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 2011 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2011 HK$'M	Year 2010 HK$'M	% Change
Revenue	**2,037.2**	1,502.7	**+35.6%**
Gross profit	**867.7**	256.8	**+237.9%**
Profit for the year attributable to equity holders of the parent	**107.9**	6,928.8	**-98.4%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.11**	HK$6.88	**-98.4%**
Proposed final dividend	**HK9.0 cents**	HK8.5 cents	**+5.9%**
Total dividends for the year	**HK12.0 cents**	HK11.0 cents	**+9.1%**

	As at 31st December, 2011	 2010	
Net asset value per ordinary share after non-controlling interests			
Book	**HK$11.53**	HK$11.51	**+0.2%**
***Adjusted**	**(Unaudited)** **HK$14.80**	**(Unaudited)** HK$12.48	**+18.6%**

*compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio at its market value at 31st December, 2011 with the relevant deferred tax liabilities added back

- **Gross profit of HK$867.7 million in 2011, an increase of about 2.4 times over 2010.**
- **Consolidated profit attributable to shareholders of HK$107.9 million in 2011.**
- **As a very significant one-off accounting gain was recognised last year on the consolidation of Regal REIT as a subsidiary of the Group in July 2010, the profit attributable to shareholders in 2010 was much higher than that achieved in the year under review.**
- **The losses on the changes in the fair values of the Group's financial assets, including in particular the Group's long term holdings in the convertible bonds and shares of Cosmopolitan International Holdings Limited, and the depreciation charges on the Group's hotel properties held as fixed assets have also adversely affected the current year's results. The fair value changes and the depreciation charges are however non-cash flow items.**
- **Core hotel operations improved substantially, with gross operating profits of the Group's hotel operations increased by 31% to HK$852.5 million.**
- **Combined average occupancy rate of all the six Regal Hotels in Hong Kong increased by 5 percentage points to 90.9%, with average RevPAR improved by 29.5% year-on-year.**
- **The Group still retains 19 houses in Regalia Bay, Stanley, apart from the 2 houses already contracted to be sold. The additional cash resources to be generated from the continuing gradual disposal of these retained houses will be useful for the funding of the Group's ongoing business development.**
- **Actively expanding the Group's property development business through P&R Holdings Limited, the 50%-owned joint venture with Paliburg Holdings Limited. Since its establishment in April 2011, P&R Holdings has acquired a total of 4 development projects in Hong Kong, 3 of which are being developed into hotels.**
- **Having regard to the strong financial position and business prospects of the Group, the Directors believe that the Company will be able to bring to shareholders increasing returns in the coming years.**

FINANCIAL RESULTS

For the year ended 31st December, 2011, the Group achieved a consolidated profit attributable to shareholders of HK$107.9 million, as compared to the HK$6,928.8 million attained in 2010. However, as previously explained, a very significant part of the profit attained last year was related to a one-off accounting gain of HK$6,637.4 million recognised on the consolidation of Regal Real Estate Investment Trust as a subsidiary of the Group in July 2010.

During the year under review, the performance of the Group's core hotel operations has improved substantially, with the gross operating profits of the hotel operations of the six Regal Hotels in Hong Kong owned by the Group through Regal REIT having increased by about 31% to approximately HK$852.5 million. Moreover, there were gains of over HK$600 million from share of profits of jointly controlled entities, which were principally derived from the transaction relating to the sale to P&R Holdings Limited, formerly known as Flourish Lead Investments Limited, of 70% effective interest in the composite development in Chengdu, Sichuan, the People's Republic of China by a jointly controlled entity that is 50%-owned by the Group.

Due to the weak performance of the stock market in Hong Kong in 2011, the Group recorded losses of approximately HK$822.8 million on the changes in the fair values of the Group's portfolio of financial assets, including in particular the Group's long term holdings in the convertible bonds and shares of Cosmopolitan International Holdings Limited. In addition, the five Regal Hotels leased to the Group are owned by Regal REIT as investment properties, but they are treated by the Group in its consolidated financial statements as fixed assets and depreciation charges in a total amount of HK$351.2 million were required to be provided for these hotel properties in the financial year ended 31st December, 2011. Although the fair value losses and depreciation charges are non-cash flow items, they have nevertheless adversely affected the financial results of the Group for the year under review.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

The first half of 2011 saw positive signs of gradual recovery in the global economy, but the recovery pace was stalled in the second half by the intensifying strains in the sovereign debt crisis across the Euro-zone. Towards the end of 2011, the economy in the United States was able to regain some momentum as a result of an improved labour market and its monetary policy to maintain a low interest environment. As the second largest economy in the world, China's Gross Domestic Product continued to expand by about 9.2% in 2011, although the growth rate has slowed down as compared to the past few years. Benefiting from its close economic ties with China and the resilience of its domestic economy, Hong Kong's GDP has managed to grow by about 5% in 2011.

During the year under review, tourist arrivals to Hong Kong hit a historical record of approximately 41.9 million, representing a 16.4% increase over the previous year. Visitors from Mainland China were still the strongest growth segment and accounted for about two-thirds of the total visitors to Hong Kong. The ever-growing affluence of the Chinese visitors have continued to drive market demands on the retail and lodging businesses in Hong Kong.

According to the Hotel Survey published by Hong Kong Tourism Board, the average hotel room occupancy rate for all the surveyed hotels in different categories for 2011 was 89%, a year-on-year increase of about 2.3%, while the average RevPAR (Revenue per Available Room) improved by about 19%.

HOTEL OWNERSHIP

The Group's hotel ownership business is undertaken through Regal REIT, in which the Group is holding approximately 74.5% of its issued units.

For the year ended 31st December, 2011, Regal REIT achieved a consolidated net profit before distribution to unitholders of HK$2,997.3 million, which was an increase of about 200% over the comparative amount of HK$997.1 million recorded for the year 2010. The significant improvement in the net profit achieved was principally attributable to the increase in the fair values of the five Regal Hotels leased to the Group and held by Regal REIT as investment properties. Total distributable income of Regal REIT for the year amounted to approximately HK$397.9 million, as compared to HK$682.9 million for the preceding year.

However, as the five Regal Hotels leased to the Group are treated by the Group as fixed assets, they are stated in the Group's consolidated financial statements at their fair values as at the time when Regal REIT became a subsidiary of the Group in July 2010, plus subsequent capital additions and deducting accumulated depreciation. Accordingly, any subsequent changes in their fair values, including those recorded by Regal REIT in its results for 2011, would not be reflected in the consolidated financial statements of the Group. On the other hand and as mentioned above, depreciation charges in a total amount of HK$351.2 million were required to be provided for such hotel properties in the financial year under review. Shareholders could however refer to the supplementary information in the section headed "Management Discussion and Analysis", which shows the impact on the Group's assets value if such hotel properties were stated at their market valuations as at 31st December, 2011.

The annual base rent for the five Regal Hotels leased to the Group, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Kowloon Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel, for the year 2011 was HK$560 million, as determined by a jointly appointed independent professional valuer. On account of the satisfactory operating results achieved by these hotels in 2011, Regal REIT received from the Group additional variable rent of approximately HK$116.0 million, based on 50% sharing of the excess of the aggregate net property income for the year over the annual base rent.

The annual base rent payable by the Group for the year 2012 under the market rental package determined by the independent professional valuer was HK$645 million, an increase of approximately 15.2% over the base rent for 2011, and likewise with an equal sharing of the excess net property income.

Regal REIT continues to invest in capital additions projects as an ongoing programme to upgrade the quality and standards of the rooms and facilities in the hotels. During 2011, over 450 guestrooms and suites across the five Regal Hotels and various ballrooms, function rooms and food and beverage outlets in the Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel have been renovated. Recently, government approvals have been obtained for the conversion of part of the second floor and the fourteenth floor at the Regal Oriental Hotel into 56 new additional rooms and interior fitting out plans are being finalised to convert these areas, which are now being used for food and beverage operations, into the more lucrative room business.

The sixth Regal Hotel owned by Regal REIT, the Regal iClub Hotel in Wanchai, is managed by the Group's wholly owned subsidiary but operated by Regal REIT itself. The hotel began full operation with 99 rooms and suites in December 2010 and has performed very well during the year. Year round occupancy was recorded at a level of about 96% and the RevPAR was about 41% higher than that attained in 2010.

Regal REIT recently concluded arrangements for a new 3-year HK$4,500 million term loan facility, involving a syndicate of 12 local and international banks, to refinance the existing term loan facilities that will mature on 30th March, 2012. Due to the changes in the financial market, the interest margin for the new term loan facility will be higher than that under the existing loan facilities, but the interbank interest rate is now much lower than the level when the interest rate swap and hedging arrangements were put in place for the existing facilities in 2007. Therefore, it is expected that there would be overall savings in the finance costs for the bank loans of Regal REIT, as compared with the effective loan interest paid in the previous years. Management of Regal REIT will closely monitor the interest rate market to determine whether and when it will be beneficial to put in place new interest rate swaps for the new term loan facility.

Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager of Regal REIT.

HOTEL OPERATIONS

The five Regal Hotels in Hong Kong leased by the Group from Regal REIT have all performed very satisfactorily in the year under review. Their combined average occupancy rate has increased over the previous year by about 5.8% to 90.7%, with average RevPAR having at the same time improved by about 28.7%. Total gross operating profits for the five hotels for the year amounted to approximately HK$822.7 million.

After adjusting its marketing strategy to increase market share, the occupancy rate for Regal Airport Hotel has increased year-on-year by about 11.1% to 86.7%, while its average RevPAR improved by about 17.9%. Having regard to the superior quality and standards of the Regal Airport Hotel as well as its strategic location, which for many consecutive years have been voted as the Best Airport Hotel in Asia Pacific and the World, the Group considers that there is still further room for improvement in its overall profitability.

HOTEL MANAGEMENT

All the six Regal Hotels in Hong Kong are managed by Regal Hotels International Limited, a wholly owned subsidiary of the Group.

In China, there are presently seven hotels under operation which are managed by the Group, of which four are in Shanghai, one in Chengdu, Sichuan, one in Dezhou, Shandong and the latest one in Guiyang, Guizhou, which was taken over and renamed as the Regal Poly Guiyang Hotel in October 2011. There are another six hotel projects with which the Group has entered into management services contracts, which are in different stages of development. In the order of their targeted dates of opening, spreading out from late 2012 to the 3rd quarter of 2014, these hotel projects are, respectively, the 310-room Regal Yuhong Hotel in Zhengzhou, Henan, the 310-room Regal Xindu Hotel in Chengdu, Sichuan, the 260-room Regal Fanhua Center Hotel in Suzhou, Jiangsu, the 220-room Regal Financial Center Hotel in Foshan, Guangdong, the 300-room Regal Royale Hotel in Kunshan, Jiangsu and the 300-room Regal Wolong Hotel in Wuhan, Hubei.

The Group will continue to invest additional management and financial resources to its management businesses in China, with a view to expanding its network to other major cities.

PROPERTIES

Due to the tightening of market liquidity, the property market in Hong Kong was faced with some consolidation since the latter part of last year. Viewing from a longer term perspective, a cooling down of overheated demands with resultant stabilisation in price levels might indeed be beneficial to the development of a healthy and sustainable market.

The Group still retains 19 houses in Regalia Bay, Stanley, Hong Kong, apart from the 2 houses contracted to be sold and scheduled for completion later this year. Three houses have been leased out during the year. The Group will continue with the disposal of some houses if the price is considered favourable but, in the meantime, may also consider leasing out further houses for rental income.

Through P&R Holdings, a joint venture company equally owned by the Group and Paliburg Holdings Limited established in April 2011, the Group has been actively expanding its property development business. As mentioned in the 2011 Interim Report, P&R Holdings has since its establishment acquired a total of 3 sites in Hong Kong, two of which are located in Sheung Wan District acquired from Paliburg and one located in North Point acquired from a third party, which are all planned for hotel developments. As also reported before, P&R Holdings has acquired a 70% effective interest in the composite development in Xindu District, Chengdu, Sichuan previously held by the jointly controlled entity that is 50:50 owned by each of the Group and the Cosmopolitan group.

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

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

OTHER INVESTMENTS

The Group held a sizable investment portfolio consisting primarily of listed securities. The Group owned within this portfolio a substantial holding of two series of convertible bonds due 2013 and a relatively minor interest in the shares of Cosmopolitan, which are held as long term strategic investments. Like most other financial assets, these holdings of convertible bonds and shares of Cosmopolitan are stated in the financial statements at their fair values based on the traded price of the Cosmopolitan shares as at the financial reporting date and, in the case of the convertible bonds, valued by an independent professional valuer. On account of the fluctuation in the traded price of the Cosmopolitan shares, the changes in the fair values of the Group's holdings in the convertible bonds and shares of Cosmopolitan have been relatively substantial. Due to the weak performance of the stock market in Hong Kong in 2011 and the fall in the traded price of the Cosmopolitan shares, the fair values of these convertible bonds and shares have substantially declined. This has resulted in a loss on changes in fair values of approximately HK$716.3 million in the year under review, which more than reversed the corresponding gain of approximately HK$534.7 million recorded in the previous year. In this regard, it should however be noted that the convertible bonds and shares in Cosmopolitan are held for long term strategic purpose and that the prevailing conversion prices of these 2013 convertible bonds are still below the traded price of the Cosmopolitan shares as at 31st December, 2011.

OUTLOOK

Despite the uncertainty over the pace of recovery of the global economy and the anticipated slowdown in the GDP growth in China, Hong Kong is still forecasting that the number of visitor arrivals will increase by about 5.5% to reach a level of 44 million in 2012.

In the bid to maintain its prominence as a favoured tourist destination and as an international financial center, Hong Kong has taken initiatives to undertake a wide array of infrastructural developments. For further integration with Mainland China, particularly the southern provinces, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge are already under construction. To uphold Hong Kong's competitive edge as a leading aviation hub, Hong Kong is beginning to embark on building a third runway in its international airport. As for the tourism sector, the construction of the Kai Tak cruise terminal, the redevelopment of the Ocean Park and the expansion project at the Hong Kong Disneyland should help to foster tourism growth.

The Group is confident of the prospects of the hotel industry in Hong Kong. The Group's hotel portfolio in Hong Kong has grown to command a total of 3,929 quality guestrooms and suites, representing about 10% of the current High Tariff A & B hotel room inventory in Hong Kong. Through its 50%-owned joint venture company with Paliburg, the Group is developing three new hotels in Hong Kong which, on their completion within the next three years, will add about 700 rooms and suites to its hotel portfolio. The Group will continue to look for acquisition opportunities, both with a view to maintaining its eminence in the local market and, when circumstances are considered appropriate, to expand its hotel network overseas.

Although there has been some consolidation in the property market in Hong Kong since last year, the Group is still optimistic of the high end residential sector due to limited supply. The additional cash resources to be generated from time to time from the continuing gradual disposal of the retained houses in Regalia Bay will be useful for the funding of the Group's ongoing business development.

Having regard to the strong financial position and business prospects of the Group, the Directors believe that the Company will be able to bring to its shareholders increasing returns in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise hotel ownership through Regal REIT, hotel operation and management businesses, the asset management of Regal REIT, property development and investment, including 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 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 above sections headed "Financial Results", "Business Overview" and "Outlook", respectively.

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

Other Investments

Apart from the strategic holdings in certain other listed entities, the Group holds, as long term strategic investments, significant amount of convertible bonds issued by the Cosmopolitan group as well as a minor holding in the shares of Cosmopolitan. If these convertible bonds were converted, the Group's shareholdings in Cosmopolitan would substantially increase and might result in regulatory compliance issues, including the possible triggering of a mandatory obligation for the Group to make an offer for all the Cosmopolitan shares. The 2011 CB issued by the Cosmopolitan group in the principal amount of HK$141.45 million, which was held by the Group, was originally extended to be due on 16th May, 2011. As the Group did not intend to convert these convertible bonds such that a mandatory offer obligation could be triggered, the Group entered into an extension agreement in April 2011 with Cosmopolitan to extend the maturity of the 2011 CB. Following approval by the independent shareholders of Cosmopolitan in June 2011, the maturity date of the 2011 CB has been further extended to 14th February, 2013, same as the maturity date of the 2013 CB issued by the Cosmopolitan group, part of which is also held by the Group.

As the price of the Cosmopolitan shares as at 31st December, 2011 was much lower than that prevailing as at 31st December, 2010, the fair value losses on financial assets recorded in the final results under review were mostly attributable to the Group's holdings in the convertible bonds and shares of Cosmopolitan.

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

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

Hong Kong

Nos.132-140 Bonham Strand and
Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan
In May 2011, P&R Holdings acquired two development sites from Paliburg for an aggregate transaction consideration of HK$752 million, which was equivalent to the then market valuations of the properties as appraised by an independent professional valuer appointed by P&R Holdings.

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

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

Nos.14-20 Merlin Street, North Point

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

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

This development site was acquired at a land premium of HK$361.0 million through a government public auction held in September 2011. The site has an area of approximately 120,470 square feet and is planned for a residential development with a total of 170 units, comprising 36 houses and 134 apartments, having an aggregate gross floor area of approximately 120,470 square feet. The building plans have been submitted to the government for approval.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan

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

This project in Chengdu is a mixed use development planned to consist of hotel, commercial, office and residential components. The project has an overall total gross floor area of approximately 5,360,000 square feet and will be developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 438,000 square feet. Superstructural works for the hotel development is progressing and the first phase of hotel is presently scheduled to be soft opened in the second quarter of 2013. The three residential towers included in the first stage will have about 340 apartment units with car parks and some ancillary commercial accommodation, commanding total gross floor area of approximately 489,000 square feet. Superstructure works for this part of the development are also in progress, with overall construction works scheduled to be completed in the first quarter of 2013. Presale of the residential units is anticipated to be launched shortly in the second quarter of 2012. Development works for the other stages are planned to be carried out progressively.

Regal (Chongqing) Equity Investment Fund

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

International Holdings Limited, the ultimate listed holding company of Paliburg, acts as the general partner of the fund and holds a very minor interest in the partnership.

Other Joint Venture – Hang Fok Properties Limited

The joint development project in the Central Business District in Beijing, PRC is held through Hang Fok, an associate that is 50% owned by each of the Group and Paliburg. As previously reported, Hang Fok has been exercising strenuous efforts to set aside the earlier adverse arbitral award to rescind the previous agreements for the purchase by Hang Fok from the third party vendor of 36% interests in the PRC joint venture entities that hold the subject development site. Such efforts have unfortunately not been successful and the beneficial interests of Hang Fok in the PRC joint venture entities have effectively been reduced from 59% to 23%. Appropriate provision had already been made at the associate's level in the financial year ended 31st December, 2010 and the interest held by the Group in this development project is now carried in the consolidated financial statements of the Group at an insignificant amount. Nevertheless, the Group's management will persist in striving to protect the Group's interest in the project and to salvage potential value. Shareholders will be kept informed if any substantive progress in this respect can be achieved.

FINANCIAL REVIEW

The Group's hotel properties, which are owned by Regal REIT, were stated in these financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and less accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially but have not been reflected in the Group's financial statements. For the purpose of providing supplementary information, if the Group's hotel property portfolio is restated in its consolidated financial statements at its market value as at 31st December, 2011, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$14.80 per share, as follows:

	As at 31st December, 2011	
	HK$'M	**HK$ per ordinary share**
Book net assets after non-controlling interests	**11,542.8**	**11.53**
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	**3,280.2**	**3.27**
Unaudited adjusted net assets after non-controlling interests	**14,823.0**	**14.80**

During the year under review, there were net cash flows generated from operating activities of HK$489.0 million (2010 – net cash outflow of HK$104.8 million). Net interest paid for the year amounted to HK$170.1 million (2010 – HK$85.2 million).

As at 31st December, 2011, the Group's borrowings net of cash and bank balances and deposits amounted to HK$4,132.2 million (2010 – HK$3,334.3 million).

As at 31st December, 2011, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss, available-for-sale investments and held-to-maturity investments in the amount of HK$404.0 million (2010 – 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 the Group's investment properties and certain of the Group's property, plant and equipment, properties held for sale, held-to-maturity investments, bank deposits and bank balances in the total amount of HK$15,219.6 million (2010 – HK$15,670.5 million) were also pledged to secure other banking facilities granted to the Group.

Further information in relation to the maturity profile of the borrowings and the contingent liabilities of the Group as of 31st December, 2011 is disclosed in the annual report of the Company for the year ended 31st December, 2011 (the "2011 Annual Report"), which will be despatched to shareholders on or before 30th April, 2012. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the interim report of the Company for the six months ended 30th June, 2011. The Group had loan facilities aggregating to HK$5,519.0 million as at 31st December, 2011 (2010 – HK$5,552.0 million), including a term loan of HK$4,500.0 million due to mature on 30th March, 2012, the refinancing arrangement of which has recently been concluded by Regal REIT. Detailed information in relation to these aspects is contained in the Company's 2011 Annual Report.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK9.0 cents per ordinary share for the year ended 31st December, 2011, representing an increase of about 5.9% over the final dividend of HK8.5 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK$90.1 million (2010 – HK$85.1 million) and will be payable to the holders of ordinary shares on the Register of Ordinary Shareholders on 8th June, 2012.

Together with the interim dividend of HK3.0 cents (2010 – HK2.5 cents) per ordinary share paid in October 2011, total dividends per ordinary share for the year ended 31st December, 2011 will amount to HK12.0 cents, representing an increase of about 9.1% over the total dividends of HK11.0 cents paid for the last financial year.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Wednesday, 30th May, 2012. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company and sent to the shareholders of the Company, together with the Company's 2011 Annual Report, in due course.

CLOSURE OF REGISTER

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

(i) from Monday, 28th May, 2012 to Wednesday, 30th May, 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2012 Annual General Meeting. In order to be entitled to attend and vote at the 2012 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Registrar"), no later than 4:30 p.m. on Friday, 25th May, 2012; and

(ii) from Wednesday, 6th June, 2012 to Friday, 8th June, 2012, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Branch Registrar no later than 4:30 p.m. on Tuesday, 5th June, 2012.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 22nd June, 2012.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2011 HK$'M	Year ended 31st December, 2010 HK$'M
REVENUE (Notes 2 & 3)	**2,037.2**	1,502.7
Cost of sales	**(1,169.5)**	(1,245.9)
Gross profit	**867.7**	256.8
Other income and gains (Note 3)	**81.7**	27.0
Administrative expenses	**(167.0)**	(171.7)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**(822.8)**	540.5
Fair value gains on investment properties	**67.8**	181.7
Fair value gain on remeasurement of investment in a listed associate (Note 4)	**–**	4,134.8
Gain on bargain purchase of a listed subsidiary (Note 4)	**–**	2,502.6
OPERATING PROFIT BEFORE DEPRECIATION	**27.4**	7,471.7
Depreciation	**(365.5)**	(159.4)
OPERATING PROFIT/(LOSS) (Notes 2 & 5)	**(338.1)**	7,312.3
Finance costs (Note 6)	**(190.5)**	(86.4)
Share of profits and losses of:		
Jointly controlled entities	**623.4**	(1.8)
Associates	**52.2**	(159.3)
PROFIT BEFORE TAX	**147.0**	7,064.8
Income tax expense (Note 7)	**(16.3)**	(74.0)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**130.7**	6,990.8

Consolidated Income Statement (Cont'd)

	Year ended 31st December, 2011 HK$'M	Year ended 31st December, 2010 HK$'M
Attributable to:		
Equity holders of the parent	**107.9**	6,928.8
Non-controlling interests	**22.8**	62.0
	130.7	6,990.8
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic and diluted	**HK$0.11**	HK$6.88

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2011 HK$'M	Year ended 31st December, 2010 HK$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**130.7**	6,990.8
OTHER COMPREHENSIVE INCOME:		
Available-for-sale investments:		
Changes in fair value	**(1.8)**	–
Cash flow hedges:		
Changes in fair value of cash flow hedges	**(21.4)**	(17.4)
Transfer from hedge reserve to income statement	**128.1**	62.7
	106.7	45.3
Exchange differences on translating foreign operations	**3.7**	3.6
Share of other comprehensive income/(loss) of associates/jointly controlled entities	**(68.4)**	34.1
Share of other comprehensive income of the listed associate	**–**	10.4
Other comprehensive income for the year	**40.2**	93.4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**170.9**	7,084.2
Attributable to:		
Equity holders of the parent	**120.9**	7,010.6
Non-controlling interests	**50.0**	73.6
	170.9	7,084.2

Consolidated Statement of Financial Position

	31st December, 2011 HK$'M	31st December, 2010 HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**14,041.4**	13,879.6
Investment properties	**886.0**	1,379.5
Investments in jointly controlled entities	**1,689.6**	182.5
Investments in associates	**16.7**	10.1
Available-for-sale investments	**18.0**	–
Financial assets at fair value through profit or loss	**508.6**	636.5
Other loan	**17.6**	13.3
Total non-current assets	**17,177.9**	16,101.5
CURRENT ASSETS		
Hotel inventories	**26.0**	22.9
Properties held for sale	**914.3**	806.7
Debtors, deposits and prepayments (Note 10)	**208.8**	323.8
Other loan	**14.5**	–
Held-to-maturity investments	**45.1**	–
Available-for-sale investments	**7.7**	–
Financial assets at fair value through profit or loss	**240.5**	774.7
Restricted cash	**69.2**	72.0
Pledged time deposits and bank balances	**301.6**	1,003.0
Time deposits	**569.2**	280.8
Cash and bank balances	**286.0**	405.8
Total current assets	**2,682.9**	3,689.7

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2011 HK$'M	31st December, 2010 HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	**(372.8)**	(345.6)
Interest bearing bank borrowings	**(4,731.1)**	(152.6)
Derivative financial instruments	**(32.0)**	–
Tax payable	**(1.4)**	(22.3)
Total current liabilities	**(5,137.3)**	(520.5)
NET CURRENT ASSETS/(LIABILITIES)	**(2,454.4)**	3,169.2
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,723.5**	19,270.7
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	**(627.1)**	(4,943.3)
Derivative financial instruments	**–**	(142.4)
Deferred tax liabilities	**(1,093.3)**	(1,102.4)
Total non-current liabilities	**(1,720.4)**	(6,188.1)
Net assets	**13,003.1**	13,082.6
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**100.1**	100.2
Reserves	**11,352.6**	11,350.7
Proposed final dividend	**90.1**	85.1
	11,542.8	11,536.0
Non-controlling interests	**1,460.3**	1,546.6
Total equity	**13,003.1**	13,082.6

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, financial assets at fair value through profit or loss and derivative financial instruments, 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 when otherwise indicated.

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

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs*

2010, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1st July, 2009 or earlier if HKAS 27 is applied earlier.

2. OPERATING SEGMENT INFORMATION

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

(a) the 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;

(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 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, 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, 2011 and 2010.

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Segment revenue:														
Sales to external customers	1,754.6	1,366.3	-	38.4	220.1	14.3	(8.7)	17.0	71.2	66.7	-	-	2,037.2	1,502.7
Intersegment sales	-	8.4	75.5	37.0	3.4	3.4	-	-	-	0.3	(78.9)	(49.1)	-	-
Total	1,754.6	1,374.7	75.5	75.4	223.5	17.7	(8.7)	17.0	71.2	67.0	(78.9)	(49.1)	2,037.2	1,502.7
Segment results before depreciation	811.6	6,776.3	(10.5)	28.2	82.9	142.8	(832.0)	556.0	0.4	(1.3)	-	-	52.4	7,502.0
Depreciation	(363.9)	(158.4)	(0.3)	(0.3)	(0.1)	(0.1)	-	-	(1.0)	(0.2)	-	-	(365.3)	(159.0)
Segment operating results	447.7	6,617.9	(10.8)	27.9	82.8	142.7	(832.0)	556.0	(0.6)	(1.5)	-	-	(312.9)	7,343.0
Interest income and unallocated non-operating and corporate gains													15.4	8.7
Unallocated non-operating and corporate expenses, net													(40.6)	(39.4)
Operating profit/(loss)													(338.1)	7,312.3
Finance costs													(190.5)	(86.4)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	623.4	(1.8)	-	-	-	-	-	-	623.4	(1.8)
Associates	(0.4)	234.9	-	-	53.2	(418.7)	-	-	(0.6)	24.5	-	-	52.2	(159.3)
Profit before tax													147.0	7,064.8
Income tax expense													(16.3)	(74.0)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													130.7	6,990.8
Attributable to:														
Equity holders of the parent													107.9	6,928.8
Non-controlling interests													22.8	62.0
													130.7	6,990.8

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Segment assets	14,413.7	14,628.3	38.1	39.7	1,669.7	1,714.2	826.9	1,413.1	13.6	14.5	(37.7)	(39.0)	16,924.3	17,770.8
Investments in jointly controlled entities	-	-	-	-	1,689.6	182.5	-	-	-	-	-	-	1,689.6	182.5
Investments in associates	7.0	7.4	-	-	7.3	1.1	-	-	2.4	1.6	-	-	16.7	10.1
Cash and unallocated assets													1,230.2	1,827.8
Total assets													19,860.8	19,791.2
Segment liabilities	(352.7)	(304.8) **	(1.5)	(1.2) **	(27.1)	(44.0)	(0.4)	(0.1)	(2.4)	(3.4)	37.7	39.0	(346.4)	(314.5) **
Bank borrowings and unallocated liabilities													(6,511.3)	(6,394.1) **
Total liabilities													(6,857.7)	(6,708.6)
Other segment information:														
Other non-cash income	(29.5)	-	-	-	-	-	-	-	-	-				
Capital expenditure*	87.6	14,511.1	-	0.1	1.6	2.8	-	-	2.8	0.2				

* Capital expenditure in 2010 mainly consists of additions to hotel buildings and investment property as a result of the business combination during that year.

** Tax liabilities in the amounts of HK$1,118.8 million and HK$5.9 million included in the segment liabilities under hotel operation and management and hotel ownership segment and asset management segment, respectively, in the prior year have been reclassified to unallocated liabilities to conform with the current year's presentation.

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'M	HK$'M
Hong Kong	**1,951.0**	1,423.6
Mainland China	**86.2**	79.1
	2,037.2	1,502.7

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

(b) Non-current assets

	2011	2010
	HK$'M	HK$'M
Hong Kong	**15,223.8**	15,260.7
Mainland China	**1,409.9**	191.0
	16,633.7	15,451.7

The non-current asset 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:

	2011 HK$'M	2010 HK$'M
Revenue		
Hotel operations and management services	**1,721.1**	1,327.4
Other operations, including estate management, estate agency, travel agency and sale of food products	**72.2**	67.6
Rental income:		
Hotel properties	**28.6**	28.3
Investment properties	**10.5**	24.0
Net gain/(loss) from sale of financial assets at fair value through profit or loss	**(12.2)**	13.9
Dividend income from listed investments	**3.5**	3.1
Asset management service	**–**	38.4
Sale of properties	**213.5**	–
	2,037.2	1,502.7
Other income		
Bank interest income	**3.9**	2.7
Other interest income	**9.7**	5.1
Reversal of impairment of other loan	**29.5**	–
Others	**18.8**	0.7
	61.9	8.5
Gains		
Fair value changes on derivative financial instruments	**3.7**	1.9
Gain on disposal of investment properties	**16.1**	16.4
Gain on disposal of property, plant and equipment	**–**	0.2
	19.8	18.5
	81.7	27.0

4. As disclosed in the Company's joint announcement dated 2nd December, 2010, certain amendments (the "Amendments") were made to the trust deed constituting Regal REIT in compliance with the revisions made by the Securities and Futures Commission of Hong Kong (the "SFC") to the REIT Code. The key Amendments were to:

   i. allow the trustee of Regal REIT (the "Trustee") to remove the REIT manager by written notice if an ordinary resolution is passed to dismiss the REIT manager. Such removal right replaces the previous ability of the Trustee to remove the REIT manager where holders representing at least 75% in value of the units issued and outstanding (excluding those held or deemed to be held by the REIT manager and the holders who have interest in retaining the REIT manager) deliver to the Trustee a written request, or a special resolution is passed, to dismiss the REIT manager;

   ii. require that the appointment of a new manager of Regal REIT be subject to the prior approval of the SFC and, to the extent required by the REIT Code (as may be modified by any waivers or exemptions), the passing of an ordinary resolution; and

   iii. where a resolution is proposed for the removal or appointment of any person who (as the case may be) is proposed to be, or is, the manager of Regal REIT, permit all holders, including (insofar as they are holders) the outgoing REIT manager, the proposing REIT manager and their respective associates, to vote and be counted in the quorum for the purposes of passing such resolution.

   As a result of the Amendments, the Group is considered to have the unilateral power to retain or remove the REIT manager and therefore the unilateral control over the financial and operating policies of Regal REIT and, consequently, Regal REIT should be treated as a subsidiary of the Company. The Board of Directors of the Company has accordingly determined that Regal REIT, which had previously been treated as an associate, should be consolidated as a subsidiary of the Company effective as from 23rd July, 2010, the date the Amendments came into effect. As a result of the consolidation, a fair value gain on remeasurement of investment in a listed associate of HK$4,134.8 million and a gain on bargain purchase of a listed subsidiary of HK$2,502.6 million were reflected in the Group's consolidated income statement in the prior year.

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

	2011	2010
	HK$'M	HK$'M
Profit/(loss) on disposal of listed investments	**(12.6)**	13.6
Profit on disposal of properties	**31.0**	16.4

6. Finance costs of the Group are as follows:

	2011	2010
	HK$'M	HK$'M
Interests on bank loans wholly repayable within five years	**62.4**	31.4
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**128.1**	55.0
Total finance costs	**190.5**	86.4

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

	2011 HK$'M	2010 HK$'M
Group:		
Current – Hong Kong		
Charge for the year	**24.5**	41.2
Underprovision/(overprovision) in prior years	**0.1**	(0.4)
Current – Overseas		
Charge for the year	**1.0**	0.5
Overprovision in prior years	**(0.2)**	–
Deferred	**(9.1)**	32.7
Total tax charge for the year	**16.3**	74.0

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2010 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

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

The Group had not shared the tax charge attributable to Regal REIT for the period before the consolidation of Regal REIT in the prior year, since the Group's share of profit of Regal REIT for such period had been offset against the previously unrecognised share of loss of Regal REIT.

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 (2010 – Nil).

8. Dividends:

	2011	**2010**
	HK$'M	**HK$'M**
Interim – HK3.0 cents (2010 – HK2.5 cents) per ordinary share	**30.0**	25.1
Proposed final – HK9.0 cents (2010 – HK8.5 cents) per ordinary share	**90.1**	85.1
	120.1	110.2

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$107.9 million (2010 – HK$6,928.8 million), and on the weighted average of 1,001.4 million (2010 – 1,007.5 million) ordinary shares of the Company in issue during the year.

No adjustment has been made to the basic earnings per ordinary share amounts presented for the years ended 31st December, 2010 and 31st December, 2011 in respect of a dilution, as the exercise price of the share options of the Company outstanding during both years is higher than the average market price of the Company's ordinary shares for the respective years and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK$131.5 million (2010 – HK$102.2 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK$'M	HK$'M
Outstanding balances with ages:		
Within 3 months	**117.2**	95.5
Between 4 to 6 months	**8.2**	3.5
Between 7 to 12 months	**3.0**	1.5
Over 1 year	**4.4**	2.7
	132.8	103.2
Impairment	**(1.3)**	(1.0)
	131.5	102.2

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 its trade debtors balance. Trade receivables are non-interest bearing.

11. Included in creditors and accruals is an amount of HK$75.9 million (2010 – HK$56.6 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:

	2011	**2010**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**75.3**	56.3
Between 4 to 6 months	**0.3**	–
Over 1 year	**0.3**	0.3
	75.9	56.6

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, 2011, the Company repurchased a total of 566,000 ordinary shares of the Company at an aggregate purchase price of HK$1,788,480 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
		Highest (HK$)	Lowest (HK$)	(HK$)
January 2011	566,000	3.180	3.150	1,788,480
Total	566,000			1,788,480
			Total expenses on shares repurchased	6,782
			Total	1,795,262

All the 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, 2011, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2011, except that:

1. The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.

2. The Non-Executive Director and 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 Non-Executive Director and 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)
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, 20th March, 2012