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 2012 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2012	Year 2011	% Change
	HK$'M	HK$'M	
Revenue	**2,330.9**	2,037.2	**+14.4%**
Gross profit	**1,174.3**	867.7	**+35.3%**
Operating profit before depreciation and finance costs	**1,182.3**	27.4	**+4,215.0%**
Profit for the year attributable to equity holders of the parent	**536.3**	107.9	**+397.0%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.55**	HK$0.11	**+400.0%**
Proposed final dividend per ordinary share	**HK10.0 cents**	HK9.0 cents	**+11.1%**
Total dividends for the year per ordinary share	**HK13.3 cents**	HK12.0 cents	**+10.8%**

	As at 31st December,		
	2012	2011	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$12.17**	HK$11.53	**+5.6%**
***Adjusted**	**HK$18.27**	HK$14.80	**+23.4%**

*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, 2012 with the relevant deferred tax liabilities added back

- **Gross profit of HK$1,174.3 million, a year-on-year increase of 35.3%. Operating profit before depreciation and finance costs for the year amounted to HK$1,182.3 million, substantially above the corresponding amount of HK$27.4 million attained in 2011.**
- **Total depreciation expenses of HK$380.0 million (2011 – HK365.5 million) charged for the year, which affected the reported profit.**
- **Consolidated profit attributable to shareholders of HK$536.3 million, about 4 times over that of 2011.**
- **Adjusted net asset value of HK$18.27 per ordinary share as at 31st December, 2012, increased by 23.4% over the preceding year end.**
- **The combined average occupancy rate for the five initial Regal Hotels in Hong Kong was 90.0% and the average room rate increased by 12.0% year-on-year, both of which were above the industry average. The average occupancy rate of the Regal iClub Hotel in Wanchai, the sixth Regal Hotel in Hong Kong, was being maintained at a high level of 97.4% and the average room rate improving by 4.2% year-on-year.**
- **To strengthen its development land bank, the Group acquired through a public land auction in October 2012 a plot of development land located in a prime urban district in Tianjin City in China with a total site area of about 341,500 square feet for a consideration of RMB985 million. The site is presently planned for the development of a commercial, office, hotel and residential complex with total gross floor area of about 1,560,780 square feet.**
- **P&R Holdings Limited, a 50:50 joint venture with Paliburg, is presently undertaking five development projects, four of which are in Hong Kong and the other one is a large scale composite development in Chengdu, Sichuan, China. Of the four development projects in Hong Kong, three are hotel redevelopments, with two located in Sheung Wan and one in North Point, while the other development project is a residential development in Yuen Long.**
- **In February 2013, P&R Holdings further concluded a formal sale and purchase agreement for the purchase of the properties located at Ha Heung Road, To Kwa Wan, Kowloon, also intended to be redeveloped into a hotel.**
- **With a view to raising additional funds to finance its expansion plans, the Group established in October 2012 a US$1 Billion Medium Term Note Programme and has in the same month issued one series of senior unsecured 5-year term notes for a total nominal principal amount of US$300 million at a coupon interest rate of 4.25% per annum.**

- **All the projects undertaken by P&R Holdings are progressing as planned and significant cash flows are expected to be generated when these projects are completed and sold, which will be complemented from time to time with the anticipated sales proceeds from the gradual disposals of the remaining houses in Regalia Bay.**
- **The Group believes that its core operating profits will increase over time and is committed to further investing in its core hotel and property businesses with an objective to achieve continuing growth.**

FINANCIAL RESULTS

For the year ended 31st December, 2012, the Group achieved a consolidated profit attributable to shareholders of HK$536.3 million, which was an increase of about 4 times over the HK$107.9 million attained in 2011.

The gross profit of the Group for the year under review amounted to HK$1,174.3 million (2011 – HK$867.7 million), of which over HK$1,015.7 million (2011 – HK$856.0 million) were attributable to the gross operating profit and net property income contributed by the core hotel businesses. The operating profit before depreciation and finance costs of the Group for the year amounted to HK$1,182.3 million (2011 – HK$27.4 million).

The six hotel properties within the Group are owned by Regal Real Estate Investment Trust, which became a listed subsidiary of the Group since July 2010. Except for the Regal iClub Hotel in Wanchai, the five initial Regal Hotels are leased to a wholly owned subsidiary of the Group. In accordance with the applicable accounting standards, these hotels are classified as fixed assets and are only stated in the Group's consolidated financial statements at their fair values at the time when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. Consequently, all the subsequent appreciations in the market valuations of these five hotel properties, which are accounted for by Regal REIT, have not been reflected in the consolidated financial statements of the Group. Moreover, total depreciation expenses of HK$380.0 million (2011 – HK$365.5 million), though of non-cash nature, have been charged to the consolidated income statement for the year, which affected the reported profit.

Having regard to the material difference between the carrying values of the Group's hotel property portfolio and their fair values as at 31st December, 2012, an Adjusted Net Asset Value Statement is presented in the section headed "Management Discussion and Analysis" below, showing for the purpose of reference, that if all the hotel properties of the Group were to be stated at their independent professional market valuations as at 31st December, 2012, the underlying adjusted net asset value of the Company would amount to approximately HK$18.27 per share.

In April 2012, the Company announced a share repurchase programme for the repurchase of up to 38,886,400 shares of the Company at a maximum price of HK$3.80 per share, initiated with the objective of enhancing the net asset value as well as the earnings per share of the Company. Up to the date when the share repurchase programme ended on 21st July, 2012, the Company has repurchased a total of 37,344,000 shares of the Company and has utilised total funds of approximately HK$115.3 million.

With a view to raising additional funds to finance its expansion plans, the Group established in October 2012 a US$1 Billion Medium Term Note Programme and has in the same month issued one series of senior unsecured 5-year term notes for a total nominal principal amount of US$300 million at a coupon interest rate of 4.25% per annum.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

During the year under review, the global economy as a whole improved modestly but the pace of recovery was slow. In the United States, the financial conditions have stabilised and the once acute sovereign debt crisis in the Euro area has also gained some relief, although ripples may still surface from time to time. The further quantitative easing measures undertaken by the central monetary authorities of the United States, the Euro area and Japan have increased market liquidity and improved the investment sentiment. Capital flows to the emerging markets remained strong and the developing economies continued to be the main drivers for global economic growth. With the strengthened domestic demand and the gradual rebound in the industrial production, the economy in China appears to have bottomed out in 2012, with GDP growth being maintained at 7.8%. In Hong Kong, the local economy continued to be resilient but due to the relatively weak external conditions, Hong Kong's economic growth has slowed down from 4.9% in 2011 to 1.4% in 2012. On the other hand, benefiting from the market liquidity and the continuing low interest environment, both the capital and property markets in Hong Kong remained buoyant.

In 2012, visitor arrivals to Hong Kong increased by 16.0% year-on-year to a total of over 48.6 million, which was mainly fueled by the strong growth from Mainland China. The Hong Kong Tourism Board has intensified its promotional campaigns in provinces beyond Guangdong to open up new visitor sources in other Mainland cities and, in the meantime, is also working to keep the visitors' portfolio diversified by rolling out a series of mega events to enhance Hong Kong's appeal internationally.

Based on the Hotel Survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories for 2012 was 89%, while the average achieved room rate attained a year-on-year increase of 9.8%.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

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

For the year ended 31st December, 2012, Regal REIT achieved a consolidated net profit before distributions to Unitholders of HK$3,548.8 million, an increase of 18.4% over the comparative amount of HK$2,997.3 million recorded for the year 2011. The profit achieved for the year under review included a gain of HK$3,068.0 million derived from the changes in the fair values of Regal REIT's investment properties, while for the preceding year, a gain of

HK$2,625.3 million was recorded from such fair value changes. Total distributable income has increased by 16.8% from HK$397.9 million last year to HK$464.7 million in the year under review.

The annual base rent for 2012 for the five Regal Hotels leased to the Group, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Kowloon Hotel, the Regal Riverside Hotel and the Regal Oriental Hotel was HK$645 million and there was a sharing of variable rent in the sum of HK$138.6 million for each of Regal REIT and the lessee. The Regal iClub Hotel in Wanchai, which is owned and self-operated by Regal REIT, continued to achieve satisfactory results, with average occupancy rate being maintained at a high level of 97.4% and the average room rate improving by 4.2% year-on-year.

The rental review for the leasing of the five Regal Hotels for the year 2013 was completed in August 2012 and the aggregate annual base rent has been determined at HK$734.0 million, an increase of 13.8% over the 2012 rental level, with variable rent being similarly based on a sharing of 50% of the excess of the aggregate net property income over the aggregate base rent. Based on present forecasts and barring any unforeseen circumstances, it is anticipated that the net property income of these five hotels in 2013 will be above the base rent level, with sharing of variable rent to both Regal REIT and the lessee.

The conversion works on the 14th floor of the Regal Oriental Hotel have already been completed and the conversion works on the 2nd floor have recently commenced. When this conversion program is fully completed within the year, the total number of rooms and suites in the Regal Oriental Hotel will be increased by 55 guestrooms, boosting the total room count in the hotel portfolio owned by Regal REIT to an aggregate of 3,984 guestrooms and suites. Total valuation of its overall properties portfolio, before taking into account any value appreciation to arise from the ongoing room conversion programme in the Regal Oriental Hotel, amounted to HK$21,032 million as at 31st December, 2012, reflecting an increase of 18.4% as compared with that at the preceding year end.

HOTEL OPERATIONS

During the year under review, the five Regal Hotels in Hong Kong leased to the Group have all achieved steady progress. The combined average occupancy rate for these five hotels was 90.0% and the average room rate increased by 12.0% year-on-year, both of which were above the industry average. Total gross operating profits for these five hotels for the year amounted to approximately HK$958.0 million, an increase of approximately 16.4% over the comparative amount of HK$822.7 million attained in 2011.

To further strengthen the marketing platform and to enhance business efficiency, a new centralised hotel property management system connecting all the six hotels in Hong Kong is being implemented, which will be completed in phases before the end of next year.

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 seven operating hotels under the management of the Group and eight other hotel projects, also to be managed by the Group, are scheduled to come into operation during the next few years. The Group is presently in negotiations on a number of new hotel management services contracts in different cities in China.

The Group will continue to invest additional resources in its hotel management businesses, with a view to further extending the Regal Hotels network in China as well as overseas.

PROPERTIES

The sale of two connected houses in Regalia Bay, Stanley was completed during the year and the profit derived has been accounted for in the financial statements under review. The Group still retains 19 houses in Regalia Bay, four of which are under lease to third parties. Depending on market conditions and the prices to be offered by potential purchasers, the Group may consider further disposing of some of these retained houses from time to time.

To strengthen its development land bank, the Group acquired through a public land auction in October 2012 a plot of development land in Tianjin City in China for a consideration of RMB985 million. The land is located in a prime urban district in Tianjin City and has a total site area of 31,726 square meters (341,500 square feet). It is presently planned that the site will be developed into a commercial, office, hotel and residential complex with total gross floor area of about 145,000 square meters (1,560,780 square feet).

In the meantime, the Group is undertaking through P&R Holdings Limited, a 50:50 joint venture established with Paliburg in April 2011 primarily to undertake property developments for sale and/or leasing, a total of five development projects. Four of the development projects are in Hong Kong and the other one is a large scale composite development in Chengdu, Sichuan, China. Of the four development projects in Hong Kong, three are hotel redevelopments, with two located in Sheung Wan and one in North Point, while the other development project is a residential development in Yuen Long. One of the hotel redevelopment projects in Sheung Wan, located at Bonham Strand, is scheduled to be completed in the second half of this year and the one at Merlin Street in North Point anticipated for completion in the first half of 2014.

In December 2012, the Group through one of its wholly owned subsidiaries entered into a provisional agreement with a third party vendor for the purchase of the properties located at Ha Heung Road, To Kwa Wan, Kowloon, which is planned for hotel redevelopment. As the other three hotel redevelopment projects in Hong Kong are already undertaken through P&R Holdings, it was considered to be more efficient and beneficial that this new acquisition would also be undertaken by P&R Holdings. Accordingly, the Group transferred at cost its equity interests in that wholly owned subsidiary to P&R Holdings on 28th February, 2013 and, on that same date, a formal sale and purchase agreement was concluded with the vendor for the purchase of the subject properties at a consideration of HK$464.3 million. It is presently intended by P&R Holdings that the property will be redeveloped into a hotel with a proposed gross floor area of about 6,298 square meters (67,790 square feet) and with not more than 340 hotel rooms as approved by the Town Planning Board.

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

OTHER INVESTMENTS

The Group holds a substantial portfolio of listed securities and other investments, including two series of convertible bonds in Cosmopolitan International Holdings Limited with an aggregate principal amount of HK$241.5 million. These convertible bonds were previously due for repayment on 14th February, 2013 but the relevant parties have entered into extension agreements in November 2012 to extend the maturity dates to 30th September, 2013. With the approval, among others, of the independent shareholders of the Company obtained at a special general meeting held in January 2013, the extension agreements have since become effective. In addition to the convertible bonds, the Group also holds a relatively minor shareholding in Cosmopolitan, which are being held for long term strategic purpose. Management of the Group is considering various options with regards to the Group's position towards Cosmopolitan and it is expected that a strategic plan will be formulated before the next expiry of the convertible bonds.

With a view to diversifying the scope of the investment portfolio, the Group purchased in December 2012 for investment purpose an Airbus A321-211 aircraft manufactured in 1998 for a consideration of US$10.5 million. The aircraft is under the management of a professional investment adviser and a professional aircraft asset manager and has recently been leased to an airline operator for lease income.

OUTLOOK

In its bid to further develop Hong Kong as Asia's World City and an international financial hub, Hong Kong has embarked on various initiatives to increase tourism facilities, such as the Kai Tak International Cruise Terminal and the expansion projects at Hong Kong Disneyland and Ocean Park. In the meanwhile, the Hong Kong Special Administrative Region

Government is also undertaking ten major infrastructural development projects to improve connectivity as well as efficiencies for business activities, including, more notably, the expansion of the Hong Kong International Airport, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge. These will all benefit directly or indirectly the development of its tourism and hotel industries in the long run.

The Group is optimistic on the continuing prospects of the tourism and hotel markets in Hong Kong and, jointly with Regal REIT, are committed to maintaining its position as one of the pre-eminent hotel groups in Hong Kong. Through P&R Holdings, the Group is developing four new hotels in Hong Kong, including the latest acquisition in Kowloon. Although there will be quite a number of new hotels that will come on stream in Hong Kong over the course of the next few years, many of those new hotels are of relatively smaller sizes or are located in non-traditional business or tourist districts. The Group believes that it has distinctive competitive advantages over such new hotels due to its operational efficiencies attained through economies of scale as well as its broad hotel network and well-established marketing platform.

When Regal REIT was separately listed from the Group in 2007 to become the first listed hospitality real estate investment trust in Hong Kong, it has always been intended that the Group will act as a key provider of potential acquisition targets to Regal REIT when it implements its plans to expand its properties portfolio. In January 2013, Regal REIT itself established a US$1 Billion Medium Term Note Programme as a funding platform to finance its planned expansion and has at the same time entered into a memorandum of understanding with P&R Holdings for the proposed grant of call options to Regal REIT to acquire two hotel projects in Sheung Wan and North Point, respectively. In order to allow further time for the parties to consider various issues relating to the proposed call options and the corresponding funding arrangements of Regal REIT, the memorandum of understanding was amended by the parties on 28th February, 2013 to extend the end of the exclusivity period thereunder to 30th April, 2013. It is expected that a definitive proposal in relation to the proposed acquisition will be able to be worked out before the end of the extended exclusivity period. Recently in March 2013, Regal REIT has issued under its MTN Programme, through private placements, a series of Hong Kong Dollar denominated senior unsecured 5-year term notes for an aggregate nominal principal amount of HK$775 million at a coupon interest rate of 4.125% per annum.

All the projects undertaken by P&R Holdings are progressing as planned and significant cash flows are expected to be generated when these projects are completed and sold, which will be complemented from time to time with the anticipated sales proceeds from the gradual disposals of the remaining houses in Regalia Bay. The Group believes that its core operating profits will increase over time and is committed to further investing in its core hotel and property businesses with an objective to achieve continuing growth.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses.

The performance of 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 and property sectors 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.

Joint Venture – P&R Holdings Limited

P&R Holdings is a 50:50 owned joint venture established with Paliburg in April 2011, with capital contributions to be provided by the Company and Paliburg on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. P&R Holdings and its subsidiaries are principally engaged in property development business. Further information relating to the property development projects being undertaken by the P&R Holdings group is set out below:

Hong Kong

Nos.132-140 Bonham Strand, Sheung Wan

This development project has a net site area of approximately 472 square meters (5,076 square feet) and is being developed into a hotel with 248 guestrooms and suites and having gross floor area of approximately 7,776 square meters (83,700 square feet). The superstructure works are in progress and the project is expected to be completed during the second half of 2013.

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

This development site is constituted by two adjoining properties having an aggregate site area of approximately 345 square meters (3,710 square feet). The project is planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,491 square meters (59,108 square feet). Due to some delay encountered in the foundation works for this site, the completion schedule of the hotel development is anticipated to be deferred to the first half of 2015.

Nos.14-20 Merlin Street, North Point

This development project has an aggregate site area of approximately 457 square meters (4,915 square feet) and is being developed into a hotel with about 336 guestrooms, with total gross floor area of approximately 7,378 square meters (79,420 square feet). The superstructure works are in progress and the projects is expected to be completed during the first half of 2014.

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

This development site, acquired through a government public auction, has an area of approximately 11,192 square meters (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 11,192 square meters (120,470 square feet). Site formation and foundation works are in progress and the superstructure works are scheduled to commence in the fourth quarter of 2013. This development project is expected to be completed in the fourth quarter of 2014.

Nos. 8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

As reported in the section "Business Overview" above, in December 2012, Prosper Harvest Investments Limited, a then wholly owned subsidiary of the Group, entered into a provisional agreement with an independent third party for the acquisition of these properties. On 28th February 2013, the Group transferred its entire equity interests in Prosper Harvest at cost to P&R Holdings for a consideration of approximately HK$46.52 million, effectively representing the shareholders' loan then owing by Prosper Harvest to the Group. Subsequently, on that same date, Prosper Harvest entered into a formal sale and purchase agreement for the property acquisition at a consideration of HK$464.3 million (subject to adjustments), and a total deposit of HK$46.5 million was paid to the vendor. Completion of this agreement is expected to take place in early April 2013. Prosper Harvest plans to redevelop these properties into a hotel with a proposed gross floor area of about 6,298 square meters (67,790 square feet) and with not more than 340 hotel rooms as approved by the Town Planning Board.

The disposal of Prosper Harvest to P&R Holdings constitutes a connected transaction for the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company's provision of the financial assistance with respect to the several guarantee for the obligations of Prospect Harvest under the formal sale and purchase agreement in respect of the property acquisition and the proportionate loans provided or to be provided by the Group to P&R Holdings for its acquisition of Prosper Harvest and for the payment by Prosper Harvest of the remaining consideration under the formal sale and purchase agreement constitutes a discloseable transaction for the Company under the Listing Rules. Details of these transactions were disclosed in an announcement of the Company dated 1st March, 2013.

Mainland China

Composite development project in Xindu District, Chengdu, Sichuan

P&R Holdings group holds 70% interest in this property project and the remaining 30% interest is held by a jointly controlled entity owned as to 50% each by the Group and Cosmopolitan group.

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 496,000 square meters (5,340,000 square feet) and will be developed in stages. The first stage primarily comprises a five-star hotel and three residential towers, being 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 41,400 square meters (446,000 square feet). The structural frame for the hotel development has been completed and curtain wall construction of the hotel is in progress. The hotel is presently scheduled to be opened in the fourth quarter of 2014. 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 45,500 square meters (490,000 square feet). The structural frames for this part of the development have also been completed, with overall construction works scheduled to be completed in the first quarter of 2014. Presale of the residential units is anticipated to be launched in the third quarter of 2013. Development works for the other stages are planned to be carried out progressively.

Regal (Chongqing) Equity Investment Fund, L.P.

P&R Holdings group also holds limited partnership interest of approximately RMB250 million in a cross-border Renminbi fund, named as Regal (Chongqing) Equity Investment Fund, L.P., the investment objective of which is principally to support the businesses undertaken by P&R Holdings group in China. A wholly owned subsidiary of Century City

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

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties, which are owned by Regal REIT, were stated in the 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 the consolidated financial statements at its market value as at 31st December, 2012, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$18.27 per share, as follows:

	As at 31st December, 2012	
	HK$'M	HK$ per ordinary share
Book net assets attributable to equity holders of the parent	**11,735.2**	**12.17**
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	**5,882.6**	**6.10**
Unaudited adjusted net assets attributable to equity holders of the parent	**17,617.8**	**18.27**

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

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

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates while its senior unsecured notes issued during the year are denominated in US dollar with a fixed coupon rate. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As the US dollars are pegged to the Hong Kong dollars, the exchange risks are considered to be insignificant and no currency hedging has been deployed.

Cash Flow

During the year under review, there were net cash flows generated from operating activities of HK$423.3 million (2011 – HK$489.0 million). Net interest payment for the year amounted to HK$126.3 million (2011 – HK$170.1 million).

Borrowings and Gearing

As at 31st December, 2012, the Group's borrowings net of cash and bank balances and deposits amounted to HK$4,420.5 million (2011 – HK$4,132.2 million).

As at 31st December, 2012, the gearing ratio of the Group is 20.3% (2011 – 20.8%), representing the Group's borrowings net of cash and bank balances and deposits of HK$4,420.5 million (2011 – HK$4,132.2 million) as compared to the total assets of the Group of HK$21,795.9 million (2011 – HK$19,860.8 million).

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

Pledge of Assets

As at 31st December, 2012, 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$380.0 million (2011 – HK$404.0 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 property, plant and equipment, investment properties, properties held for sale and held-to-maturity investments in the total amount of HK$14,444.9 million (2011 – HK$15,219.6 million) were also pledged to secure other banking facilities granted to the Group.

Capital Commitments

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

Contingent Liabilities

As at 31st December, 2012, the Group had contingent liabilities not provided for in the financial statements for corporate guarantees provided in respect of attributable share of banking facilities granted to subsidiaries of a jointly controlled entity in the amount of HK$577.3 million (2011 – HK$170.0 million), of which HK$317.3 million (2011 – HK$90.0 million) was utilised.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK10.0 cents per ordinary share for the year ended 31st December, 2012, representing an increase of 11.1% over the final dividend of HK9.0 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK$96.4 million (2011 – HK$90.1 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 10th June, 2013.

Together with the interim dividend of HK3.3 cents (2011 – HK3.0 cents) per ordinary share paid in October 2012, total dividends per ordinary share for the year ended 31st December, 2012 will amount to HK13.3 cents, representing an increase of 10.8% over the total dividends of HK12.0 cents paid for the last financial year.

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER

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

(i) from Wednesday, 29th May, 2013 to Friday, 31st May, 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 Annual General Meeting. In order to be entitled to attend and vote at the 2013 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Registrar"), no later than 4:30 p.m. on Tuesday, 28th May, 2013; and

(ii) from Thursday, 6th June, 2013 to Monday, 10th June, 2013, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Branch Registrar no later than 4:30 p.m. on Wednesday, 5th June, 2013.

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

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2012 HK$'M	Year ended 31st December, 2011 HK$'M
REVENUE (Notes 2 & 3)	**2,330.9**	2,037.2
Cost of sales	**(1,156.6)**	(1,169.5)
Gross profit	**1,174.3**	867.7
Other income and gains (Note 3)	**30.7**	81.7
Administrative expenses	**(175.9)**	(167.0)
Fair value losses on financial assets at fair value through profit or loss, net	**(45.1)**	(822.8)
Fair value gains on investment properties	**61.1**	67.8
Realisation of hedge reserve	**137.2**	–
OPERATING PROFIT BEFORE DEPRECIATION	**1,182.3**	27.4
Depreciation	**(380.0)**	(365.5)
OPERATING PROFIT/(LOSS) (Notes 2 & 4)	**802.3**	(338.1)
Finance costs (Note 5)	**(159.8)**	(190.5)
Share of profits and losses of:		
Jointly controlled entities	**(5.5)**	623.4
Associates	**(3.9)**	52.2
PROFIT BEFORE TAX	**633.1**	147.0
Income tax (Note 6)	**(47.3)**	(16.3)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**585.8**	130.7

Consolidated Income Statement (Cont'd)

	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK$'M	**HK$'M**
Attributable to:		
Equity holders of the parent	**536.3**	107.9
Non-controlling interests	**49.5**	22.8
	585.8	130.7
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$0.55**	HK$0.11

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2012 HK$'M	Year ended 31st December, 2011 HK$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**585.8**	130.7
OTHER COMPREHENSIVE INCOME/(LOSS):		
Available-for-sale investments:		
Changes in fair value	**1.2**	(1.8)
Cash flow hedges:		
Changes in fair value of cash flow hedges	**23.2**	(21.4)
Transfer from hedge reserve to the income statement	**(129.9)**	128.1
	(106.7)	106.7
Exchange differences on translating foreign operations	**1.3**	3.7
Share of other comprehensive income/(loss) of associates/jointly controlled entities	**3.6**	(68.4)
Other comprehensive income/(loss) for the year	**(100.6)**	40.2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**485.2**	170.9
Attributable to:		
Equity holders of the parent	**428.0**	120.9
Non-controlling interests	**57.2**	50.0
	485.2	170.9

Consolidated Statement of Financial Position

	31st December, 2012	31st December, 2011
	HK$'M	**HK$'M**
NON-CURRENT ASSETS		
Property, plant and equipment	**13,845.2**	14,041.4
Investment properties	**948.0**	886.0
Investments in jointly controlled entities	**1,597.3**	1,689.6
Investments in associates	**27.6**	16.7
Available-for-sale investments	**4.7**	18.0
Financial assets at fair value through profit or loss	**23.4**	508.6
Other loan	**18.9**	17.6
Deposits	**2.3**	–
Total non-current assets	**16,467.4**	17,177.9
CURRENT ASSETS		
Properties held for sale	**788.0**	914.3
Inventories	**25.3**	26.0
Debtors, deposits and prepayments (Note 9)	**843.2**	208.8
Other loan	–	14.5
Held-to-maturity investments	**210.8**	45.1
Available-for-sale investments	–	7.7
Financial assets at fair value through profit or loss	**730.3**	240.5
Restricted cash	**44.2**	69.2
Pledged time deposits and bank balances	**321.9**	301.6
Time deposits	**1,739.2**	569.2
Cash and bank balances	**625.6**	286.0
Total current assets	**5,328.5**	2,682.9

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2012 HK$'M	31st December, 2011 HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(382.6)**	(372.8)
Interest bearing bank borrowings	**(81.5)**	(4,731.1)
Derivative financial instruments	**(2.1)**	(32.0)
Tax payable	**(41.4)**	(1.4)
Total current liabilities	**(507.6)**	(5,137.3)
NET CURRENT ASSETS/(LIABILITIES)	**4,820.9**	(2,454.4)
TOTAL ASSETS LESS CURRENT LIABILITIES	**21,288.3**	14,723.5
NON-CURRENT LIABILITIES		
Deposits received	**(2.5)**	–
Interest bearing bank borrowings	**(4,776.1)**	(627.1)
Other borrowing	**(2,293.8)**	–
Derivative financial instruments	**(2.8)**	–
Deferred tax liabilities	**(1,065.5)**	(1,093.3)
Total non-current liabilities	**(8,140.7)**	(1,720.4)
Net assets	**13,147.6**	13,003.1
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**96.4**	100.1
Reserves	**11,542.4**	11,352.6
Proposed final dividend	**96.4**	90.1
	11,735.2	11,542.8
Non-controlling interests	**1,412.4**	1,460.3
Total equity	**13,147.6**	13,003.1

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

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

2. OPERATING SEGMENT INFORMATION

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

(a) the 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 aircraft ownership, travel agency services, development and distribution of edutainment products and sale of food products.

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

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

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

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

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

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment revenue:														
Sales to external customers	1,991.0	1,754.6	-	-	296.0	220.1	7.3	(8.7)	36.6	71.2	-	-	2,330.9	2,037.2
Intersegment sales	-	-	88.6	75.5	3.4	3.4	-	-	-	-	(92.0)	(78.9)	-	-
Total	1,991.0	1,754.6	88.6	75.5	299.4	223.5	7.3	(8.7)	36.6	71.2	(92.0)	(78.9)	2,330.9	2,037.2
Segment results before depreciation	941.3	811.6	(11.7)	(10.5)	193.3	82.9	(32.9)	(832.0)	(0.4)	0.4	-	-	1,089.6	52.4
Depreciation	(379.0)	(363.9)	(0.1)	(0.3)	(0.1)	(0.1)	-	-	(0.7)	(1.0)	-	-	(379.9)	(365.3)
Segment operating results	562.3	447.7	(11.8)	(10.8)	193.2	82.8	(32.9)	(832.0)	(1.1)	(0.6)	-	-	709.7	(312.9)
Unallocated interest income and unallocated non-operating and corporate gains													149.4	15.4
Unallocated non-operating and corporate expenses, net													(56.8)	(40.6)
Operating profit/(loss)													802.3	(338.1)
Finance costs													(159.8)	(190.5)
Share of profits and losses of:														
Jointly controlled entities	-	-	-	-	(5.5)	623.4	-	-	-	-	-	-	(5.5)	623.4
Associates	(0.8)	(0.4)	-	-	(0.4)	53.2	-	-	(2.7)	(0.6)	-	-	(3.9)	52.2
Profit before tax													633.1	147.0
Income tax													(47.3)	(16.3)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													585.8	130.7
Attributable to:														
Equity holders of the parent													536.3	107.9
Non-controlling interests													49.5	22.8
													585.8	130.7

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Securities investment		Others		Eliminations		Consolidated	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment assets	14,150.3	14,413.7	44.1	38.1	2,184.6	1,669.7	1,009.9	826.9	93.4	13.6	(43.7)	(37.7)	17,438.6	16,924.3
Investments in jointly controlled entities	-	-	-	-	1,597.3	1,689.6	-	-	-	-	-	-	1,597.3	1,689.6
Investments in associates	6.6	7.0	-	-	17.6	7.3	-	-	3.4	2.4	-	-	27.6	16.7
Cash and unallocated assets													2,732.4	1,230.2
Total assets													21,795.9	19,860.8
Segment liabilities	(335.8)	(352.7)	(1.5)	(1.5)	(35.8)	(27.1)	(2.2)	(0.4)	(16.5)	(2.4)	43.7	37.7	(348.1)	(346.4)
Bank borrowings and unallocated liabilities													(8,300.2)	(6,511.3)
Total liabilities													(8,648.3)	(6,857.7)
Other segment information:														
Other interest income	(2.6)	(4.9)	-	-	(9.1)	-	(4.7)	(1.1)	-	-				
Reversal of impairment of other loan	-	(29.5)	-	-	-	-	-	-	-	-				
Impairment of trade debtors, net	0.9	0.3	-	-	-	-	-	-	-	-				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	43.0	822.8	-	-				
Fair value gains on investment properties	(17.7)	(10.9)	-	-	(43.4)	(56.9)	-	-	-	-				
Capital expenditure	102.2	87.6	-	-	0.6	1.6	-	-	81.8	2.8				

Geographical information

(a) Revenue from external customers

	2012	2011
	HK$'M	HK$'M
Hong Kong	**2,278.7**	1,951.0
Mainland China	**52.2**	86.2
	2,330.9	2,037.2

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

(b) Non-current assets

	2012	2011
	HK$'M	HK$'M
Hong Kong	**14,957.1**	15,223.8
Mainland China	**1,379.2**	1,409.9
Other	**81.8**	–
	16,418.1	16,633.7

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

Information about a major customer

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

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

	2012	**2011**
	HK$'M	**HK$'M**
Revenue		
Hotel operations and management services	**1,956.6**	1,721.1
Other operations, including estate management, estate agency, travel agency and sale of food products	**37.8**	72.2
Rental income:		
Hotel properties	**29.3**	28.6
Investment properties	**13.4**	10.5
Net gain/(loss) from sale of financial assets at fair value through profit or loss	**2.7**	(12.2)
Dividend income from listed investments	**4.6**	3.5
Sale of properties	**286.5**	213.5
	2,330.9	2,037.2
Other income		
Bank interest income	**8.9**	3.9
Other interest income	**16.6**	9.7
Reversal of impairment of other loan	**–**	29.5
Others	**5.2**	18.8
	30.7	61.9
Gains		
Fair value changes on derivative financial instruments	**–**	3.7
Gain on disposal of investment properties	**–**	16.1
	–	19.8
	30.7	81.7

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

	2012 HK$'M	2011 HK$'M
Profit/(loss) on disposal of listed investments	**2.7**	(12.6)
Profit on disposal of properties	**142.8**	31.0

5. Finance costs of the Group are as follows:

	2012 HK$'M	2011 HK$'M
Interest on bank loans wholly repayable within five years	**106.7**	49.6
Interest on other borrowing wholly repayable within five years	**20.2**	–
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**7.3**	128.1
Amortisation of debt establishment cost	**23.6**	12.1
Other loan costs	**2.0**	0.7
	159.8	190.5

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

	2012 HK$'M	2011 HK$'M
Group:		
Current – Hong Kong		
Charge for the year	**76.0**	24.5
Underprovision/(overprovision) in prior years	**(1.1)**	0.1
Current – Overseas		
Charge for the year	**1.1**	1.0
Overprovision in prior years	**(0.9)**	(0.2)
Deferred	**(27.8)**	(9.1)
Total tax charge for the year	**47.3**	16.3

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

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

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

7. Dividends:

	2012	**2011**
	HK$'M	**HK$'M**
Interim – HK3.3 cents (2011 – HK3.0 cents) per ordinary share	**31.8**	30.0
Proposed final – HK10.0 cents (2011 – HK9.0 cents) per ordinary share	**96.4**	90.1
	128.2	120.1

8. 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$536.3 million (2011 – HK$107.9 million), and on the weighted average of 979.4 million (2011 – 1,001.4 million) ordinary shares of the Company in issue during the year.

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

No adjustment had been made to the basic earnings per ordinary share amount presented for the year ended 31st December, 2011 in respect of a dilution as the exercise price of the share options of the Company outstanding during the prior year was higher than the average market price of the Company's ordinary shares for that year and, accordingly, the share options had no dilutive effect on the basic earnings per ordinary share.

9. Included in debtors, deposits and prepayments is an amount of HK$140.7 million (2011 – HK$138.6 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'M	HK$'M
Outstanding balances with ages:		
Within 3 months	**118.1**	120.2
Between 4 to 6 months	**6.6**	9.4
Between 7 to 12 months	**7.1**	4.2
Over 1 year	**11.1**	6.1
	142.9	139.9
Impairment	**(2.2)**	(1.3)
	140.7	138.6

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.

10. Included in creditors, deposits received and accruals is an amount of HK$74.6 million (2011 – HK$75.9 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

	2012 HK$'M	2011 HK$'M
Outstanding balances with ages:		
Within 3 months	**73.1**	75.3
Between 4 to 6 months	**1.1**	0.3
Between 7 to 12 months	**0.1**	–
Over 1 year	**0.3**	0.3
	74.6	75.9

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, 2012, the Company repurchased a total of 37,344,000 ordinary shares of the Company at aggregate purchase prices of HK$115,259,720 on the Stock Exchange through the implementation of an on-market programme of repurchases of up to 38,886,400 ordinary shares of the Company at a maximum price of HK$3.80 per share (the "RH Share Repurchase Programme"). 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$)
April 2012	3,778,000	3.230	3.170	12,101,600
May 2012	17,760,000	3.330	2.820	56,223,180
June 2012	15,806,000	3.130	2.820	46,934,940
Total	37,344,000			115,259,720
		Total expenses on shares repurchased		353,095
		Dividends received before cancellation		(354,979)
			Total	115,257,836

The RH Share Repurchase Programme was operative for 90 days from the business day immediately following the date of a joint announcement dated 20th April, 2012 of the Company, i.e. 23rd April, 2012, until 21st July, 2012 or the date when the maximum of 38,886,400 ordinary shares were repurchased, whichever was earlier. The RH Share Repurchase Programme subsequently ended on 21st July, 2012, and a total of 37,344,000 ordinary shares were repurchased by the Company under the RH Share Repurchase Programme. 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 RH Share Repurchase Programme utilised the general mandates granted to the Directors of the Company to repurchase ordinary shares at the annual general meetings of the Company held on 31st May, 2011 and 30th May, 2012. The above repurchases under the RH Share Repurchase Programme were implemented with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company, and achieving better returns for shareholders in the long run.

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

REVIEW OF RESULTS

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

CORPORATE GOVERNANCE

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

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

(2) The 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.

(3) The Non-Executive Director of the Company was unable to attend the Annual General Meeting of the Company held in May 2012 due to other engagement.

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
Professor Japhet Sebastian LAW
Mr. NG Siu Chan
Mr. WONG Chi Keung

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 25th March, 2013