430.7)
NET CURRENT ASSETS	**1,747.9**	1,349.5
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,723.9**	4,404.7
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	**(246.8)**	(268.5)
Net assets	**4,477.1**	4,136.2
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**101.1**	101.4
Reserves	**4,306.0**	3,983.0
Proposed final dividend	**68.7**	50.5
	4,475.8	4,134.9
Minority interests	**1.3**	1.3
Total equity	**4,477.1**	4,136.2

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, derivative financial instrument and financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest million except where 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 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*

HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1st July, 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary,* which is effective for annual periods beginning on or after 1st July, 2009.

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two 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 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 the Group's investment in Regal REIT;

(b) the asset management segment engages in the provision of asset management services to Regal REIT;

(c) the property development and investment segment includes investments in properties for sale and for rental income, and the provision of property agency and management services;

(d) the securities investment segment engages in securities trading and investment businesses; and

(e) the others segment mainly comprises travel agency services and bakery operations.

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/(loss) 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, 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, 2009 and 2008.

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	1,079.0	1,360.9	70.8	66.7	155.8	31.2	32.3	2.2	43.3	50.8	-	-	1,381.2	1,511.8
Intersegment sales	11.9	19.6	-	-	3.3	3.4	-	-	0.8	3.1	(16.0)	(26.1)	-	-
Total	1,090.9	1,380.5	70.8	66.7	159.1	34.6	32.3	2.2	44.1	53.9	(16.0)	(26.1)	1,381.2	1,511.8
Segment results before depreciation	(455.4)	(230.1)	59.7	54.3	203.0	55.0	341.3	(203.5)	(4.1)	(4.5)	-	-	144.5	(328.8)
Depreciation	(5.1)	(2.7)	(0.5)	(0.4)	(0.1)	(0.1)	-	-	(0.3)	(0.4)	-	-	(6.0)	(3.6)
Segment operating results	(460.5)	(232.8)	59.2	53.9	202.9	54.9	341.3	(203.5)	(4.4)	(4.9)	-	-	138.5	(332.4)
Interest income and unallocated non-operating and corporate gains													10.1	43.1
Unallocated non-operating and corporate expenses, net													(41.8)	(46.2)
Operating profit/(loss)													106.8	(335.5)
Finance costs													(4.9)	(9.9)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	(2.3)	(4.9)	-	-	-	-	-	-	(2.3)	(4.9)
Associates	468.9	(445.9)	-	-	(124.5)	(11.9)	-	-	(0.2)	(0.1)	-	-	344.2	(457.9)
Profit/(Loss) before tax													443.8	(808.2)
Income tax													(12.7)	(0.6)
Profit/(Loss) for the year before allocation between equity holders of the parent and minority interests													431.1	(808.8)
Attributable to:														
Equity holders of the parent													431.1	(808.8)
Minority interests													-	-
													431.1	(808.8)

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	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	198.3	227.1	33.6	24.5	1,661.5	1,823.5	903.0	534.4	8.3	8.8	-	-	2,804.7	2,618.3
Interests in jointly controlled entities	-	-	-	-	176.6	203.8	-	-	-	-	-	-	176.6	203.8
Interests in associates	147.4	7.4	-	-	424.5	496.8	-	-	13.0	13.2	-	-	584.9	517.4
Cash and unallocated assets													1,647.7	1,495.9
Total assets													5,213.9	4,835.4
Segment liabilities	(239.1)	(287.9)	(13.1)	(5.5)	(29.8)	(7.8)	(98.4)	(1.2)	(2.4)	(5.6)	-	-	(382.8)	(308.0)
Bank borrowings and unallocated liabilities													(354.0)	(391.2)
Total liabilities													(736.8)	(699.2)
Other segment information:														
Capital expenditure	27.8	9.5	-	0.1	-	-	-	-	0.1	0.2				

Geographical Information

(a) Revenue from external customers

	2009	**2008**
	HK$'M	**HK$'M**
Hong Kong	1,337.0	1,467.1
Mainland China	44.2	44.7
	1,381.2	1,511.8

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

(b) Non-current assets

	2009	**2008**
	HK$'M	**HK$'M**
Hong Kong	996.7	912.4
Mainland China	608.0	680.6
	1,604.7	1,593.0

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

Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

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

	2009 HK$'M	2008 HK$'M
Revenue		
Hotel operations and management services	**1,051.6**	1,329.9
Other operations, including estate management, estate agency, travel agency and bakery operations	**44.3**	51.7
Rental income:		
Hotel properties	**27.4**	31.0
Properties held for sale	**2.2**	14.4
Investment properties	**24.2**	15.9
Net gain from sale of financial assets at fair value through profit or loss	**30.2**	0.1
Dividend income from listed investments	**2.1**	2.1
Asset management service	**70.8**	66.7
Sale of properties	**128.4**	–
	1,381.2	1,511.8

	2009 HK$'M	2008 HK$'M
Other income		
Bank interest income	**2.8**	24.8
Interest income from a jointly controlled entity	**–**	1.3
Other interest income	**5.6**	15.1
Others	**1.7**	1.8
	10.1	43.0

Gains		
Fair value gain on derivative financial instrument	**–**	0.1
Gain on disposal of investment properties	**33.1**	–
	33.1	0.1
	43.2	43.1

4. Other operating expenses represent the following items:

	2009	**2008**
	HK$'M	**HK$'M**
Loss on disposal of available-for-sale investment	**0.8**	–
Loss on settlement of financial assets at fair value through profit or loss	**–**	59.3
	0.8	59.3

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

	2009	**2008**
	HK$'M	**HK$'M**
Profit on disposal of listed investments	**30.2**	0.1
Profit on disposal of properties	**46.7**	–

6. Finance costs of the Group are as follows:

	2009 HK$'M	2008 HK$'M
Interest on bank loans wholly repayable within five years	**4.9**	2.2
Dividends on convertible preference shares *(classified as financial liabilities)*	**–**	7.7
Total finance costs	**4.9**	9.9

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

	2009 HK$'M	2008 HK$'M
Group:		
Current – Hong Kong		
Charge for the year	**12.4**	0.1
Current – Overseas		
Charge for the year	**0.3**	0.5
Total tax charge for the year	**12.7**	0.6

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2008 – 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 Group did not share the tax charge attributable to Regal REIT during the year since the Group's share of profit of Regal REIT for the year was offset against the previously unrecognised share of loss of Regal REIT. In the prior year, the share of tax credit attributable to Regal REIT amounting to HK$266.6 million was 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 and other associates as no assessable profits were earned by the jointly controlled entities and other associates during the year (2008 – Nil).

There was no material unprovided deferred tax in respect of the year and as at the date of consolidated statement of financial position.

8. Dividends:

	2009 HK$'M	2008 HK$'M
Interim – HK2.0 cents (2008 – HK3.0 cents, as adjusted for the 10-into-1 share consolidation) per ordinary share	**20.2**	30.6
Proposed final – HK6.8 cents (2008 – HK5.0 cents) per ordinary share	**68.7**	50.5
	88.9	81.1

9. The calculation of basic earnings/(loss) per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK$431.1 million (2008 – loss of HK$808.8 million), and on the weighted average of 1,011.1 million (2008 – 1,029.3 million, as adjusted for the effect of the consolidation of ordinary shares of the Company on the basis that every ten then existing issued and unissued ordinary shares of HK$0.01 each were consolidated into one ordinary share of HK$0.10 effective from 23rd October, 2008) 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, 2009 in respect of a dilution as the exercise price of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

No adjustment had been made to the basic loss per ordinary share amount presented for the year ended 31st December, 2008 in respect of a dilution as (i) the conversion of the convertible preference shares of the Company was anti-dilutive for that year and was not included in the calculation of diluted loss per ordinary share; and (ii) the exercise price of the share options of the Company outstanding during that year was higher than the average market price of the Company's ordinary shares and, accordingly, they had no dilutive effect on the basic loss per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK$79.6 million (2008 – HK$106.9 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:

	2009	2008
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**74.9**	90.6
Between 4 to 6 months	**2.4**	12.2
Between 7 to 12 months	**0.7**	2.5
Over 1 year	**3.0**	2.7
	81.0	108.0
Impairment	**(1.4)**	(1.1)
	79.6	106.9

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 that the Group's trade debtors relate to a large number of diversified customers (except for sale proceeds receivable from disposal of properties held for sale), there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

11. Included in creditors and accruals is an amount of HK$53.0 million (2008 – HK$60.1 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:

	2009	**2008**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**52.4**	58.7
Between 4 to 6 months	**0.3**	1.0
Over 1 year	**0.3**	0.4
	53.0	60.1

The trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms.

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

During the year ended 31st December, 2009, the Company repurchased a total of 3,172,000 ordinary shares of the Company at an aggregate purchase price of HK$6,117,840 on The Stock Exchange of Hong Kong Limited (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 Highest (HK$)	Price per ordinary share Lowest (HK$)	Aggregate purchase price (HK$)
January 2009	1,796,000	2.250	1.740	3,547,420
February 2009	1,376,000	2.000	1.750	2,570,420
Total	3,172,000			6,117,840
		Total expenses on shares repurchased		20,598
				6,138,438

All the 3,172,000 repurchased ordinary shares, together with 654,000 ordinary shares repurchased in the year of 2008 but not cancelled during that year, in aggregate 3,826,000 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 benefit 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, 2009, 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, 2009, 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 Non-Executive Director and the Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Non-Executive Director and the Independent Non-Executive Directors would retire, and are 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.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Wednesday, 9th June, 2010. 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 2009 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)
Ms. Belinda YEUNG Bik Yiu
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Allen WAN Tze Wai

Non-Executive Director:
Dr. Francis CHOI Chee Ming, GBS, JP
(Vice Chairman)

Independent Non-Executive Directors:
Ms. Alice KAN Lai Kuen
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 22nd March, 2010