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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 2014 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2014	Year 2013	% Change
	HK$'M	HK$'M	
Revenue	**2,298.6**	3,570.0	**-35.6%**
Gross profit	**1,098.6**	1,182.3	**-7.1%**
Operating profit before depreciation, finance costs and tax	**1,160.4**	1,058.3	**+9.6%**
Profit for the year attributable to equity holders of the parent	**410.3**	256.9	**+59.7%**
Basic earnings per ordinary share attributable to equity holders of the parent	**HK$0.44**	HK$0.27	**+63.0%**
Proposed final dividend per ordinary share	**HK12.0 cents**	HK10.8 cents	**+11.1%**
Total dividends for the year per ordinary share	**HK16.0 cents**	HK14.4 cents	**+11.1%**

	As at 31st December, 2014	2013	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$12.93**	HK$12.47	**+3.7%**
***Adjusted**	**HK$20.17**	HK$18.85	**+7.0%**

*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, 2014 with the relevant deferred tax liabilities added back

- **The operating profit before depreciation, finance costs and tax for the year amounted to HK$1,160.4 million, as compared to HK$1,058.3 million for the preceding year.**

- **Depreciation charges on the Group's hotel properties for the year amounted to HK$420.7 million.**

- **Consolidated profit attributable to shareholders of HK$410.3 million, an increase of approximately 60% over 2013.**

- **Adjusted net asset value of HK$20.17 per share of the Company as at 31st December, 2014.**

- **The Group's core hotel operations continued to attain satisfactory performance, despite some adverse effects on the business operations of certain of the Group's hotels during the "Occupy Central" activity in the last quarter of 2014, which was traditionally the high season for the hotel sector.**

- **Through Regal REIT, the Group now owns a total of eight operating hotels in Hong Kong, boosting an aggregate of 4,569 guestrooms and suites. Seven of these hotels are leased by Regal REIT to a wholly owned subsidiary of the Company for hotel operations.**

- **The Group's hotel operations enjoyed positive growth during the first nine months of 2014, but the hotel business was unfortunately affected by the "Occupy Central" activity from late September to mid-December 2014. Nevertheless, the combined average occupancy rate for the five initial Regal Hotels for the year 2014 as a whole was maintained at 92.4% as compared to 90.2% in 2013, while the average room rate enhanced by 2.6% year-on-year, both outperforming the industry average.**

- **The existing leases of the five initial Regal Hotels are due to expire on 31st December, 2015. The Group has recently entered into various conditional supplemental agreements with Regal REIT, essentially to extend the lease term to 31st December, 2020, with the Market Rental Packages for the extended term continuing to be determined annually by a jointly appointed independent professional property valuer. The lease extensions are subject to approval by the independent unitholders of Regal REIT.**

- **In October 2014, the Group acquired, through a wholly owned subsidiary, the La Mola Hotel & Conference Centre located in Barcelona, Spain, a 4-star luxury hotel completed in 2008 with about 186 rooms situated on the outskirts of Barcelona neighbouring a major category golf course. The property is now operating under the management of the Group and a revamping programme for this property is being planned.**

- **The residential project at Tan Kwai Tsuen Road in Yuen Long under development by P&R Holdings Limited, a 50:50 joint venture between the Company and Paliburg Holdings Limited, which provides a total of 170 residential units, comprising 36 luxurious garden houses and 134 studio apartment units, is expected to be completed in the second quarter of this year. The other development projects of P&R Holdings, covering residential, commercial/residential, shopping mall and hotel developments, are on the whole also progressing steadily.**

- **The Group still owns 19 luxury garden houses in Regalia Bay, Stanley and is hopeful that their values will gradually appreciate.**

- **The Group completed in February 2015 the acquisition of twelve Embraer aircraft. Together with the two Airbus aircraft acquired in 2012 and 2013, the Group now owns a total of 14 aircraft (apart from one Airbus aircraft which is 85% owned, all the other aircraft are wholly owned), which are under leases to different airline operators, with lease rentals fixed at satisfactory levels.**

- **With the Group's hotels distributed in different strategic locations, catering to a wide spectrum of business and tourist clientele, the business operations of the Group's hotels have on the whole attained steady performance during the first two months of 2015.**

- **The Group has a very solid asset base with a strong recurring income stream and is well placed to meet any potential challenges.**

- **The Group will continue to pursue, with prudence, suitable business expansion opportunities that will be beneficial to the Group in sustaining further growth.**

FINANCIAL RESULTS

For the year ended 31st December, 2014, the Group achieved a consolidated profit attributable to shareholders of HK$410.3 million, an increase of approximately 60% as compared to the profit of HK$256.9 million attained in 2013.

During the year under review, the core hotel operations of the Group continued to attain satisfactory performance, despite some adverse effects on the business operations of certain of the Group's hotels during the "Occupy Central" activity in the last quarter of 2014, which was traditionally the high season for the hotel sector. The operating profit before depreciation, finance costs and tax for the year amounted to HK$1,160.4 million, as compared to HK$1,058.3 million for the preceding year. Depreciation charges on the Group's hotel properties amounted to HK$420.7 million in 2014 which, though not of a cash nature, have nonetheless adversely affected the reported profit.

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, 2014, 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, 2014, the underlying adjusted net asset value of the Company would amount to HK$20.17 per share.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

During the year under review, the worldwide economy showed signs of divergence. In late October 2014, the US Federal Reserve officially ended the "QE3", in the light of a gradual recovery in the US economy; while the economies in the Eurozone and Japan remained stagnant. In the People's Republic of China, Gross Domestic Product (GDP) increased by 7.4% year-on-year, representing a drop of 0.3% as compared to the preceding year. Meanwhile, the GDP of Hong Kong increased moderately by 2.3%, but reflecting a negative growth of about 0.6% as compared to 2013.

In 2014, visitor arrivals to Hong Kong surged by 12.0% year-on-year to a total of over 60.8 million, with visitors from the Mainland China accounting for more than 77% of the total count. More than half of the visitor arrivals were same day visitors, which have no direct impact on the local 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 2014 was 90%, a year-on-year increase of 1% over 2013, while the industry-wide achieved average room rate recorded a slight upward adjustment of 1.8%.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

As at 31st December, 2014, the Group held approximately 74.6% of the total outstanding issued units of Regal REIT while Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager.

For the year ended 31st December, 2014, Regal REIT achieved a consolidated net profit before distributions to unitholders of HK$238.5 million, as compared to HK$342.6 million recorded for the year 2013. The decrease in the consolidated net profit reported for 2014 was attributable to an accounting loss of HK$266.9 million arising mainly from the fair value changes in the appraised values of the initial Regal Hotels portfolio between the two year end dates, having taken into account the amount of capital expenditure incurred. If the effects of these fair value changes are excluded, the core profit before distributions to unitholders for the year under review would amount to HK$505.4 million, representing an increase of 16.6% over the corresponding amount of HK$433.3 million for the year 2013. Benefitting from the increased rental income, including the new rental receipts from the two latest iclub Hotels in Sheung Wan and Fortress Hill acquired in 2014, the total distributable income for the year under review amounted to HK$532.9 million, which was an increase of 7.2% over the HK$497.1 million reported last year.

The five initial Regal Hotels in Hong Kong, as well as the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel both acquired in 2014, are leased to a wholly owned subsidiary of the Group. The iclub Wan Chai Hotel – which is owned and self-operated by Regal REIT, continued to enjoy strong demand and maintained virtually full occupancy for the second consecutive year, although its average room rate was modestly down by 2.6% due to keen competition within the Wan Chai area.

The latest acquisitions by Regal REIT have increased the coverage of its hotel property portfolio on select-service hotels in strategic locations, enabling it to capture a wider range of business and leisure visitors. Regal REIT now owns a total of eight operating hotels in Hong Kong, boosting an aggregate of 4,569 guestrooms and suites.

The amendments to the Code on Real Estate Investment Trusts proposed by the Securities and Futures Commission, which will allow REITs in Hong Kong to undertake property development activities and to invest in certain financial instruments subject to prescribed thresholds and control measures, became effective from 29th August, 2014. Accordingly, the REIT Manager has proposed corresponding changes to the Trust Deed constituting Regal REIT which, if approved by the unitholders of Regal REIT at its extraordinary general meeting to be held on 14th April, 2015, will provide flexibility to Regal REIT with an expanded investment scope in line with the amendments to the REIT Code. Details of the proposed changes are contained in a circular to the unitholders of Regal REIT dated 13th March, 2015.

HOTEL OPERATIONS

The Group’s hotel operations enjoyed positive growth during the first nine months of 2014, but the hotel business was unfortunately affected by the “Occupy Central” activity from late September to mid-December 2014, which was traditionally the high season. Nevertheless, the combined average occupancy rate for the five initial Regal Hotels for the year 2014 as a whole was maintained at 92.4% as compared to 90.2% in 2013, while the average room rate enhanced by 2.6% year-on-year, both outperforming the industry average. The total net property income generated by these hotels for the year amounted to HK$918.1 million, which represented an excess of HK$175.1 million over the aggregate annual base rent of HK$743.0 million, 50% of which was attributable to Regal REIT as variable rent.

As mentioned above, the wholly owned lessee of the five initial Regal Hotels has also leased the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel from Regal REIT for hotel operations. These two hotels commenced business operations in June and September 2014, and maintained for the period to 31st December, 2014 an occupancy level of about 90.0% and 82.3%, respectively, which could be considered as satisfactory for new starters, taking into consideration the impact of the "Occupy Central" activity. Under the agreed arrangements with P&R Holdings Limited, a 50:50 joint venture established by the Company with Paliburg Holdings Limited and which is the vendor of the hotels, any shortfall in the income from the operation of the two hotels below the lease payments payable by the lessee during the first three years of the lease term will be fully reimbursed by P&R Holdings.

The rental review for the leasing of the five initial Regal Hotels for 2015 was completed in August 2014. The aggregate annual base rent for 2015 has been determined at HK$763.0 million, reflecting a moderate increase of 2.7% over the annual base rent of HK$743.0 million for 2014, with variable rent continuing to be based on 50% sharing of the excess of the aggregate net property income of the initial hotels over the aggregate base rent.

The existing leases of these five hotels are due to expire on 31st December, 2015. The Group has recently entered into various conditional supplemental agreements with Regal REIT, essentially to extend the lease term to 31st December, 2020, with the Market Rental Packages for the extended term continuing to be determined annually by a jointly appointed independent professional property valuer. The lease extensions are subject to approval by the independent unitholders of Regal REIT at its EGM on 14th April, 2015. Detailed information regarding these lease extensions is also contained in the circular to the unitholders of Regal REIT dated 13th March, 2015.

Hotel ownership business within the Group is, and will continue to be, principally conducted through Regal REIT, but under its current investment strategy, Regal REIT would normally acquire only those hotel and property assets that are income producing and yield accretive. In October 2014, the Group acquired, through a wholly owned subsidiary, the La Mola Hotel &

Conference Centre located in Barcelona, Spain, a property that was incurring operating loss and in a distressed financial situation. The property is a 4-star luxury hotel completed in 2008 with about 186 rooms situated on the outskirts of Barcelona neighbouring a major category golf course. The property is now operating under the management of the Group and a revamping programme for this property is being planned. As the hotel was acquired by the Group at a price significantly below its replacement cost and the independent market valuation, a gain on bargain purchase of approximately HK$35.0 million arising from this acquisition has been accounted for in the financial results for the year under review.

The Group will continue to invest resources in the enhancement of the marketing network and internet connectivity of its hotels, with the aim to increasing the share of the online bookings through our own reservation platform, which could further improve profit margins.

HOTEL MANAGEMENT

All the five full-service Regal Hotels as well as the three select-service iclub hotels operating in Hong Kong are managed by Regal Hotels International Limited, the wholly owned management arm of the Group in Hong Kong.

The Group is managing six operating hotels in the PRC, four in Shanghai, one in Dezhou and the latest one, the Regal Airport Hotel, Xi'an, which was soft opened in February 2015. Three more hotels to be managed by the Group are scheduled to be opened later within this year, respectively, the Regal Kangbo Hotel and Residence in Dezhou, the Regal Financial Center Hotel in Foshan and the iclub Yuhong Hotel in Zhengzhou, while six other hotels will be in the pipeline for opening in 2016 and 2017.

As mentioned above, the Group is also directly managing the La Mola Hotel & Conference Centre in Barcelona.

PROPERTIES

During the year under review, newly built smaller-sized residential apartment units in Hong Kong continued to be in strong demand, while the property market for the other sectors as a whole has been affected by the hefty stamp duty levied by the Government, particularly for non-local residents. The Government of Hong Kong plans to maintain a steady supply of development lands, in an attempt to balance the supply and demand, through government land tenders. Like in the past, the Group will continue to actively participate in these government tenders, primarily through P&R Holdings.

The residential project at Tan Kwai Tsuen Road in Yuen Long under development by P&R Holdings is expected to be completed in the second quarter of this year. The project provides a total of 170 residential units, comprising 36 luxurious garden houses and 134 studio apartment units. The application for the presale consent has been submitted, which is anticipated to be issued in the near future. The presale programme for the apartment units is planned to be launched shortly after the presale consent is obtained, to be followed by the garden houses. The other development projects of P&R Holdings, covering residential, commercial/residential, shopping mall and hotel developments, are on the whole also progressing steadily.

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.

The Group still owns 19 luxury garden houses in Regalia Bay, Stanley, which command substantial values. Due to the hefty transaction duties imposed by the Government, the property market for the high end residential sector in Hong Kong was relatively weak as compared to the lower end sector. Given the scarcity of supply of garden houses on the Hong Kong Island, the Group is hopeful that the values of the retained houses in Regalia Bay will gradually appreciate. In the meantime, 4 of these retained houses are under leases to external parties for rental income.

OTHER INVESTMENTS

The Group maintains a sizable portfolio of listed securities and other investments, including the investment in approximately 10% of the issued shares of Asia Standard Hotel Group Limited, a company listed in Hong Kong principally engaged in hotel and investment businesses.

The Group has over the past two years been actively working to expand its investments in the aircraft leasing business, with a view to supplementing the Group's earnings base with an additional recurrent income stream. The Group first acquired in December 2012 an Airbus A321-211 and then in July 2013, through an 85% owned subsidiary, another Airbus A321-200. The two aircraft have been leased to two separate airline operators yielding satisfactory lease income.

More recently, in September 2014, the Group entered into a Proposal Letter with a third party seller that is a wholly owned subsidiary of Embraer S.A., an aircraft manufacturer, for the proposed acquisition of a fleet of eighteen passenger aircraft manufactured by Embraer S.A.. After further negotiations with the seller based on the terms of the Proposal Letter and the subsequent Purchase Agreement, the Group has completed in February 2015 the acquisition of twelve Embraer aircraft, out of the original fleet of eighteen aircraft, at an adjusted aggregate purchase price of US$34.5 million. All these twelve aircraft are under leases to different airline operators operating in South Africa, the United States of America, Lithuania, Australia and Mexico, with lease rentals fixed at satisfactory levels. Detailed information regarding this acquisition is contained in the various joint announcements on this subject matter recently published by the Company.

The Group may consider investing further in the aircraft leasing business if and when there are appropriate investment opportunities.

OUTLOOK

In order for the tourism industry in Hong Kong to continue to flourish, the support from the Hong Kong Government and its continuing commitment to invest in infrastructural developments are most crucial. In addition to the projects under construction, such as the Hongkong-Zhuhai-Macao Bridge and the 26-km long Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link which promote expedient connections with Macao and the Mainland, the Government is expanding the local mass transportation railway network by building the West Island line, the South Island line and the Shatin to

Central Link and has just approved the construction of a third runway at the Hong Kong International Airport. The Government is also carrying out infrastructure work at the former Kaitak airport area to tie in with the development of the "hotel belt" adjacent to the Kai Tak Cruise Terminal. At the same time, both theme parks in Hong Kong, Disneyland and Ocean Park, are pressing ahead with expansion plans. All these infrastructural and tourism developments will have significant and positive contributions to the tourism and hospitality sectors in Hong Kong.

Regal REIT is hopeful that the Hong Kong Government will continue to commit sufficient resources to enhance and upgrade its infrastructural facilities, to ensure that Hong Kong will have sufficient capacities to accommodate and serve the demands of an increasing number of global and regional visitors to Hong Kong, maintaining its long-held reputation as a much favoured shopping, sightseeing and entertainment destination. The REIT Manager is optimistic that the tourism and hotel markets in Hong Kong will continue to prosper, albeit there could be some short term ripples. Being 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 REIT Manager will actively search for new business opportunities that will generate good investment returns and long term capital appreciation.

The recent incidents in Hong Kong directed against visitors from Mainland have aroused some negative publicity and widespread concerns. As one of the indicators on the level of economic activities, the volume of retail sales in Hong Kong has shrunk by about 14.6% year-on-year in January 2015, based on the statistics released by the Hong Kong Government. However, with the Group's hotels distributed in different strategic locations, catering to a wide spectrum of business and tourist clientele, the business operations of the Group's hotels have on the whole attained steady performance during the first two months of 2015. The Group is confident that Hong Kong will be able to maintain its position as an international financial centre and a favoured tourist destination and remains positive on the outlook of the hotel business in Hong Kong.

The Group has a very solid asset base with a strong recurring income stream and is well placed to meet any potential challenges. The Group will continue to pursue, with prudence, suitable business expansion opportunities that will be beneficial to the Group in sustaining further 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 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, 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. The business scope of P&R Holdings is the development of real estate projects for sale and/or leasing, the undertaking of related investment and financial activities, and 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 and properties owned by the P&R Holdings group is set out below:

Hong Kong

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon, which is being undertaken pursuant to a joint venture contract awarded by the Urban Renewal Authority of Hong Kong, all of the following ongoing development projects and properties are wholly owned by P&R Holdings group.

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

This residential project has a site area of approximately 11,192 square metres (120,470 square feet) and will provide a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 studio units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The superstructure works have been completed and the occupation permit is expected to be issued in the second quarter of 2015. The application for presale consent has been submitted. The presale programme for the apartment units will first be launched when the presale consent is obtained, to be followed by the garden houses.

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) and covered floor area of approximately 6,420 square metres (69,120 square feet). The foundation works have been completed but due to some technical difficulties encountered in relation to the adjoining party wall, the progress of the construction works has been delayed.

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

The properties have an aggregate site area of approximately 700 square metres (7,535 square feet) and is being developed into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The foundation works have been completed and the superstructure works are progressing smoothly. This hotel development project is scheduled to be completed in the first half of 2016.

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

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site is planned to be developed into a shopping mall and the general building plans have been approved. The foundation works have already commenced and are expected to be completed before the end of 2015. The project is scheduled to be completed in 2017 and is intended to be retained for rental income.

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

The project has a site area of 17,476 square metres (188,100 square feet) and is planned for a luxurious residential development comprising 7 mid-rise apartment blocks with about 134 units, 24 detached garden houses and 198 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The general building plans for the development have been approved and the site formation works and foundation works have commenced in the first quarter of 2015. This development is scheduled to be completed in 2017.

Nos.69-83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and is planned for a commercial/residential development with total gross floor area of 7,159 square metres (77,059 square feet), providing 155 residential units, 2 storeys of shops and 1 storey of basement carpark. The general building plans have been approved and foundation works commenced. The development is scheduled to be completed in 2017.

Rainbow Lodge, 9 Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories
These properties comprise ten residential duplex units with gross area of approximately 1,832 square metres (19,720 square feet) and 14 car parks in a completed residential development. Presently, five duplex units are under leases to third parties for rental income.

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 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.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects currently undertaken by the Cosmopolitan group in the PRC, all of which are wholly owned, is set out below:

Property Development

Chengdu Project
Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of hotel, commercial, office, service apartments and residential components, with an overall total gross floor area of approximately 497,000 square metres. The first stage of the development includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 residential units with car parking spaces and ancillary commercial accommodation. The construction works for these three residential towers are expected to be completed in the third quarter of 2016 and units presale is anticipated to be launched in the third quarter of 2015. Having considered the local market

environment, the hotel portion included in the first stage is now planned to be completed in phases from 2016. The other components comprised within the overall development will continue to be developed in stages.

Tianjin Project

Located in the Hedong District in Tianjin, this project entails a development site with total site area of about 31,700 square metres. The development plans have been revised to include only commercial, office and residential components with total gross floor area of about 145,000 square metres and such plans have been approved by the local government authority. The piling works for the project have already been completed and the entire development is now anticipated to be completed in stages within 2018.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the reforested area by the relevant government authorities is still ongoing and some remedial re-forestation works will be undertaken soon to meet the requirements of the government authorities. In the meantime, the Cosmopolitan group is working on the design of the master plan to prepare for the land grant procedures. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded as soon as practicable. Should the Cosmopolitan group successfully secure the development land and depending on the permitted land use, the Cosmopolitan group preliminarily plans to develop on the land, in stages, a large scale mixed use development comprising residential, hotel, recreational and commercial properties.

Wuxi Project

The Cosmopolitan group entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission for a parcel of land of about 937 mu (equivalent to approximately 624,700 square metres) located in Huishan District, Wuxi, Jiangsu Province, which was subject to certain terms to be agreed by the parties within six months of the date of the agreement. The Cosmopolitan group has not been able to reach agreement with the relevant parties in respect of those certain terms and further negotiations with respect to the Co-operation Agreement have been discontinued for the time being.

Property Investment

Beijing Tongzhou Project

A wholly owned subsidiary of the Cosmopolitan established in Beijing has entered into a co-operation agreement with a PRC independent third party in February 2014 to subscribe for 82.5% equity interest in a company which is involved in a primary development project located in Tongzhou District, Beijing, subject to the fulfilment of certain prescribed conditions. The principal purpose of the project is to develop buildings for the purposes of housing resettlement under PRC government policies. As certain conditions have not been fulfilled by the independent third party, the co-operation agreement has lapsed. The relevant third party is considering various remedial proposals for the Cosmopolitan group's Beijing subsidiary to participate in the investment project as previously contemplated. The Beijing subsidiary has recently obtained the approval from the relevant PRC authority for (1) an increase of its registered capital from RMB298 million to RMB500 million and (2) a change of its business nature to an investment company, which will strengthen its capital base and facilitate potential investments in other property development and investment projects in the PRC.

ASSOCIATE – HANG FOK PROPERTIES LIMITED

Hang Fok is an associate that is 50% owned by each of the Group and the Paliburg group. Hang Fok holds equity interests in a joint venture project company involved in a development project in the Central Business District in Beijing, the PRC. As previously reported, Hang

Fok was engaged in a series of legal actions in the PRC with the other joint venture parties in the Beijing project, some of which were initiated by Hang Fok to protect its equity interests in the Beijing project. Appropriate provisions had been made by Hang Fok in the prior years and the interest held by the Group in the project was carried in the consolidated financial statements at an insignificant amount as at 31st December, 2013. In the process of the legal actions taken, the other joint venture parties have funded the joint venture project company and procured the latter to deposit an amount of approximately RMB195 million into the court in the PRC in August 2014, as repayment proceeds of certain of the shareholder's loans, plus accrued interest thereon, made by Hang Fok to the joint venture project company, which is pending collection by Hang Fok. Accordingly, Hang Fok has recorded a recovery of loans receivable and related interest income of approximately HK$159.0 million and HK$84.2 million respectively, and the share attributable to the Group has been reflected in the results of the Group for the year under review. The Group will continue to exercise strenuous efforts with a view to salvaging the value of the Group's interest in this development project.

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties in Hong Kong are owned by Regal REIT and, with the exception of iclub Wan Chai Hotel, iclub Sheung Wan Hotel and iclub Fortress Hill Hotel, 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. Moreover, the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel were stated in the Group's financial statements at their fair values at the time of acquisition net of the unrealised gain attributable to the Group and are also subject to depreciation. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio is restated in the consolidated financial statements at its market value as at 31st December, 2014, the unaudited adjusted net asset value of the ordinary shares of the Company would increase to HK$20.17 per share, as follows:

	As at 31st December, 2014	
	HK$'M	**HK$ per ordinary share**
Book net assets attributable to equity holders of the parent	**11,945.2**	**12.93**
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	**6,693.0**	**7.24**
Unaudited adjusted net assets attributable to equity holders of the parent	**18,638.2**	**20.17**

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. As regards the Group's overseas investments which are based in currencies other than US dollar and Hong Kong dollar, the Group will consider hedging part or all of the investment amounts into US dollars or Hong Kong dollars to contain the Group's exposure to currency fluctuation.

Cash Flow

During the year under review, there were net cash flows generated from operating activities of HK$767.7 million (2013 – net cash flows used in operating activities of HK$1,647.0 million). Net interest payment for the year amounted to HK$116.2 million (2013 – HK$204.1 million).

Borrowings and Gearing

As at 31st December, 2014, the Group's borrowings net of cash and bank balances and deposits amounted to HK$9,289.3 million (2013 – HK$7,942.4 million).

As at 31st December, 2014, the gearing ratio of the Group was 35.9% (2013 – 32.6%), representing the Group's borrowings net of cash and bank balances and deposits of HK$9,289.3 million (2013 – HK$7,942.4 million) as compared to the total assets of the Group of HK$25,849.9 million (2013 – HK$24,333.8 million).

On the basis of the adjusted total assets as at 31st December, 2014 of HK$34,209.2 million (2013 – HK$31,719.5 million) with the Group's hotel portfolio restated at its market value, the gearing ratio would be 27.2% (2013 – 25.0%).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2014 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the year ended 31st December, 2014 (the "2014 Annual Report") to be published on or before 30th April, 2015.

Pledge of Assets

As at 31st December, 2014, certain 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$454.6 million (2013 – HK$428.5 million) were pledged to secure bank guarantees 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, available-for-sale investments, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances in the total amount of HK$11,780.0 million (2013 – HK$9,500.6 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, 2014 are shown in the Financial Statements.

Contingent Liabilities

As at 31st December, 2014, 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$2,363.0 million (2013 – HK$1,224.0 million), of which HK$1,100.2 million (2013 – HK$807.0 million) was utilised.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK12.0 cents per ordinary share for the year ended 31st December, 2014, representing an increase of 11.1% over the final dividend of HK10.8 cents per ordinary share paid for the last financial year. This proposed final dividend will absorb an amount of approximately HK$110.9 million (2013 – HK$100.8 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 11th June, 2015.

Together with the interim dividend of HK4.0 cents (2013 – HK3.6 cents) per ordinary share paid in October 2014, total dividends per ordinary share for the year ended 31st December, 2014 will amount to HK16.0 cents (2013 – HK14.4 cents), representing an increase of 11.1% over the total dividends paid in 2013.

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Wednesday, 3rd June, 2015. 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 2014 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 Monday, 1st June, 2015 to Wednesday, 3rd June, 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 Annual General Meeting. In order to be entitled to attend and vote at the 2015 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Registrar"), no later than 4:30 p.m. on Friday, 29th May, 2015; and

(ii) from Tuesday, 9th June, 2015 to Thursday, 11th June, 2015, 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 Monday, 8th June, 2015.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 23rd June, 2015.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2014 HK$'M	Year ended 31st December, 2013 HK$'M
REVENUE (Notes 2 & 3)	**2,298.6**	3,570.0
Cost of sales	**(1,200.0)**	(2,387.7)
Gross profit	**1,098.6**	1,182.3
Other income (Note 3)	**169.5**	122.3
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**42.3**	(48.8)
Fair value gains/(losses) on investment properties, net	**7.0**	(1.0)
Fair value gain upon reclassification of a property held for sale to an investment property	**58.0**	–
Gain on bargain purchase	**35.0**	–
Administrative expenses	**(250.0)**	(196.5)
OPERATING PROFIT BEFORE DEPRECIATION	**1,160.4**	1,058.3
Depreciation	**(453.5)**	(401.2)
OPERATING PROFIT (Notes 2 & 4)	**706.9**	657.1
Finance costs (Note 5)	**(332.6)**	(300.2)
Share of profits and losses of:		
Joint ventures	**(20.9)**	(5.4)
Associates	**96.7**	(5.7)
PROFIT BEFORE TAX	**450.1**	345.8
Income tax (Note 6)	**6.6**	(55.3)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**456.7**	290.5

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2014	**Year ended 31st December, 2013**
	HK$'M	**HK$'M**
Attributable to:		
Equity holders of the parent	**410.3**	256.9
Non-controlling interests	**46.4**	33.6
	456.7	290.5
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$0.44**	HK$0.27

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2014 HK$'M	Year ended 31st December, 2013 HK$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**456.7**	290.5
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	**13.6**	–
Cash flow hedges:		
Changes in fair value of cash flow hedges	**(4.0)**	(7.4)
Transfer from hedge reserve to the statement of profit or loss	**6.0**	6.1
	2.0	(1.3)
Exchange differences on translating foreign operations	**(11.4)**	36.9
Reclassification adjustment on disposal of a foreign operation	–	(32.8)
Share of other comprehensive income/(loss) of:		
Joint ventures	**(6.8)**	4.6
Associates	**(3.1)**	0.5
Other comprehensive income/(loss) for the year	**(5.7)**	7.9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**451.0**	298.4
Attributable to:		
Equity holders of the parent	**404.1**	265.1
Non-controlling interests	**46.9**	33.3
	451.0	298.4

Consolidated Statement of Financial Position

	31st December, 2014 HK$'M	31st December, 2013 HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**16,052.8**	13,704.2
Investment properties	**1,074.0**	947.0
Investments in joint ventures	**3,258.5**	2,664.5
Investments in associates	**131.1**	21.1
Available-for-sale investments	**106.8**	9.1
Financial asset at fair value through profit or loss	**1.9**	–
Other loan	–	5.9
Debtors and deposits (Note 9)	**1,390.0**	2,344.0
Deferred tax assets	**62.4**	–
Total non-current assets	**22,077.5**	19,695.8
CURRENT ASSETS		
Properties held for sale	**533.5**	790.6
Inventories	**35.7**	33.6
Debtors, deposits and prepayments (Note 9)	**266.8**	1,237.4
Held-to-maturity investments	**378.1**	188.4
Financial assets at fair value through profit or loss	**727.1**	580.9
Other loan	**13.2**	6.4
Derivative financial instruments	–	14.2
Restricted cash	**47.2**	51.9
Pledged time deposits and bank balances	**327.4**	431.5
Time deposits	**435.4**	857.3
Cash and bank balances	**1,008.0**	445.8
Total current assets	**3,772.4**	4,638.0

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2014 HK$'M	31st December, 2013 HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(426.6)**	(391.0)
Interest bearing bank borrowings	**(510.9)**	(333.5)
Derivative financial instruments	**(3.4)**	–
Tax payable	**(53.1)**	(43.0)
Total current liabilities	**(994.0)**	(767.5)
NET CURRENT ASSETS	**2,778.4**	3,870.5
TOTAL ASSETS LESS CURRENT LIABILITIES	**24,855.9**	23,566.3
NON-CURRENT LIABILITIES		
Creditors and deposits received	**(27.8)**	(13.9)
Interest bearing bank borrowings	**(6,362.1)**	(5,171.9)
Other borrowings	**(4,234.3)**	(4,223.5)
Derivative financial instruments	–	(4.1)
Deferred tax liabilities	**(1,034.7)**	(1,041.1)
Total non-current liabilities	**(11,658.9)**	(10,454.5)
Net assets	**13,197.0**	13,111.8
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**92.4**	94.4
Reserves	**11,741.9**	11,579.7
Proposed final dividend	**110.9**	100.8
	11,945.2	11,774.9
Non-controlling interests	**1,251.8**	1,336.9
Total equity	**13,197.0**	13,111.8

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 and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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 standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1st July, 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies (if any) incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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, sale of food products and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

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 deferred tax assets, restricted cash, pledged time deposits and bank balances, 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 in relation to interest rate swaps, 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, 2014 and 2013.

Group

	Hotel operation and management and hotel ownership		**Asset management**		**Property development and investment**		**Financial assets investments**		**Others**		**Eliminations**		**Consolidated**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	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	2,200.9	2,003.4	-	-	14.2	1,470.2	21.9	55.0	61.6	41.4	-	-	2,298.6	3,570.0
Intersegment sales	-	-	134.7	95.3	5.8	3.3	-	-	3.2	-	(143.7)	(98.6)	-	-
Total	2,200.9	2,003.4	134.7	95.3	20.0	1,473.5	21.9	55.0	64.8	41.4	(143.7)	(98.6)	2,298.6	3,570.0
Segment results before depreciation	1,034.1	942.7	(16.2)	(14.3)	126.5	168.4	70.3	7.5	20.1	3.2	-	-	1,234.8	1,107.5
Depreciation	(428.8)	(394.2)	(0.3)	-	(6.1)	(0.2)	-	-	(18.3)	(6.7)	-	-	(453.5)	(401.1)
Segment operating results	605.3	548.5	(16.5)	(14.3)	120.4	168.2	70.3	7.5	1.8	(3.5)	-	-	781.3	706.4
Unallocated interest income and unallocated non-operating and corporate gains													16.6	20.3
Unallocated non-operating and corporate expenses, net													(91.0)	(69.6)
Operating profit													706.9	657.1
Finance costs													(332.6)	(300.2)
Share of profits and losses of:														
Joint ventures	-	-	-	-	(20.9)	(5.4)	-	-	-	-	-	-	(20.9)	(5.4)
Associates	3.8	(1.0)	-	-	112.6	-	-	-	(19.7)	(4.7)	-	-	96.7	(5.7)
Profit before tax													450.1	345.8
Income tax													6.6	(55.3)
Profit for the year before allocation between equity holders of the parent and non-controlling interests													456.7	290.5
Attributable to:														
Equity holders of the parent													410.3	256.9
Non-controlling interests													46.4	33.6
													456.7	290.5

Group

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Others		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	16,116.4	15,878.3	46.7	42.7	2,999.0	2,955.0	1,244.9	826.2	218.4	200.8	(46.2)	(42.3)	20,579.2	19,860.7
Investments in joint ventures	-	-	-	-	3,258.5	2,664.5	-	-	-	-	-	-	3,258.5	2,664.5
Investments in associates	7.1	6.1	-	-	111.5	(0.7)	-	-	12.5	15.7	-	-	131.1	21.1
Cash and unallocated assets													1,881.1	1,787.5
Total assets													25,849.9	24,333.8
Segment liabilities	(411.4)	(359.4)	(3.4)	(1.7)	(6.0)	(5.7)	(8.1)	(10.7)	(34.4)	(22.6)	46.2	42.3	(417.1)	(357.8)
Bank borrowings and unallocated liabilities													(12,235.8)	(10,864.2)
Total liabilities													(12,652.9)	(11,222.0)
Other segment information:														
Interest income	(29.7)	(40.7)	-	-	(76.3)	(29.2)	(24.2)	(8.9)	-	-				
Impairment of trade debtors	0.1	-	-	-	-	-	-	-	-	-				
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	(42.3)	48.8	-	-				
Fair value losses/(gains) on investment properties, net	(18.0)	(18.0)	-	-	11.0	19.0	-	-	-	-				
Fair value gain upon reclassification of a property held for sale to an investment property	-	-	-	-	(58.0)	-	-	-	-	-				
Gain on bargain purchase	(35.0)	-	-	-	-	-	-	-	-	-				
Capital expenditure	2,607.2	157.2	1.8	0.1	0.9	0.7	-	-	0.8	102.7				

Geographical information

(a) Revenue from external customers

	2014	2013
	HK$'M	**HK$'M**
Hong Kong	**2,220.0**	2,050.5
Mainland China	**33.3**	1,506.3
Other	**45.3**	13.2
	2,298.6	3,570.0

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

	2014	2013
	HK$'M	**HK$'M**
Hong Kong	**18,462.2**	15,878.8
Mainland China	**1,779.7**	2,231.4
Other	**288.5**	174.6
	20,530.4	18,284.8

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

Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer. For the year ended 31st December, 2013, revenue of HK$1,460.7 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:

	2014	2013
	HK$'M	HK$'M
Revenue		
Hotel operations and management services	**2,148.9**	1,959.8
Other operations, including estate management, estate agency, travel agency and sale of food products	**29.0**	29.2
Rental income:		
Hotel properties	**46.2**	38.5
Investment properties	**16.1**	13.6
Aircraft	**33.8**	13.2
Others	**2.7**	–
Net gain from sale of financial assets at fair value through profit or loss	**9.3**	8.6
Net gain/(loss) on settlement of derivative financial instruments	**(12.8)**	32.8
Interest income from financial assets at fair value through profit or loss	**13.7**	5.3
Dividend income from listed investments	**11.7**	8.3
Sale of properties under development	**–**	1,460.7
	2,298.6	3,570.0
Other income		
Bank interest income	**15.7**	18.2
Other interest income	**116.7**	73.7
Forfeiture of deposits	**–**	27.1
Others	**37.1**	3.3
	169.5	122.3

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

	2014 HK$'M	2013 HK$'M
Profit from sale of financial assets at fair values through profit or loss	**9.3**	8.6
Profit/(Loss) on settlement of derivative financial instruments	**(12.8)**	32.8
Profit on disposal of properties under development	**–**	137.4

5. Finance costs of the Group are as follows:

	2014 HK$'M	2013 HK$'M
Interest on bank loans wholly repayable within five years	**115.0**	110.3
Interest on other borrowings wholly repayable within five years	**182.9**	156.8
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	**6.0**	6.1
Amortisation of debt establishment costs	**24.8**	60.8
Other loan costs	**3.9**	3.1
	332.6	337.1
Less: Finance costs capitalised	**–**	(36.9)
	332.6	300.2

6. The income tax charge/(credit) for the year arose as follows:

	2014 HK$'M	2013 HK$'M
Group:		
Current – Hong Kong		
Charge for the year	**86.8**	63.6
Overprovision in prior years	**(10.7)**	(0.3)
Current – Overseas		
Charge for the year	**0.6**	16.2
Underprovision in prior years	**–**	0.2
Deferred	**(83.3)**	(24.4)
Total tax charge/(credit) for the year	**(6.6)**	55.3

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2013 – 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$0.1 million and HK$4.2 million, respectively (2013 – 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.

7. Dividends:

	2014	**2013**
	HK$'M	**HK$'M**
Interim – HK4.0 cents (2013 – HK3.6 cents) per ordinary share	**37.0**	34.7
Proposed final – HK12.0 cents (2013 – HK10.8 cents) per ordinary share	**110.9**	100.8
	147.9	135.5

8. The calculation of the basic earnings per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK$410.3 million (2013 – HK$256.9 million) and on the weighted average of 929.5 million (2013 – 962.5 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, 2014 and 2013 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$1,498.2 million (2013 – HK$1,502.9 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period is as follows:

	2014	**2013**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**112.0**	110.1
Between 4 to 6 months	**4.1**	1,382.0
Between 7 to 12 months	**2.7**	3.9
Over 1 year	**1,381.7**	9.1
	1,500.5	1,505.1
Impairment	**(2.3)**	(2.2)
	1,498.2	1,502.9

Credit terms

Included in trade debtors of the Group is a sum of HK$1,372.7 million (2013 – 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 on or before 13th 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$93.0 million (2013 – HK$77.1 million) representing the trade creditors of the Group. The aged analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	2014	**2013**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**92.1**	76.4
Between 4 to 6 months	**0.2**	0.2
Between 7 to 12 months	**0.3**	–
Over 1 year	**0.4**	0.5
	93.0	77.1

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

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

During the year ended 31st December, 2014, the Company repurchased a total of 19,926,000 ordinary shares of the Company at aggregate purchase prices of HK$95,734,660 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$)
January 2014	10,656,000	4.890	4.740	51,258,540
June 2014	4,782,000	4.840	4.640	22,756,080
July 2014	4,488,000	4.900	4.810	21,720,040
Total	19,926,000			95,734,660
		Total expenses on shares repurchased		284,275
			Total	96,018,935

All the above 19,926,000 repurchased ordinary shares were cancelled during the year. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company.

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

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2014, 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, 2014, 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, 24th March, 2015