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 2013 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2013	Year 2012	% Change
	HK$'M	HK$'M	
Revenue	**3,570.0**	2,330.9	**+53.2%**
Gross profit	**1,182.3**	1,174.3	**+0.7%**
Operating profit before depreciation and finance costs	**1,058.3**	1,182.3	**-10.5%**
Profit for the year attributable to equity holders of the parent	**256.9**	536.3	**-52.1%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.27**	HK$0.55	**-50.9%**
Proposed final dividend per ordinary share	**HK10.8 cents**	HK10.0 cents	**+8.0%**
Total dividends for the year per ordinary share	**HK14.4 cents**	HK13.3 cents	**+8.3%**

	As at 31st December, 2013	2012	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$12.47**	HK$12.17	**+2.5%**
***Adjusted**	**HK$18.85**	HK$18.27	**+3.2%**

*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, 2013 with the relevant deferred tax liabilities added back

- **Business operations of the Group have overall maintained steady performance. The operating profit before depreciation and finance costs of the Group for the year amounted to HK$1,058.3 million.**
- **Aggregate depreciation charges of HK$386.8 million have been provided in respect of the Group's hotel properties for the year under review which, though having no cash flow impact, have nonetheless adversely affected the reported profit.**
- **Adjusted net asset value of HK$18.85 per ordinary share of the Company as at 31st December, 2013.**
- **The combined average occupancy rate for the five initial Regal Hotels for the year was 90.2%, which was slightly above the level in 2012 and while the average room rate was down by 1.0% year-on-year, nonetheless this performance was better than the industry average. The Regal iClub Hotel in Wanchai continued to enjoy strong demand during the year, with the occupancy rate reaching to almost 100% from 97.4% last year, despite a reduction in the average room rate of 7.4% year-on-year due to price competition.**
- **P&R Holdings Limited, a 50/50 joint venture with Paliburg Holdings Limited, has since its establishment in April 2011 undertaken a total of seven property development projects in Hong Kong, including four hotel projects, with two in Sheung Wan, one in North Point and one in To Kwa Wan, a residential project in Yuen Long, a shopping mall project in Ma On Shan and, more lately, the residential project in Kau To, Sha Tin.**
- **Most recently, a wholly owned subsidiary of P&R Holdings has won the contract from the Urban Renewal Authority of Hong Kong for the residential-cum-commercial development of the Shun Ning Road project in Sham Shui Po, Kowloon by tender. This cooperation with the Urban Renewal Authority has opened up for P&R Holdings a new avenue for the undertaking of property developments in Hong Kong.**
- **Regal Real Estate Investment Trust, a listed subsidiary of the Group, completed the acquisition of the new hotel located at Nos. 132-140 Bonham Strand, Sheung Wan from P&R Holdings in February 2014.**
- **The Group still retains 19 houses in Regalia Bay, Stanley. The Group will continue to hold on to these properties and may consider leasing out more of these houses for rental income, unless the price offered by interested purchasers are satisfactory.**

- **The Group has made substantial investments during the past year in its planned business expansion, including investment in the property and other investment businesses. The increased finance costs on the medium term notes issued to fund business expansion would inevitably have some short term impact on the Group's results during the initial period of the investment cycle.**
- **The Directors are confident that when the investments undertaken gradually become mature, particularly when the property projects undertaken by P&R Holdings are completed and sold in the course of the next few years, significant cash flow and profit contribution will be generated for the Group.**

FINANCIAL RESULTS

For the year ended 31st December, 2013, the Group achieved a consolidated profit attributable to shareholders of HK$256.9 million, as compared to the profit of HK$536.3 million attained in 2012.

The profit achieved for 2013 was comparatively lower than that of last year primarily due to the fact that for 2012, there were a one-off gain on realisation of hedge reserve as well as the gain from the disposal of two houses in Regalia Bay, while for the year under review, there were increased finance costs on the medium term notes issued by Regal Real Estate Investment Trust, the Group's listed subsidiary, and the Company to finance business expansions. Moreover, as previously explained, the hotel properties owned by Regal REIT, including the five initial Regal Hotels which are leased and operated by a wholly owned subsidiary of the Company, are classified in the Group's financial statements as property, plant and equipment and are subject to depreciation charges to accord with the accounting standards. Consequently, aggregate depreciation charges of HK$386.8 million have been provided in respect of the hotel properties in the Group's results for the year under review which, though having no cash flow impact, have nonetheless adversely affected the reported profit.

Business operations of the Group have overall maintained steady performance. The operating profit before depreciation and finance costs of the Group for the year amounted to HK$1,058.3 million, as compared to HK$1,182.3 million for the preceding year.

Having regard to the material difference between the carrying values of the Group's hotel property portfolio, which are subject to accumulated depreciation charges, and their fair values as at 31st December, 2013, shareholders could refer to the Adjusted Net Asset Value Statement presented in the section headed "Management Discussion and Analysis" below, which showed for the purpose of reference that, if all such hotel properties were to be stated at their independent professional market valuations as at 31st December, 2013, the underlying adjusted net asset value of the Company would amount to HK$18.85 per share.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

During the year under review, the United States began tapering its quantitative easing programmes with indications of a self-sustaining recovery, while the European economies were on the whole showing signs of stabilising. In Asia, Japan was striving to turnaround its stagnant economy by fiscal stimulus and monetary easing measures, whereas in the People's Republic of China, the Gross Domestic Product increased by 7.7% year-on-year, maintaining the same level as in the preceding year. In the meanwhile, Hong Kong's economy remained resilient, with the Gross Domestic Product having increased by 2.9% year-on-year.

In 2013, visitor arrivals to Hong Kong surged by 11.7% year-on-year to a total of over 54 million, fueled mainly by the strong growth of visitors from Mainland China, but more than half of the arrivals were same day visitors which had little impact on the hotel sector. Based on a hotel survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories for 2013 was 89%, which was the same level as that in 2012, while the industry-wide average achieved room rate experienced a slight downward adjustment of 2.8%.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

As at 31st December, 2013, the Group held approximately 74.6% of the total outstanding issued units of Regal REIT and Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager.

For the year ended 31st December, 2013, Regal REIT achieved a consolidated net profit before distributions to Unitholders of HK$342.6 million, as compared to HK$3,548.8 million recorded for the year 2012. The decrease in the reported profit was largely attributable to the fact that for the preceding year, the profit achieved included a significant gain of HK$3,068.0 million derived from the changes in the fair values of Regal REIT's investment properties. Benefitting from the increased rental receipts, the total distributable income for Regal REIT for the year under review amounted to HK$497.1 million, an increase of 7.0% over the HK$464.7 million reported last year.

Apart from the five initial Regal Hotels which are owned by Regal REIT and leased to a wholly owned subsidiary of the Company, Regal REIT owns and self-operates the Regal iClub Hotel in Wanchai. This Regal iClub Hotel continued to enjoy strong demand during the year, with the occupancy rate reaching to almost 100% from 97.4% last year. However, due to price competition from some new hotels, the average room rate has reduced by 7.4% year-on-year.

In 2013, over 510 hotel guestrooms and suites within Regal REIT's portfolio were renovated under the regular capital expenditure programmes to maintain the high competitive standards of the room inventory. The second phase of the conversion works at the Regal Oriental Hotel to add another 28 rooms on the 2nd floor was recently completed and the hotel room count increased to 494 rooms. As at 31st December, 2013, the total room inventory of the six operating hotels owned by Regal REIT boosted an aggregate of 3,984 guestrooms and suites.

As disclosed in the 2013 Interim Report, Regal REIT entered into a Share Purchase Agreement on 28th June, 2013 with P&R Holdings Limited, a joint venture 50% owned by the Group, to acquire a new hotel with 248 guestrooms and suites located at Nos. 132-140 Bonham Strand, Sheung Wan at a consideration of HK$1,580 million, based on an independent valuation of the hotel property as of 25th June, 2013 on an as-completed basis. The occupation permit for the property was issued in January 2014 and the requisite transactions under the Share Purchase Agreement have been subsequently completed on 10th February, 2014. The lease of this property to a wholly owned subsidiary of the Group became effective from 10th February, 2014, with rentals payable to Regal REIT for the first 3 years having been fixed at HK$79.0 million, HK$82.95 million and HK$86.9 million per annum, respectively.

The acquisition of this 34-storey hotel property has added another 248 guestrooms and suites to the hotel portfolio of Regal REIT. The hotel will be named as the "iclub Sheung Wan Hotel" under the "iclub by Regal" brand, and will be operated as an upscale select-service hotel modelled on the successful operations of the Regal iClub Hotel in Wanchai. It is anticipated that the hotel will commence operations in the first half of 2014, after the hotel and other relevant licences have been granted.

Simultaneously with the Share Purchase Agreement, Regal REIT also entered into an Option Agreement with P&R Holdings in June 2013, pursuant to which an option was granted to Regal REIT to acquire the new 338-room hotel under development in North Point. Details of the Option Agreement were likewise disclosed in the 2013 Interim Report. The construction works on this new hotel have now been completed and the application for the issue of the occupation permit has recently been submitted.

HOTEL OPERATIONS

The five Regal Hotels in Hong Kong owned by Regal REIT are leased to and operated by a wholly owned subsidiary of the Group. The combined average occupancy rate for these five hotels for the year was 90.2%, which was slightly above the level in 2012 and while the average room rate was down by 1.0% year-on-year, nonetheless this performance was better than the industry average. The total net property income generated by the five hotels for 2013 amounted to HK$881.0 million, which represented an excess of HK$147.0 million over the aggregate annual base rent of HK$734.0 million, 50% of which was attributable to Regal REIT as variable rent.

The rental review for the leasing of the five initial Regal Hotels for 2014 was completed in August 2013. The aggregate annual base rent for 2014 has been determined at HK$743.0 million, reflecting a moderate increase of 1.2% over the annual base rent of HK$734.0 million for 2013, with variable rent continuing to be based on the same 50% sharing of the excess of the aggregate net property income of the five hotels over the aggregate base rent.

As mentioned above, a wholly owned subsidiary of the Company has additionally leased the new "iclub Sheung Wan Hotel" from Regal REIT for a fixed term of 5 years from 10th February, 2014, which is extendable for a further term of 5 years at the option of Regal REIT.

To further strengthen the marketing platform and to enhance internet connectivity, a new centralised property management system connecting all the Group's hotels in Hong Kong is being implemented, and an increasing number of room reservations is being made through the internet.

HOTEL MANAGEMENT

All the six Regal Hotels operating in Hong Kong, as well as the soon to open "iclub Sheung Wan Hotel", are managed by Regal Hotels International Limited, the wholly owned management arm of the Group in Hong Kong.

The Group is presently managing five operating hotels in the PRC, four of which are situated in Shanghai. There are ten other hotel projects under development in the PRC which will also be managed by the Group. These hotel projects are targeted to be completed within the next two years, with the Regal Airport Hotel, Xian and the Regal Yuhong Hotel in Zhengzhou scheduled first to come on stream in the second half of 2014.

PROPERTIES

Affected by the heavy tax levies imposed by the Government of Hong Kong on property transactions in Hong Kong, the real estate sector in Hong Kong during the year under review has remained stagnant, particularly in the secondary market, with property prices having generally adjusted downwards. The property market in Hong Kong is likely to remain lacklustre in the near term, but the Group remains confident of its long term prospects due to the limited supply of development lands, particularly in prime areas, and the strong underlying demands for properties. P&R Holdings, the joint venture 50/50 owned by Paliburg Holdings Limited and the Group, has taken the opportunity to expand its property development portfolio during the past year.

Since its establishment in April 2011, P&R Holdings has acquired a total of seven property development projects in Hong Kong, including four hotel projects, with two in Sheung Wan, one in North Point and one in To Kwa Wan, a residential project in Yuen Long, a shopping mall project in Ma On Shan and, more lately, the residential project in Kau To, Sha Tin. As also mentioned above, one of the hotel development at Nos. 132-140 Bonham Strand, Sheung Wan has been completed and sold to Regal REIT at a consideration of HK$1,580 million in February 2014, while an option has been granted to Regal REIT to acquire the new hotel in North Point after the development is completed.

The residential project in Kau To is situated at Sha Tin Town Lot No. 578, Area 56A, Kau To, Sha Tin, New Territories, which was acquired through a government tender held in September 2013. The site has a site area of 17,476 square metres and is presently planned to be developed into 7 mid-rise residential apartment blocks with about 136 units and 21 luxury houses with a total gross floor area of approximately 32,470 square metres.

Most recently, a wholly owned subsidiary of P&R Holdings has won the contract from the Urban Renewal Authority of Hong Kong for the residential-cum-commercial development of the Shun Ning Road project in Sham Shui Po, Kowloon by tender. The project has a site area of approximately 825 square metres and the development is expected to have total residential gross floor area of approximately 5,960 square metres and total commercial gross floor area of approximately 1,200 square metres. This cooperation with the Urban Renewal Authority has opened up for P&R Holdings a new avenue for the undertaking of property developments in Hong Kong.

Further details on the development projects and properties of P&R Holdings are contained in the section headed "Management Discussion and Analysis" in this announcement.

As disclosed in the 2013 Interim Report, the Group entered into a sale and purchase agreement with a wholly owned subsidiary of Cosmopolitan International Holdings Limited on 27th June 2013 for the sale of the plot of development land in Tianjin City in the PRC, which was acquired by the Group through a public land auction in October 2012. On that same date, separate agreements were also entered into by P&R Holdings and a joint venture 50/50 owned by Cosmopolitan and the Group to sell their respective 70% and 30% interests held in the property project under development in Chengdu City, Sichuan to the Cosmopolitan group. Simultaneously, the Cosmopolitan group has agreed to sell to P&R Holdings its properties held in Hong Kong, comprising ten residential duplex units and fourteen car parks in Rainbow Lodge located in Tong Yan San Tsuen, Yuen Long, New Territories. All these transactions have been duly completed in September 2013 and the attributable gain derived by the Group has been reflected in the results for the year under review.

The Group still retains 19 houses in Regalia Bay, Stanley, four of which are under lease to independent third parties. Having regard to the very few supply of luxury residential accommodation on Hong Kong Island, the Group will continue to hold on to these properties and may consider leasing out more of these houses for rental income, unless the price offered by interested purchasers are satisfactory.

OTHER INVESTMENTS

The Group maintains a substantial portfolio of investments comprising listed financial assets and other investments, including investment funds, bonds, as well as treasury and yield enhancement investment products denominated in Renminbi.

The Group previously held significant interests in the ordinary shares and convertible bonds of Cosmopolitan. As mentioned in the 2013 Interim Report, the Paliburg group and the Group have agreed to sell all their respective holdings in the issued shares and convertible bonds of Cosmopolitan to P&R Holdings, so that the interests previously held by two separate groups will be consolidated into one strategic block held through the jointly controlled P&R Holdings. These transactions have been implemented shortly after the requisite approval by the independent shareholders of the Company on 7th September, 2013.

Later in the same month, P&R Holdings further acquired approximately 19.4% of the then issued share capital of Cosmopolitan from the then single largest shareholder of Cosmopolitan and converted all the convertible bonds of Cosmopolitan into new ordinary shares of Cosmopolitan. As a result of these further acquisition and conversions, P&R Holdings has come to own approximately 67.5% of the issued share capital of Cosmopolitan and has accordingly made an unconditional mandatory general cash offer for all the issued ordinary shares of Cosmopolitan not already owned by P&R Holdings and its concert parties, which offer has duly closed on 2nd December, 2013. Details of these transactions were contained in the joint announcement by the Company dated 30th September, 2013.

Cosmopolitan has since become a listed subsidiary of P&R Holdings and its business activities are now principally focused on property development and investment in Mainland China.

The Group currently owns two aircraft under its aircraft ownership and leasing business, which have been undertaken with a view to generating for the Group an alternative source of steady recurring income. The first aircraft is an Airbus A321-211 acquired in December 2012, which is wholly owned, and the second aircraft is an Airbus A321-200, which was acquired in July 2013 through an 85% owned subsidiary of the Group. Both aircraft are managed by a professional asset manager and have been leased to two separate airline operators, for a term of 72 months and 60 months, respectively, at satisfactory rental levels.

The Group has a 36% effective interest in 8D Matrix Limited, an associate of the Group, which wholly owns Century Innovative Technology group. The other shareholding interests in 8D Matrix are effectively held as to 52% by Mr. Lo Yuk Sui (the chairman and controlling shareholder of Century City International Holdings Limited) and the remaining 12% by Century City. Century Innovative Technology is principally engaged in the online education, entertainment and technology businesses based on the "Bodhi and Friends" characters with business operations mainly based in Shenzhen, the PRC. Century Innovative Technology has produced a 3D animated television series which are currently broadcasted primetime on CCTV (China's leading national television network), the major children channels of all key satellite TV stations as well as 7 major video streaming portals and also to be broadcasted on 70 other channels in the PRC. Its initial portfolio of products includes online learning platform, featuring 3D English learning courseware and educational APPs, mobile games and community games, and educational toys. Century Innovative Technology is positioned as one of the leading online communities in the PRC that integrates entertainment, education, assessment, e-commerce and communication.

OUTLOOK

The anticipated commissioning date for the Hongkong-Zhuhai-Macao Bridge is scheduled by the end of 2016, which will provide a new land transport link between the east and west coasts of the Pearl River. Moreover, the 26-km long Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is targeted to be completed in 2015. The Express Rail Link will connect Hong Kong with the 16,000-km National High-speed Railway Network and is expected to strengthen Hong Kong's role as the southern gateway to the Mainland. These new infrastructure projects will stimulate further economic growth within the region and bring an increasing number of visitor arrivals to Hong Kong.

The Government of Hong Kong has been taking initiatives to increase Hong Kong's capacity to receive tourists and intends to continue investing in various infrastructural developments and tourism landscapes. These will include the planned expansion of the Hong Kong International Airport into a three-runway system, the Kai Tak Fantasy Project to turn the Kai Tak Development Area, including the Kai Tak International Cruise Terminal, into a recreational landmark, and the continuing expansion projects at Hong Kong Disneyland and the Ocean Park. All these developments will have a significant positive impact in meeting the demands of an increasing number of global and regional visitors to Hong Kong.

The REIT Manager is optimistic that the tourism and hotel markets in Hong Kong will continue to grow. As the only listed hospitality REIT with market concentration in Hong Kong, the REIT Manager is committed to maintaining Regal REIT's leading position as one of the pre-eminent hotel owners in Hong Kong. The Regal iClub Hotel in Wanchai has proven to be a successful business model, which has generated for Regal REIT good investment returns and capital appreciation, and the REIT Manager has the same optimistic expectations for the new "iclub Sheung Wan Hotel". Regal REIT has substantial unutilised financing capabilities that can be used to fund its future expansion programmes and will continue to review yield accretive acquisition opportunities, including the new hotel in North Point under the Option Agreement, with a view to achieving enhanced earnings and capital growth.

The Group has made substantial investments during the past year in its planned business expansion, including investment in the property and other investment businesses. It is inevitable that the increased finance costs on the medium term notes issued to fund business expansion would have some short term impact on the Group's results during the initial period of the investment cycle. The Directors are confident that when the investments undertaken gradually become mature, particularly when the property projects undertaken by P&R Holdings are completed and sold in the course of the next few years, significant cash flow and profit contribution will be generated for the Group.

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 investments including financial assets investments, and aircraft ownership and leasing business.

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 hotel and property sectors and the 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" as well as in this sub-section.

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. Pursuant to a supplemental agreement to the shareholders' agreement in respect of P&R Holdings entered into on 20th August, 2013, the business scope of P&R Holdings has been extended from the development of real estate projects for sale and/or leasing and the undertaking of related investment and financial activities to include, additionally, the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects being undertaken by the P&R Holdings group is set out below:

Hong Kong

Apart from the contract for the Shun Ning Road project in Sham Shui Po, Kowloon, most recently awarded by the Urban Renewal Authority of Hong Kong, all the other development projects currently undertaken by P&R Holdings group in Hong Kong are wholly owned by P&R Holdings group.

Nos.14-20 Merlin Street, North Point

This development project has an aggregate site area of approximately 457 square metres (4,915 square feet) and is being developed into a hotel with about 338 guestrooms, with total gross floor area of approximately 6,849 square metres (73,721 square feet) and the covered floor area of approximately 9,393 square metres (101,105 square feet). The superstructure works have been completed and the application for the issue of the occupation permit has already been submitted recently.

This property is subject to an option to purchase granted to Regal REIT, exercisable at its discretion, pursuant to the Option Agreement as mentioned in the above section headed "Business Overview" and in the interim report of the Company for the six months ended 30th June, 2013.

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

This development project has a site area of approximately 11,192 square metres (120,470 square feet) and is planned for a residential development with a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The superstructure works have been commenced. The project is expected to be completed in the first quarter of 2015.

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

The properties have an aggregate site area of approximately 345 square metres (3,710 square feet) and are planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet). The foundation works have been completed and the development is anticipated to be completed in 2016.

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

The acquisition of the subject properties was completed in April 2013. The properties have an aggregate site area of approximately 700 square metres (7,535 square feet). The plans for the development of the properties into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet), have been formally approved by the Town Planning Board. The building plans for the development have now also been approved and the foundation works are progressing. This hotel development project is expected to be completed in year 2016.

Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site, acquired through a government tender held in June 2013, has a site area of 5,090 square metres (54,788 square feet) and a maximum gross floor area of 15,270 square metres (164,364 square feet). The project is presently planned to be developed into a shopping mall and the planning works for the development are currently in progress.

Sha Tin Town Lot No. 578, Area 56A, Kau To, Sha Tin, New Territories

This development site was acquired through a government tender held in September 2013. The land has a site area of 17,746 square metres (188,100 square feet). The project is presently planned for a residential development comprising 7 mid-rise apartment blocks with about 136 units and 21 luxury houses, having aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The building plans for the development have recently been submitted to the government authorities for approval.

Mainland China

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., which was established principally to support the businesses undertaken by P&R Holdings group in China. A wholly owned subsidiary of Century City, 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.

As reported under the above section headed "Business Overview", the 70% interest in the composite development project in Chengdu previously held by P&R Holdings group and the remaining 30% interest in such project previously held by the joint venture owned as to 50% each by the Group and the Cosmopolitan group were sold to the Cosmopolitan group in September 2013. In addition, the development land in Tianjin City, the PRC previously held by the Group was also sold to the Cosmopolitan group in September 2013. Since 16th September, 2013, Cosmopolitan has become the listed subsidiary of P&R Holdings, and a majority proportion of the business activities of the Cosmopolitan group will be focused on property development and investment in Mainland China. Further information relating to the property development projects, including, among others, the two projects in Chengdu and Tianjin being undertaken by the Cosmopolitan group is contained in Cosmopolitan's announcement of final results for the nine-month period ended 31st December, 2013 separately released today.

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 deducting 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, 2013, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$18.85 per share, as follows:

	As at 31st December, 2013	
	HK$'M	**HK$ per ordinary share**
Book net assets attributable to equity holders of the parent	**11,774.9**	**12.47**
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	**6,017.4**	**6.38**
Unaudited adjusted net assets attributable to equity holders of the parent	**17,792.3**	**18.85**

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 treasury 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 were denominated in US dollar and Hong Kong dollar with fixed coupon interest rates. 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 used in operating activities of HK$1,647.0 million (2012 – net cash flows generated from operating activities of HK$423.3 million). Net interest payment for the year amounted to HK$204.1 million (2012 – HK$126.3 million).

Borrowings and Gearing

As at 31st December, 2013, the Group's borrowings net of cash and bank balances and deposits amounted to HK$7,942.4 million (2012 – HK$4,420.5 million).

As at 31st December, 2013, the gearing ratio of the Group was 32.6% (2012 – 20.3%), representing the Group's borrowings net of cash and bank balances and deposits of HK$7,942.4 million (2012 – HK$4,420.5 million) as compared to the total assets of the Group of HK$24,333.8 million (2012 – HK$21,795.9 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2013 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the year ended 31st December, 2013 (the "2013 Annual Report"), which will be despatched to shareholders on or before 30th April, 2014.

Pledge of Assets

As at 31st December, 2013, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK$428.5 million (2012 – HK$380.0 million) were pledged to secure a bank guarantee procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT, and certain of the Group's property, plant and equipment, investment properties, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK$9,500.6 million (2012 – HK$14,444.9 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, 2013 are shown in the Financial Statements.

Contingent Liabilities

As at 31st December, 2013, 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 joint venture in the amount of HK$1,224.0 million (2012 – HK$577.3 million), of which HK$807.0 million (2012 – HK$317.3 million) was utilised.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK10.8 cents per ordinary share for the year ended 31st December, 2013, representing an increase of 8.0% over the final dividend of HK10.0 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK$100.8 million (2012 – HK$96.4 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 11th June, 2014.

Together with the interim dividend of HK3.6 cents (2012 – HK3.3 cents) per ordinary share paid in October 2013, total dividends per ordinary share for the year ended 31st December, 2013 will amount to HK14.4 cents (2012 – HK13.3 cents), representing an increase of 8.3% over the total dividends paid in 2012.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 3rd June, 2014. 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 2013 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 Thursday, 29th May, 2014 to Tuesday, 3rd June, 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 Annual General Meeting. In order to be entitled to attend and vote at the 2014 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 Wednesday, 28th May, 2014; and

(ii) from Monday, 9th June, 2014 to Wednesday, 11th June, 2014, 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 Friday, 6th June, 2014.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 23rd June, 2014.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2013 HK$'M	Year ended 31st December, 2012 HK$'M
REVENUE (Notes 2 & 3)	**3,570.0**	2,330.9
Cost of sales	**(2,387.7)**	(1,156.6)
Gross profit	**1,182.3**	1,174.3
Other income (Note 3)	**122.3**	30.7
Administrative expenses	**(196.5)**	(175.9)
Fair value losses on financial assets at fair value through profit or loss, net	**(48.8)**	(45.1)
Fair value gains/(losses) on investment properties, net	**(1.0)**	61.1
Realisation of hedge reserve	**–**	137.2
OPERATING PROFIT BEFORE DEPRECIATION	**1,058.3**	1,182.3
Depreciation	**(401.2)**	(380.0)
OPERATING PROFIT (Notes 2 & 4)	**657.1**	802.3
Finance costs (Note 5)	**(300.2)**	(159.8)
Share of profits and losses of:		
Joint ventures	**(5.4)**	(5.5)
Associates	**(5.7)**	(3.9)
PROFIT BEFORE TAX	**345.8**	633.1
Income tax (Note 6)	**(55.3)**	(47.3)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**290.5**	585.8

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2013 HK$'M	Year ended 31st December, 2012 HK$'M
Attributable to:		
Equity holders of the parent	**256.9**	536.3
Non-controlling interests	**33.6**	49.5
	290.5	585.8
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$0.27**	HK$0.55

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2013	**Year ended 31st December, 2012**
	HK$'M	**HK$'M**
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**290.5**	585.8
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	–	1.2
Cash flow hedges:		
Changes in fair value of cash flow hedges	**(7.4)**	23.2
Transfer from hedge reserve to the statement of profit or loss	**6.1**	(129.9)
	(1.3)	(106.7)
Exchange differences on translating foreign operations	**36.9**	1.3
Reclassification adjustment on disposal of a foreign operation	**(32.8)**	–
Share of other comprehensive income of:		
Joint ventures	**4.6**	3.2
Associates	**0.5**	0.4
Other comprehensive income/(loss) for the year	**7.9**	(100.6)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**298.4**	485.2
Attributable to:		
Equity holders of the parent	**265.1**	428.0
Non-controlling interests	**33.3**	57.2
	298.4	485.2

Consolidated Statement of Financial Position

	31st December, 2013	31st December, 2012
	HK$'M	HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**13,704.2**	13,845.2
Investment properties	**947.0**	948.0
Investments in joint ventures	**2,664.5**	1,597.3
Investments in associates	**21.1**	27.6
Available-for-sale investments	**9.1**	4.7
Financial assets at fair value through profit or loss	**–**	23.4
Other loan	**5.9**	18.9
Debtors and deposits (Note 9)	**2,344.0**	2.3
Total non-current assets	**19,695.8**	16,467.4
CURRENT ASSETS		
Properties held for sale	**790.6**	788.0
Inventories	**33.6**	25.3
Debtors, deposits and prepayments (Note 9)	**1,237.4**	843.2
Held-to-maturity investments	**188.4**	210.8
Financial assets at fair value through profit or loss	**580.9**	730.3
Other loan	**6.4**	–
Derivative financial instruments	**14.2**	–
Restricted cash	**51.9**	44.2
Pledged time deposits and bank balances	**431.5**	321.9
Time deposits	**857.3**	1,739.2
Cash and bank balances	**445.8**	625.6
Total current assets	**4,638.0**	5,328.5

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2013 HK$'M	31st December, 2012 HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(391.0)**	(382.6)
Interest bearing bank borrowings	**(333.5)**	(81.5)
Derivative financial instruments	–	(2.1)
Tax payable	**(43.0)**	(41.4)
Total current liabilities	**(767.5)**	(507.6)
NET CURRENT ASSETS	**3,870.5**	4,820.9
TOTAL ASSETS LESS CURRENT LIABILITIES	**23,566.3**	21,288.3
NON-CURRENT LIABILITIES		
Creditor and deposits received	**(13.9)**	(2.5)
Interest bearing bank borrowings	**(5,171.9)**	(4,776.1)
Other borrowings	**(4,223.5)**	(2,293.8)
Derivative financial instruments	**(4.1)**	(2.8)
Deferred tax liabilities	**(1,041.1)**	(1,065.5)
Total non-current liabilities	**(10,454.5)**	(8,140.7)
Net assets	**13,111.8**	13,147.6
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**94.4**	96.4
Reserves	**11,579.7**	11,542.4
Proposed final dividend	**100.8**	96.4
	11,774.9	11,735.2
Non-controlling interests	**1,336.9**	1,412.4
Total equity	**13,111.8**	13,147.6

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 ("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. 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 new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1st January, 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 had no impact on the Group's results of operations or financial position.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in notes to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1st January, 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in the financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments; and

(e) the others segment mainly comprises aircraft ownership and leasing business, 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 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, 2013 and 2012.

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Others		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	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	2,003.4	1,991.0	-	-	1,470.2	296.0	55.0	7.3	41.4	36.6	-	-	3,570.0	2,330.9
Intersegment sales	-	-	95.3	88.6	3.3	3.4	-	-	-	-	(98.6)	(92.0)	-	-
Total	2,003.4	1,991.0	95.3	88.6	1,473.5	299.4	55.0	7.3	41.4	36.6	(98.6)	(92.0)	3,570.0	2,330.9
Segment results before depreciation	942.7	941.3	(14.3)	(11.7)	168.4	193.3	7.5	(32.9)	3.2	(0.4)	-	-	1,107.5	1,089.6
Depreciation	(394.2)	(379.0)	-	(0.1)	(0.2)	(0.1)	-	-	(6.7)	(0.7)	-	-	(401.1)	(379.9)
Segment operating results	548.5	562.3	(14.3)	(11.8)	168.2	193.2	7.5	(32.9)	(3.5)	(1.1)	-	-	706.4	709.7
Unallocated interest income and unallocated non-operating and corporate gains													20.3	149.4
Unallocated non-operating and corporate expenses, net													(69.6)	(56.8)
Operating profit													657.1	802.3
Finance costs													(300.2)	(159.8)
Share of profits and losses of:														
Joint ventures	-	-	-	-	(5.4)	(5.5)	-	-	-	-	-	-	(5.4)	(5.5)
Associates	(1.0)	(0.8)	-	-	-	(0.4)	-	-	(4.7)	(2.7)	-	-	(5.7)	(3.9)
Profit before tax													345.8	633.1
Income tax													(55.3)	(47.3)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													290.5	585.8
Attributable to:														
Equity holders of the parent													256.9	536.3
Non-controlling interests													33.6	49.5
													290.5	585.8

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Others		Eliminations		Consolidated	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	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	15,878.3	14,150.3	42.7	44.1	2,955.0	2,184.6	826.2	1,009.9	200.8	93.4	(42.3)	(43.7)	19,860.7	17,438.6
Investments in joint ventures	-	-	-	-	2,664.5	1,597.3	-	-	-	-	-	-	2,664.5	1,597.3
Investments in associates	6.1	6.6	-	-	(0.7)	17.6	-	-	15.7	3.4	-	-	21.1	27.6
Cash and unallocated assets													1,787.5	2,732.4
Total assets													24,333.8	21,795.9
Segment liabilities	(359.4)	(335.8)	(1.7)	(1.5)	(5.7)	(35.8)	(10.7)	(2.2)	(22.6)	(16.5)	42.3	43.7	(357.8)	(348.1)
Bank borrowings and unallocated liabilities													(10,864.2)	(8,300.2)
Total liabilities													(11,222.0)	(8,648.3)
Other segment information:														
Interest income	(40.7)	(2.6)	-	-	(29.2)	(9.1)	(8.9)	(4.7)	-	-				
Impairment of trade debtors, net	-	0.9	-	-	-	-	-	-	-	-				
Fair value losses on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	48.8	43.0	-	-				
Fair value losses/(gains) on investment properties	(18.0)	(17.7)	-	-	19.0	(43.4)	-	-	-	-				
Capital expenditure	157.2	102.2	0.1	-	0.7	0.6	-	-	102.7	81.8				

Geographical information

(a) Revenue from external customers

	2013	2012
	HK$'M	HK$'M
Hong Kong	**2,050.5**	2,278.7
Mainland China	**1,506.3**	52.2
Other	**13.2**	–
	3,570.0	2,330.9

The revenue information above is based on the locations of the customers, except for the property development and investment segment which is based on the locations of the properties.

(b) Non-current assets

	2013	2012
	HK$'M	HK$'M
Hong Kong	**15,878.8**	14,957.1
Mainland China	**2,231.4**	1,379.2
Other	**174.6**	81.8
	18,284.8	16,418.1

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$1,460.7 million (2012 – HK$286.5 million) was derived from sales to a major customer in the property development and investment segment.

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

	2013	2012
	HK$'M	HK$'M
Revenue		
Hotel operations and management services	**1,959.8**	1,956.6
Other operations, including estate management, estate agency, travel agency and sale of food products	**29.2**	37.8
Rental income:		
Hotel properties	**38.5**	29.3
Investment properties	**13.6**	13.4
Aircraft	**13.2**	–
Net gain from sale of financial assets at fair value through profit or loss	**8.6**	2.7
Net gain on settlement of derivative financial instruments	**32.8**	–
Interest income from financial assets at fair value through profit or loss	**5.3**	–
Dividend income from listed investments	**8.3**	4.6
Sale of properties under development	**1,460.7**	–
Sale of properties	**–**	286.5
	3,570.0	2,330.9
Other income		
Bank interest income	**18.2**	8.9
Other interest income	**73.7**	16.6
Forfeiture of deposits	**27.1**	–
Others	**3.3**	5.2
	122.3	30.7

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

	2013	2012
	HK$'M	HK$'M
Profit on disposal of listed investments	**8.6**	2.7
Profit on settlement of derivative financial instruments	**32.8**	–
Profit on disposal of properties under development	**137.4**	–
Profit on disposal of properties	**–**	142.8

5. Finance costs of the Group are as follows:

	2013	2012
	HK$'M	HK$'M
Interest on bank loans wholly repayable within five years	**110.3**	106.7
Interest on other borrowings wholly repayable within five years	**156.8**	20.2
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**6.1**	7.3
Amortisation of debt establishment costs	**60.8**	23.6
Other loan costs	**3.1**	2.0
	337.1	159.8
Less: Finance costs capitalised	**(36.9)**	–
	300.2	159.8

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

	2013 HK$'M	2012 HK$'M
Group:		
Current – Hong Kong		
Charge for the year	**63.6**	76.0
Overprovision in prior years	**(0.3)**	(1.1)
Current – Overseas		
Charge for the year	**16.2**	1.1
Underprovision/(Overprovision) in prior years	**0.2**	(0.9)
Deferred	**(24.4)**	(27.8)
Total tax charge for the year	**55.3**	47.3

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2012 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

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

The share of tax attributable to joint ventures and associates amounting to HK$28.4 million and Nil, respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

No provision for tax was required in the prior year for the joint ventures and associates as no assessable profits were earned by the joint ventures and associates during that year.

7. Dividends:

	2013	**2012**
	HK$'M	**HK$'M**
Interim – HK3.6 cents (2012 – HK3.3 cents) per ordinary share	**34.7**	31.8
Proposed final – HK10.8 cents (2012 – HK10.0 cents) per ordinary share	**100.8**	96.4
	135.5	128.2

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$256.9 million (2012 – HK$536.3 million) and on the weighted average of 962.5 million (2012 – 979.4 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 years ended 31st December, 2013 and 2012 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the years.

9. Included in debtors, deposits and prepayments is an amount of HK$1,502.9 million (2012 – HK$140.7 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period is as follows:

	2013	2012
	HK$'M	HK$'M
Within 3 months	**110.1**	118.1
Between 4 to 6 months	**1,382.0**	6.6
Between 7 to 12 months	**3.9**	7.1
Over 1 year	**9.1**	11.1
	1,505.1	142.9
Impairment	**(2.2)**	(2.2)
	1,502.9	140.7

Credit terms

Included in trade debtors of the Group is a sum of HK$1,372.7 million from Cosmopolitan group in respect of the disposal of properties under development in Tianjin which is scheduled to be settled by September 2016. Other trade debtors generally have credit terms of 30 to 90 days. Trade debtors 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.

10. Included in creditors, deposits received and accruals is an amount of HK$77.1 million (2012 – HK$74.6 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:

	2013	**2012**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**76.4**	73.1
Between 4 to 6 months	**0.2**	1.1
Between 7 to 12 months	**–**	0.1
Over 1 year	**0.5**	0.3
	77.1	74.6

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, 2013, the Company repurchased a total of 20,096,000 ordinary shares of the Company at aggregate purchase prices of HK$94,492,720 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 Highest (HK$)	Price per ordinary share Lowest (HK$)	Aggregate purchase price (HK$)
December 2013	20,096,000	4.860	4.460	94,492,720
Total	20,096,000			94,492,720
			Total expenses on shares repurchased	265,751
			Total	94,758,471

Out of the 20,096,000 repurchased ordinary shares, 7,110,000 repurchased ordinary shares were cancelled during the year, and the remaining 12,986,000 repurchased ordinary shares were cancelled subsequent to the year end date. 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, 2013, 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 Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2013, 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)
Miss LO Po Man
(Vice Chairman and Managing Director)
Ms. Belinda YEUNG Bik Yiu
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
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, 31st March, 2014