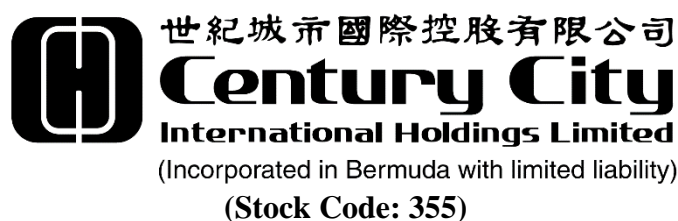


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ANNOUNCEMENT OF 2021 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M	% Change
Revenue	1,114.0	833.8	+33.6%
Gross profit	449.9	212.0	+112.2%
Operating profit/(loss) before depreciation and amortisation, finance costs and tax	256.6	(253.8)	N/A
Loss for the period attributable to equity holders of the parent	(85.5)	(365.5)	-76.6%
Basic loss per ordinary share attributable to equity holders of the parent	HK(3.43) cents	HK(12.16) cents	-71.8%
	As at 30th June, 2021 (Unaudited)	As at 31st Dec, 2020 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$2.66	HK\$2.68	-0.7%
Adjusted*	HK\$3.19	HK\$3.20	-0.3%

* compiled, for the purpose of reference, on an adjusted basis to restate the hotel property portfolio owned by the Regal group in Hong Kong at its market value at 31st December, 2020 and 30th June, 2021, respectively, with the relevant deferred tax liabilities added back

- For the six months ended 30th June, 2021, the Group recorded an unaudited consolidated loss attributable to shareholders of HK\$85.5 million, as compared to the loss of HK\$365.5 million for the comparative period in the prior year.
- The core hotel businesses of the Group, which are principally undertaken by Regal Hotels International Holdings Limited (a major listed subsidiary of the Group held through Paliburg Holdings Limited, the intermediate listed subsidiary of the Company), continued to be severely disrupted by the COVID-19 pandemic. Although Regal was able to maintain an overall net operating profit in its hotel operations, the amount contributed from this business segment was far below its normal pre-pandemic level.
- The substantial decrease in the loss incurred in this interim period, as compared to the same period in 2020, was primarily attributable to the increased profit contribution derived from those property sales at Mount Regalia in Kau To, Sha Tin developed by P&R Holdings Limited (a 50/50 joint venture between Paliburg and Regal and effectively a subsidiary of the Group) that were completed during the period, fair value gains on investment properties and financial assets as well as the decrease in impairment losses on other assets and the reduction in the finance costs incurred due to the low interbank interest rates prevailing during the period.
- During the period under review, gross profit from business operations, including those of all its subsidiary undertakings, amounted to HK\$449.9 million (2020 – HK\$212.0 million), while operating profit before depreciation and amortisation amounted to HK\$256.6 million (2020 – loss of HK\$253.8 million).
- Depreciation charges in the amount of HK\$295.5 million have been provided on the Group's hotel properties for this interim period which, although having no impact on the Group's cash flow, have nevertheless adversely impacted the Group's results. If these non-cash depreciation charges were not taken into account, the Group would have instead recorded a profit attributable to shareholders.
- The Century City Group comprises a total of five listed entities in Hong Kong. As the ultimate holding company of the Group, the Company holds a controlling shareholding interest in Paliburg and the core hotel and property businesses of the Group are conducted through different subsidiaries of Paliburg, including Regal, Regal Real Estate Investment Trust and Cosmopolitan International Holdings Limited.

- **The Group owned, through its wholly owned subsidiaries, a Boeing B737-800F freighter aircraft on finance lease to a logistics operator. This freighter aircraft has been sold to the operator lessee upon expiry of the finance lease in June 2021. The Regal group owns, at present, a fleet of three passenger aircraft which are all on operating leases. Although the aircraft leasing business has on the whole generated satisfactory investment returns, the Group will be cautious in considering any new investment opportunities under the present unfavourable market environment.**
- **In view of the substantial discount in the market price of the Company's shares, as compared to its underlying net asset value, the Company started in early July this year to buy back on market shares of the Company, which is considered to be beneficial to the shareholders of the Company as a whole. Up to date, a total of approximately 52.3 million shares of the Company have been repurchased and subsequently cancelled.**
- **Century Innovative Technology group (CIT), a 48% owned associate of the Group, is an edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services.**
- **Apart from collaborating with world renowned educator to produce innovative language learning packs for young learners, CIT is also collaborating with a top-notch university to provide online and offline executive education to meet the growing demand for lifelong learning.**
- **Additionally, to boost connectivity within the Greater Bay Area, CIT is partnering with a leading educational institution in Hong Kong to develop a network of bilingual schools offering a unique and personalised approach to learning.**
- **Management is confident that the expanding portfolio of high-quality educational content, products and services in collaboration with its world-class partners will accelerate CIT's strategic development into one of the region's foremost educational providers.**
- **Detailed information on the business operations of Paliburg, Regal, Regal REIT and Cosmopolitan, the four listed subsidiary members of the Group, are contained in their separate results announcements released today.**
- **With the solid foundation built over the past years, the Directors are confident that the Group will be able to overcome the present challenges and to revert to a normal growing path.**

- **As the ultimate holding entity of a diversified business conglomerate, the Company will continue to keep under review various corporate planning proposals which could facilitate the further development of the Century City Group.**

FINANCIAL RESULTS

For the six months ended 30th June, 2021, the Group recorded an unaudited consolidated loss attributable to shareholders of HK\$85.5 million, as compared to the loss of HK\$365.5 million for the comparative period in the prior year.

As mentioned in the announcement on the Group's financial information update published by the Company on 17th August, 2021, the core hotel businesses of the Group, which are principally undertaken by Regal Hotels International Holdings Limited (a major listed subsidiary of the Group held through Paliburg Holdings Limited, the intermediate listed subsidiary of the Company), continued to be severely disrupted by the COVID-19 pandemic. Although Regal was able to maintain an overall net operating profit in its hotel operations, the amount contributed from this business segment was far below its normal pre-pandemic level. The substantial decrease in the loss incurred in this interim period, as compared to the same period in 2020, was primarily attributable to the increased profit contribution derived from those property sales at Mount Regalia in Kau To, Sha Tin developed by P&R Holdings Limited (a 50/50 joint venture between Paliburg and Regal and effectively a subsidiary of the Group) that were completed during the period, fair value gains on investment properties and financial assets as well as the decrease in impairment losses on other assets and the reduction in the finance costs incurred due to the low interbank interest rates prevailing during the period.

For the period under review, gross profit from business operations, including those of all its subsidiary undertakings, amounted to HK\$449.9 million (2020 – HK\$212.0 million), while operating profit before depreciation and amortisation amounted to HK\$256.6 million (2020 – loss of HK\$253.8 million). As the Group's hotel properties in Hong Kong are all owned and operated within the Group, they are classified in the Group's consolidated financial statements as property, plant and equipment and right-of-use assets and subject to depreciation charges to conform to applicable accounting standards. Accordingly, depreciation charges in

the amount of HK\$295.5 million have been provided on these hotel properties for this interim period (2020 – HK\$284.0 million) which, although having no impact on the Group’s cash flow, have nevertheless adversely impacted the Group’s results. If these non-cash depreciation charges were not taken into account, the Group would have instead recorded a profit attributable to shareholders for the period under review.

Supplementary information showing the adjusted net asset value of the Company of HK\$3.19 per share as at 30th June, 2021, after adjusting for the independent market valuations of the hotel properties in Hong Kong on the basis therein presented, is contained in the paragraph headed “Assets Value” in the section headed “Management Discussion and Analysis” in this announcement.

BUSINESS OVERVIEW

The Century City Group comprises a total of five listed entities in Hong Kong, with the Company acting as the ultimate holding company of the Group. As at 30th June, 2021, the Company held approximately 62.3% shareholding in Paliburg and the core hotel and property businesses of the Group are conducted through various subsidiaries of Paliburg.

As at 30th June, 2021, Paliburg held through its wholly owned subsidiaries a controlling shareholding interest of approximately 69.3% in Regal, which primarily undertakes the Group’s hotel businesses. Apart from its hotel operating and management businesses, Regal owns a significant portfolio of diversified business interests and holds approximately 74.9% of the outstanding units of Regal Real Estate Investment Trust, a listed subsidiary of Regal, which presently owns five Regal Hotels and four iclub Hotels operating in Hong Kong.

The Group’s property development and investment businesses in Hong Kong are principally conducted through P&R Holdings which, as mentioned above, is a joint venture 50% held by each of Paliburg and Regal and, effectively, a subsidiary of the Group. At appropriate times, Regal has also undertaken on its own some property projects.

Apart from its property business, P&R Holdings also holds an effective controlling shareholding interest in Cosmopolitan International Holdings Limited, comprising interests in its ordinary shares, convertible preference shares as well as convertible bonds. P&R Holdings presently holds 48.4% of the issued ordinary shares of Cosmopolitan, but if all of its holdings in the remaining convertible bonds and convertible preference shares of Cosmopolitan are converted, P&R Holdings' shareholding interest in Cosmopolitan will amount to approximately 65.1% of its enlarged capital, based on its existing capital structure. Cosmopolitan is effectively a listed member of the Group and is primarily engaged in property business in China and other investments.

In view of the substantial discount in the market price of the Company's shares, as compared to its underlying net asset value, the Company started in early July this year to buy back on market shares of the Company, which is considered to be beneficial to the shareholders of the Company as a whole. Up to date, a total of approximately 52.3 million shares of the Company have been repurchased and subsequently cancelled.

The Group owned, through its wholly owned subsidiaries, a Boeing B737-800F freighter aircraft on finance lease to a logistics operator. This freighter aircraft has been sold to the operator lessee upon expiry of the finance lease in June 2021. The Regal group owns, at present, a fleet of three passenger aircraft which are all on operating leases. Although the aircraft leasing business has on the whole generated satisfactory investment returns, the Group will be cautious in considering any new investment opportunities under the present unfavourable market environment.

The Group effectively owns an aggregate of 48% interest (comprising 36% held by the Regal group and 12% held through wholly owned subsidiaries of the Company) in Century Innovative Technology group (CIT), an edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services.

Apart from collaborating with world renowned educator to produce innovative language learning packs for young learners, CIT is also collaborating with a top-notch university to provide online and offline executive education to meet the growing demand for lifelong learning. Additionally, to boost connectivity within the Greater Bay Area, CIT is partnering

with a leading educational institution in Hong Kong to develop a network of bilingual schools offering a unique and personalised approach to learning.

Management is confident that the expanding portfolio of high-quality educational content, products and services in collaboration with its world-class partners will accelerate CIT's strategic development into one of the region's foremost educational providers.

Overall for the Group, the operational performance and business review of its listed members for the year under review are respectively highlighted below.

PALIBURG HOLDINGS LIMITED

For the six months ended 30th June, 2021, Paliburg recorded an unaudited consolidated loss attributable to shareholders of HK\$136.4 million, as compared to the loss of HK\$558.8 million for the comparative period in the prior year.

Further information on the principal business operations and outlook of Paliburg, including its Management Discussion and Analysis, is contained in Paliburg's announcement separately released today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2021, Regal recorded an unaudited consolidated loss attributable to shareholders of HK\$276.4 million, as compared to the loss of HK\$853.3 million for the comparative period in the prior year.

Further information on the principal business operations and outlook of Regal, including its Management Discussion and Analysis, is contained in Regal's announcement separately released today.

REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 2021, Regal REIT recorded an unaudited consolidated loss before distribution to Unitholders of HK\$74.5 million, as compared to the loss of HK\$2,096.2 million for the corresponding period in 2020.

Further information on the principal business operations and outlook of Regal REIT, including its Management Discussion and Analysis, is contained in Regal REIT's announcement separately released today.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2021, Cosmopolitan achieved an unaudited consolidated profit attributable to shareholders of HK\$1.2 million, as compared to the loss of HK\$79.0 million recorded for the same period last year.

Further information on the principal business operations and outlook of Cosmopolitan, including its Management Discussion and Analysis, is contained in Cosmopolitan's announcement separately released today.

OUTLOOK

With the solid foundation built over the past years, the Directors are confident that the Group will be able to overcome the present challenges and to revert to a normal growing path. As the ultimate holding entity of a diversified business conglomerate, the Company will continue to keep under review various corporate planning proposals which could facilitate the further development of the Century City Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing and other investments including financial assets investments.

The principal businesses of Paliburg, the Group's listed intermediate subsidiary, comprise its investment in Regal, its property development and investment businesses (including those undertaken in Hong Kong through P&R Holdings, the joint venture with Regal, and those in the PRC through Cosmopolitan, which is a listed subsidiary of P&R Holdings), construction and building related businesses, and other investment businesses. The business review of Paliburg during the period, the commentary on the property sectors in which the Paliburg group operates and the changes in the general market conditions and the potential impact on their operating performances and future prospects are contained in the separate interim results announcements for 2021 released by Paliburg and Cosmopolitan.

The significant investments and business interests of Regal 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, aircraft ownership and leasing and other investment businesses. The performance of Regal's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the hotel and property sectors in which the Regal group operates and the changes in general market conditions and the potential impact on their operating performances and future prospects are contained in the separate interim results announcements for 2021 released by Regal and Regal REIT.

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 subsection.

CENTURY INNOVATIVE TECHNOLOGY GROUP (CIT)

The Group effectively owns an aggregate of 48% interest (comprising 36% interest held through the Regal group and 12% interest directly held by wholly owned subsidiaries of the Company) in 8D Matrix Limited, an associate of the Group, which wholly owns CIT. The remaining 52% interest in 8D Matrix is held by private companies owned by Mr. Lo Yuk Sui, the Chairman and controlling shareholder of the Company. CIT is a dynamic edutainment company principally engaged in the production of high-quality education and entertainment multimedia content as well as related products and services.

To promote moral values and Chinese culture to young learners, CIT collaborated with KFC to distribute over 1.6 million books across 4,000 KFC outlets in China in 2019 and plans to continue this collaboration in 2021. CIT also plans to launch a complete series of twenty bilingual books as two box sets. The first box set was published in the first quarter of 2021 and the second box set is planned for the third quarter of 2021. Additionally, CIT has collaborated with world renowned educator to produce an innovative language learning pack consisting of physical workbooks complemented with animated videos, songs and interactive games aligned with the Cambridge English curriculum.

To meet the growing demand for lifelong learning, CIT is collaborating with a top notch university to provide online and offline executive education in finance and technology as well as innovation and entrepreneurship. CIT plans to launch a pilot program in the first quarter of 2022 and launch other executive programs under its WiserU platform. With an aim to nurture the next generation of global citizens and to boost connectivity within the Greater Bay Area, CIT is partnering with a leading educational institution in Hong Kong to develop a network of bilingual schools offering a unique and personalised approach to learning.

Management is confident that the expanding portfolio of high-quality educational content, products and services in collaboration with its world-class partners will accelerate CIT's strategic development into one of the region's foremost educational providers.

PALIBURG HOLDINGS LIMITED

P&R HOLDINGS LIMITED

P&R Holdings is a 50/50 owned joint venture established by Paliburg and Regal, with capital contributions provided by Paliburg and Regal on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. P&R Holdings is effectively a subsidiary of Paliburg and the Company, and its business scope encompasses the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing 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 in Hong Kong (which, unless otherwise denoted, are all wholly owned by the P&R Holdings group) is set out below:

Domus and Casa Regalia, Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project, which was completed in 2016, has a site area of approximately 11,192 square metres (120,470 square feet) and provides 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).

With the exception of 1 unit, all the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. At present, 9 houses in Casa Regalia are still being retained, which are planned to be disposed of on a gradual basis but some of them may in the meantime be retained for rental income.

We Go MALL, No.16 Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development 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 has been developed into a shopping mall with 5 storeys above ground level and 1 storey of basement floor. This shopping mall was opened for business in 2018 and is held for rental income. Although the rental rates on new leaseings and lease renewals during the period have been

affected by the adverse impact brought about by the pandemic, the overall leasing status of this shopping mall remained stable.

The Ascent, No.83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project undertaken pursuant to a tender award by the Urban Renewal Authority of Hong Kong in 2014. The land has a site area of 824.9 square metres (8,879 square feet) and has been developed into a 28-storey commercial/residential building (including 1 basement floor) with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement car parks. The project was completed in 2018 and the residential units have all been sold. An agreement for the sale of 1 shop unit and 1 carpark was recently entered into subsequent to the interim period. The remaining shops and car parks will continue to be marketed for sale.

Mount Regalia, 23 Lai Ping Road, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) which has been developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136 units, 24 detached garden houses and 197 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The occupation permit was issued in September 2018 and the certificate of compliance in February 2019.

This development has received eight international awards including winner of Luxury Lifestyle Awards as Best Luxury Residential Development and Best Luxury Sustainable Residential Development in Hong Kong in 2021 as well as for the superb interior designs of certain of its show houses and apartment units.

The sale programme commenced in early 2019 and, up to date, 15 garden houses and 43 apartment units together with 75 car parks have been sold or contracted to be sold for aggregate gross consideration of about HK\$3,354 million, at relatively attractive prices as compared to the development costs. Only a small proportion of the contracted property sales at Mount Regalia was completed during the first six months of 2021 and the profits accounted for in the results under review. As at 30th June, 2021, the contracted sales for 10 houses and 24 apartment units with an aggregate gross consideration of about HK\$1,960 million are still pending completion, with completion dates scheduled within the next one to two years. These remaining contracted sales as well as any future sales will further generate substantial cash flow and

profits as and when the sale transactions are completed. In the meantime, a small number of units are reserved for rental purposes.

iclub Mong Kok Hotel, 2 Anchor Street, Tai Kok Tsui, Kowloon

This is a hotel development project undertaken through a tender award by the Urban Renewal Authority of Hong Kong in 2015. The project has a site area of 725.5 square metres (7,809 square feet), with total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and covered floor area of approximately 9,355 square metres (100,697 square feet).

The project has been developed into a 20-storey hotel, comprising 288 guestrooms with ancillary facilities. The hotel was opened for business in March 2019 and the legal title to the property was formally conveyed to a wholly owned subsidiary of P&R Holdings in May 2019 under the terms of the development agreement. The hotel is presently self-operated by P&R Holdings, with the Regal group providing the hotel management services.

iclub AMTD Sheung Wan Hotel, No.5 Bonham Strand West, Sheung Wan, Hong Kong

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and has been developed into a hotel with 98 guestrooms and suites (total 162 room bays), 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).

P&R Holdings sold 50% beneficial interest in this property to AMTD Group in December 2019 and the property is now 50% owned by each of P&R Holdings and AMTD Properties (HK) Limited. This hotel was officially opened for business in November 2020 and is self-operated by the joint venture entity and managed by the management subsidiary of Regal.

Nos.9-19 Kam Wa Street, Shau Kei Wan, Hong Kong

The subject properties, which were acquired through private treaty transactions, have a total site area of 518 square metres (5,580 square feet). The demolition works for this project have been completed and the scheme for a commercial/residential development is being finalised.

Nos.291-293 and 301-303 Castle Peak Road, Cheung Sha Wan, Kowloon

The properties presently comprise interests in over 80% undivided shares of Nos.291-293 Castle Peak Road and 100% ownership interests of Nos.301-303 Castle Peak Road. The properties have a total site area of 488 square metres (5,260 square feet) and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

Certain of the existing properties are presently classified as a Grade 2 Historic Building. A conservation proposal in conjunction with the proposed development is being discussed with the relevant government authorities, which would involve conserving the historical heritage within the new development, with compensatory bonus plot ratio, subject to final approval by relevant government authorities.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

Regal is a listed subsidiary of Paliburg. Further information relating to the property projects undertaken and the principal properties owned by the Regal group, which are all wholly owned by Regal (except as otherwise denoted), is set out below:

Hong Kong

New hotel project at the Hong Kong International Airport, named as “Regala Skycity Hotel”

In February 2017, a wholly owned subsidiary of Regal was awarded by the Airport Authority in Hong Kong the development right for a new hotel project at the Hong Kong International Airport.

The hotel project has a site area of approximately 6,650 square metres (71,580 square feet) and permissible gross floor area of 33,700 square metres (362,750 square feet) and is situated at a site surrounded by Terminal 2 of the Hong Kong International Airport, the Asia World-Expo and SkyPier. The hotel project is the first phase of the mega SKYCITY Project by the Airport Authority, which also contains large scale retail and office spaces as well as dining and entertainment facilities.

The occupation permit for this new hotel was issued in March 2021. The hotel has 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites, complemented with extensive banquet, meeting and food and beverage facilities. This new hotel embraces a wide range of sustainable features in its building design, construction and operation and was awarded Gold Rating under Provisional Assessment of BEAM Plus Certification.

The hotel will be operated as a full service hotel targeting at commercial, airline related, leisure and meeting businesses, which is planned to be opened for business before the end of 2021.

The Queens, No.160 Queen's Road West, Hong Kong

The project has a combined site area of 682 square metres (7,342 square feet) and is being developed into a commercial/residential development with gross floor area of about 5,826 square metres (62,711 square feet). The project will have a total of 130 residential units with club house facilities on the second floor and commercial accommodations on the ground and first floors. The foundation works have been completed and the superstructure works are in progress. The project is expected to be completed in 2022. Presale of some of the residential units was launched in April 2021 and marketing and sale activities are continuing.

Nos.227-227C Hai Tan Street, Sham Shui Po, Kowloon

The properties presently comprise 100% ownership interests of Nos.227-227A of Hai Tan Street and interests in over 80% undivided shares of Nos.227B-227C of Hai Tan Street. The properties have a total site area of 431 square metres (4,644 square feet) and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

Regalia Bay, 88 Wong Ma Kok Road, Stanley, Hong Kong

Since the last balance sheet date, the Regal group has contracted to sell 3 garden houses in Regalia Bay at satisfactory prices. Presently, the Regal group still retains a total of 9 garden houses in Regalia Bay with total gross area of about 4,178 square metres (44,972 square feet), 3 of which are held as investment properties, 3 as held for sale and 3 as property, plant and equipment and right-of-use assets. The Regal group will continue to dispose of some of these remaining houses if the prices offered are considered satisfactory.

Overseas

Campus La Mola, Barcelona, Spain

This hotel property has a total of 186 rooms and was acquired by the Regal group in 2014. The hotel was formerly self-operated by the Regal group and was later leased to an independent third party under a lease agreement in September 2017. The lessee continues to be in default on rental payments under the lease and the Regal group has commenced legal proceedings against the lessee to enforce its rights under the lease agreement, including recovery of possession.

41 Kingsway, London WC2B 6TP, the United Kingdom

This is a freehold existing property located at a prime location in London, which the Regal group acquired in April 2019. This existing property has 9 storeys (including basement and ground floor) with gross floor area of approximately 2,150 square metres (23,140 square feet) and is presently vacant. The design and planning programme for the renovation of this property into a hotel with a restaurant is being refined and the renovation works are now anticipated to be commenced in the first quarter of 2022. The hotel will be self-operated by the Regal group on completion of the renovation works.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

The Regal group has recently acquired the remaining 10% equity interest from the other shareholder and now wholly owns this property project, which is a rehabilitation and renovation project for a historic building located in an area of vast historical heritage. The building has gross development area of about 1,836 square metres (19,768 square feet) comprising shops and apartments. The design for the renovation programme has been approved by the local government authorities and the renovation works are underway. There have been some delays due to the coronavirus pandemic and project completion is now expected to be in the fourth quarter of 2021. This property project is intended for sale.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

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

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed before the end of 2021. Nearly all of the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development. Total sales proceeds amount to approximately RMB2,031.3 million (HK\$2,443.0 million), of which approximately RMB1,986.1 million (HK\$2,388.7 million) have been received by the Cosmopolitan group as deposits under the presale contracts. The residential units are planned to be delivered to the respective unit purchasers in stages beginning from the fourth quarter of this year.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Up to date, a total of 1,853 square meters (19,900 square feet) of shops have been presold under contracts, at aggregate sale considerations of approximately RMB65.0 million (HK\$78.2 million). Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020. Up to date, a total of 277 car parking spaces have been presold under contracts, for aggregate sales proceeds of approximately RMB31.8 million (HK\$38.2 million).

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the first quarter of 2022 and the hotel is anticipated to open in phases from the first quarter of 2023.

The construction works of the remaining commercial components within the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. The substructure and superstructure works are targeted to be completed in the fourth quarter of 2021 and mid-2023, respectively. The market repositioning works of the six-storey shopping mall are in progress. The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), has commenced in May 2021. Up to date, a total of 88 units with a total of about 3,837 square meters (41,300 square feet) have been presold under contracts or subscribed by prospective purchasers for an aggregate sale consideration of RMB34.6 million (HK\$41.6 million). The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases with reference to the market environment.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and sale contracts have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) is planned to be launched in the second half of 2021. The presale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will

be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken 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 (1,228,700 square metres) would be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

The Cosmopolitan group continues to maintain the re-forested area and communicate with the relevant government authority to initiate appropriate measures to settle the disputes over certain portions of the land in the project site that have been illegally occupied. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in the relevant re-forestation contract remain valid and effective.

FINANCIAL ASSETS AND OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, private equities, bonds as well as treasury and yield enhancement products. Despite the disruption in the global economy caused by the pandemic, the capital markets worldwide have gradually recovered during the period under review. Benefiting from this relatively favourable environment, the Group has been able to secure improved results in the investment business segment in the first six months of 2021, as compared with the corresponding period last year.

FINANCIAL REVIEW

ASSETS VALUE

All the hotel properties of the Group in Hong Kong owned by Regal REIT, with the exception of the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub Ma Tau Wai Hotel, were stated in the financial statements at their fair values as at 7th May, 2012 when Regal, together with Regal REIT, became subsidiaries of the Group, plus subsequent capital additions and deducting accumulated depreciation. Moreover, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub Ma Tau Wai Hotel were stated in the Group's financial statements at cost after full elimination of the unrealised gain arising from the disposal of the hotels by P&R Holdings to Regal REIT, and are also subject to depreciation and impairment. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Regal group in Hong Kong is restated in the consolidated financial statements at market value as at 30th June, 2021, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$3.19 per share, computed as follows:

	As at 30th June, 2021	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	8,514.4	2.66
Adjustment to restate the Regal group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	1,709.9	0.53
Unaudited adjusted net assets attributable to equity holders of the parent	10,224.3	3.19

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.

Property development projects in Hong Kong are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date. Property development projects in the PRC are presently financed by internal resources and proceeds from the presale of the units. Project financing for the projects in the PRC may be arranged in local currency on appropriate terms to cover a part of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

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 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 Hong Kong dollar is pegged to the US dollar, the exchange risks are considered to be insignificant and no currency hedging has been deployed. As regards the Group's overseas investments and investments in the PRC which are based in currencies other than US dollar and Hong Kong dollar, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$267.6 million (2020 – HK\$838.5 million). Net interest payment for the period amounted to HK\$140.8 million (2020 – HK\$231.6 million).

Borrowings and Gearing

As at 30th June, 2021, the Group had cash and bank balances and deposits of HK\$4,409.5 million (31st December, 2020 – HK\$3,361.6 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$17,040.0 million (31st December, 2020 – HK\$16,949.4 million).

As at 30th June, 2021, the gearing ratio of the Group was 35.4% (31st December, 2020 – 35.9%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$17,040.0 million (31st December, 2020 – HK\$16,949.4 million), as compared to the total assets of the Group of HK\$48,173.3 million (31st December, 2020 – HK\$47,246.4 million).

On the basis of the adjusted total assets as at 30th June, 2021 of HK\$53,416.9 million (31st December, 2020 – HK\$52,420.1 million) with the hotel portfolio owned by the Regal group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 31.9% (31st December, 2020 – 32.3%).

As at 30th June, 2021, the Group had net current assets of HK\$936.6 million (31st December, 2020 – net current liabilities of HK\$325.6 million), with certain bank and other borrowings due to mature or to be repaid in the second half of the financial year ending 31st December, 2021. In February 2021, the Group completed a refinancing with a syndicate of bank lenders for a 3-year term facility in an aggregate facility amount of HK\$4,125.0 million secured on the Mount Regalia properties.

Subsequent to the reporting period, Regal fully repaid the outstanding balance of its medium term notes in the principal amount of HK\$2,690.5 million due in July 2021 through its internal resources. Moreover, Regal REIT completed a new 5-year financing facility comprised of a term loan of HK\$4,500.0 million and a revolving loan of up to HK\$500.0 million secured on its four Regal Hotels in early August 2021 and, most recently, Regal concluded a new 4-year Green Loan for the Regala Skycity Hotel in an aggregate facility amount of HK\$3,100.0 million.

Details of the maturity profile of the borrowings of the Group as of 30th June, 2021 are shown in the condensed consolidated financial statements contained in the interim report for the six

months ended 30th June, 2021 of the Company (“Interim Financial Statements”) to be published on or before 30th September, 2021.

Lease Liabilities

As at 30th June, 2021, the Group had lease liabilities of HK\$74.0 million (31st December, 2020 – HK\$66.7 million).

Pledge of Assets

As at 30th June, 2021, certain of the Group’s property, plant and equipment, investment properties, right-of-use assets, properties under development, properties held for sale, financial assets at fair value through profit or loss, derivative financial instruments, time deposits and bank balances in the total amount of HK\$32,736.0 million (31st December, 2020 – HK\$33,043.8 million) were pledged to secure general banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2021, certain ordinary shares in a listed subsidiary with a market value of HK\$360.2 million (31st December, 2020 – HK\$237.8 million) were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2021 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2021 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2021 (2020 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2021	Six months ended 30th June, 2020
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,114.0	833.8
Cost of sales	(664.1)	(621.8)
Gross profit	449.9	212.0
Other income and gains, net (Note 3)	30.5	51.2
Fair value gains/(losses) on investment properties, net	45.9	(105.9)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	26.8	(140.4)
Gains on disposal of subsidiaries	–	68.9
Impairment loss on items of property, plant and equipment	(30.4)	(17.1)
Impairment loss on right-of-use assets	–	(47.1)
Impairment loss on properties held for sale	(0.8)	(15.6)
Impairment loss on investment in an associate	–	(30.0)
Property selling and marketing expenses	(90.9)	(51.5)
Administrative expenses	(174.4)	(178.3)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION	256.6	(253.8)
Depreciation and amortisation	(336.0)	(329.9)
OPERATING LOSS (Note 4)	(79.4)	(583.7)
Finance costs (Note 5)	(179.1)	(248.4)
Share of profits and losses of associates	0.7	1.5
LOSS BEFORE TAX	(257.8)	(830.6)
Income tax (Note 6)	12.1	5.4
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(245.7)	(825.2)

Condensed Consolidated Statement of Profit or Loss (Cont'd)

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	(85.5)	(365.5)
Non-controlling interests	(160.2)	(459.7)
	<hr/>	<hr/>
	(245.7)	(825.2)
	<hr/>	<hr/>
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK(3.43) cents	HK(12.16) cents
	<hr/>	<hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(245.7)	(825.2)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	15.8	(62.6)
Reclassification adjustments of exchange equalisation reserve upon disposal of a foreign operation	–	71.1
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>15.8</u>	<u>8.5</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investment designated at fair value through other comprehensive income	(79.4)	248.0
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(63.6)</u>	<u>256.5</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(309.3)</u></u>	<u><u>(568.7)</u></u>
Attributable to:		
Equity holders of the parent	(118.0)	(238.1)
Non-controlling interests	(191.3)	(330.6)
	<u><u>(309.3)</u></u>	<u><u>(568.7)</u></u>

Condensed Consolidated Statement of Financial Position

	30th June, 2021 (Unaudited) HK\$'M	31st December, 2020 (Audited) HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	9,329.6	9,291.2
Investment properties	3,401.2	3,357.7
Right-of-use assets	13,857.0	13,989.3
Properties under development	868.8	867.4
Investments in associates	486.8	482.5
Equity investments designated at fair value through other comprehensive income	1,053.4	1,132.4
Financial assets at fair value through profit or loss	735.9	848.0
Loans receivable	246.3	258.1
Debtors, deposits and prepayments	299.4	258.3
Deferred tax assets	48.2	50.1
Other assets	0.1	0.1
Goodwill	261.0	261.0
Trademark	610.2	610.2
Other intangible asset	–	0.7
Total non-current assets	<u>31,197.9</u>	<u>31,407.0</u>
CURRENT ASSETS		
Properties under development	5,773.9	5,544.4
Properties held for sale	5,215.9	5,521.4
Inventories	53.9	42.1
Loans receivable	123.0	123.1
Finance lease receivables	–	6.8
Debtors, deposits and prepayments (Note 9)	831.9	758.3
Financial assets at fair value through profit or loss	561.2	474.0
Derivative financial instruments	1.5	–
Tax recoverable	4.6	7.7
Restricted cash	180.2	122.2
Pledged time deposits and bank balances	328.5	312.4
Time deposits	714.8	260.3
Cash and bank balances	3,186.0	2,666.7
Total current assets	<u>16,975.4</u>	<u>15,839.4</u>

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2021 (Unaudited) HK\$'M	31st December, 2020 (Audited) HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(712.7)	(859.0)
Contract liabilities	(3,122.0)	(2,723.4)
Lease liabilities	(37.5)	(30.3)
Deposits received	(134.9)	(145.8)
Interest bearing bank borrowings	(9,206.9)	(9,527.6)
Other borrowings	(2,687.3)	(2,752.7)
Derivative financial instruments	(26.0)	(17.8)
Tax payable	(111.5)	(108.4)
Total current liabilities	<u>(16,038.8)</u>	<u>(16,165.0)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>936.6</u>	<u>(325.6)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>32,134.5</u>	<u>31,081.4</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(85.6)	(79.9)
Lease liabilities	(36.5)	(36.4)
Interest bearing bank borrowings	(9,555.3)	(8,030.7)
Deferred tax liabilities	(1,808.7)	(1,843.3)
Total non-current liabilities	<u>(11,486.1)</u>	<u>(9,990.3)</u>
Net assets	<u>20,648.4</u>	<u>21,091.1</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	320.4	320.4
Reserves	8,194.0	8,261.8
	<u>8,514.4</u>	<u>8,582.2</u>
Perpetual securities	1,730.1	1,730.1
Non-controlling interests	10,403.9	10,778.8
Total equity	<u>20,648.4</u>	<u>21,091.1</u>

Notes:

1. Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2021.

The Group had a net loss attributable to owners of the parent of HK\$85.5 million (2020 – HK\$365.5 million) for the six months ended 30th June, 2021 and net current assets of HK\$936.6 million (31st December, 2020 – net current liabilities of HK\$325.6 million) and net assets of HK\$20,648.4 million (31st December, 2020 – HK\$21,091.1 million) as at 30th June, 2021. The Group also had non-pledged time deposits and cash and bank balances of HK\$3,900.8 million as at 30th June, 2021 (31st December, 2020 – HK\$2,927.0 million) and a positive net cash flows from operating activities of HK\$267.6 million for the six months ended 30th June, 2021 (2020 – HK\$838.5 million).

The condensed consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 30th June, 2021 after taking into consideration the following:

- (i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
- (ii) the available unutilised banking facilities of the Group; and
- (iii) the refinancing concluded by the Group subsequent to the reporting period for certain interest bearing bank borrowings that are secured by certain properties as disclosed in

the section headed “Management Discussion and Analysis” above in this results announcement.

The Group has adopted the following revised HKFRSs for the first time for the current period’s condensed consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, *Interest Rate Benchmark Reform – Phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the Euro Interbank Offered Rate as at 30th June, 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30th June, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The Group has not applied the practical expedient to any rent concessions granted by the lessors as a direct consequence of the COVID-19 pandemic. Accordingly, the adoption of the amendment has had no significant impact on the financial position and performance of the Group.

2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development

consultancy and project management services, property management and also security systems and products and other software development and distribution;

- (c) 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;
- (d) the asset management segment engages in the provision of asset management services to Regal REIT;
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (f) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental and interest income; and
- (g) the others segment mainly comprises the provision of financing services, sale of food products, operation and management of restaurants, operation of security storage lounge and retail shops, the provision of housekeeping and related services 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 loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

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 table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2021		Six months ended 30th June, 2020		Six months ended 30th June, 2021		Six months ended 30th June, 2020		Six months ended 30th June, 2021		Six months ended 30th June, 2020		Six months ended 30th June, 2021		Six months ended 30th June, 2020		Six months ended 30th June, 2021	
	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M	(Unaudited) HK\$'M
Segment revenue:																		
Sales to external customers	684.2	423.1	5.5	4.9	351.3	380.3	-	-	27.4	(15.3)	16.1	19.9	29.5	20.9	-	-	1,114.0	833.8
Intersegment sales	4.8	4.9	17.5	22.6	2.3	2.2	42.5	51.0	-	-	-	-	53.0	42.9	(120.1)	(123.6)	-	-
Total	<u>689.0</u>	<u>428.0</u>	<u>23.0</u>	<u>27.5</u>	<u>353.6</u>	<u>382.5</u>	<u>42.5</u>	<u>51.0</u>	<u>27.4</u>	<u>(15.3)</u>	<u>16.1</u>	<u>19.9</u>	<u>82.5</u>	<u>63.8</u>	<u>(120.1)</u>	<u>(123.6)</u>	<u>1,114.0</u>	<u>833.8</u>
Segment results before depreciation and amortisation	270.6	(20.4)	3.5	2.6	(7.0)	(123.1)	(6.4)	(5.8)	60.7	(143.7)	(19.6)	7.2	9.0	6.6	-	-	310.8	(276.6)
Depreciation and amortisation	(7.3)	(7.9)	(0.1)	(0.2)	(303.3)	(294.3)	-	(0.4)	-	-	(5.8)	(5.9)	(6.5)	(6.8)	-	-	(323.0)	(315.5)
Segment results	<u>263.3</u>	<u>(28.3)</u>	<u>3.4</u>	<u>2.4</u>	<u>(310.3)</u>	<u>(417.4)</u>	<u>(6.4)</u>	<u>(6.2)</u>	<u>60.7</u>	<u>(143.7)</u>	<u>(25.4)</u>	<u>1.3</u>	<u>2.5</u>	<u>(0.2)</u>	<u>-</u>	<u>-</u>	<u>(12.2)</u>	<u>(592.1)</u>
Unallocated interest income and unallocated non-operating and corporate gains																	17.1	91.6
Unallocated non-operating and corporate expenses																	(85.2)	(84.3)
Finance costs (other than interest on lease liabilities)																	(178.2)	(247.3)
Share of profits and losses of associates	6.7	7.7	-	-	(5.2)	(6.3)	-	-	-	-	-	-	(0.8)	0.1	-	-	0.7	1.5
Loss before tax																	(257.8)	(830.6)
Income tax																	12.1	5.4
Loss for the period before allocation between equity holders of the parent and non-controlling interests																	<u>(245.7)</u>	<u>(825.2)</u>
Attributable to:																		
Equity holders of the parent																	(85.5)	(365.5)
Non-controlling interests																	<u>(160.2)</u>	<u>(459.7)</u>
																	<u>(245.7)</u>	<u>(825.2)</u>

3. Revenue, other income and gains are analysed as follows:

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	661.8	400.9
Hotel operations and management services	322.0	344.3
Construction and construction-related income	1.7	1.4
Estate management fees	3.8	3.5
Other operations	29.1	20.5
	1,018.4	770.6
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	27.8	28.2
Investment properties	22.9	29.0
Aircraft	15.7	18.2
Others	1.0	1.0
Net gain/(loss) from sale of financial assets at fair value through profit or loss	17.1	(48.6)
Gain on settlement of derivative financial instruments	–	0.2
Interest income from financial assets at fair value through profit or loss	4.6	25.5
Interest income from finance leases	0.4	1.7
Dividend income from listed investments	5.7	7.6
Other operations	0.4	0.4
	1,114.0	833.8

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	7.4	22.5
Other interest income	11.2	11.2
Dividend income from unlisted investments	19.4	16.0
Loss on disposal of investment properties	–	(0.7)
Gain/(Loss) on disposal of unlisted investments included in financial assets at fair value through profit or loss	(12.9)	0.3
Others	5.4	1.9
	<u>30.5</u>	<u>51.2</u>

4. An analysis of profit on sale of properties and depreciation and amortisation of the Group is as follows:

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
Profit on disposal of properties	<u>353.2</u>	<u>161.7</u>
Depreciation of property, plant and equipment	176.0	166.3
Depreciation of right-of-use assets	159.3	162.9
Amortisation of intangible asset	0.7	0.7
	<u>336.0</u>	<u>329.9</u>

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
Interest on bank loans	114.2	239.3
Interest on other borrowings	53.7	53.5
Interest expenses arising from revenue contracts	58.3	35.2
Interest on lease liabilities	0.9	1.1
Amortisation of debt establishment costs	37.6	21.9
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>264.7</u>	<u>351.0</u>
Other loan costs	5.5	5.1
	<u>270.2</u>	<u>356.1</u>
Less: Finance costs capitalised	(91.1)	(107.7)
	<u><u>179.1</u></u>	<u><u>248.4</u></u>

6. The income tax credit for the period arose as follows:

	Six months ended 30th June, 2021 (Unaudited) HK\$'M	Six months ended 30th June, 2020 (Unaudited) HK\$'M
Current – Hong Kong		
Charge for the period	18.8	26.2
Underprovision/(Overprovision) in prior years	(0.1)	1.2
Current – Overseas		
Charge for the period	1.1	5.3
PRC land appreciation tax	0.2	0.6
Deferred	(32.1)	(38.7)
Total tax credit for the period	(12.1)	(5.4)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2020 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

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

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The share of tax attributable to associates amounted to HK\$1.1 million (2020 – HK\$1.5 million) is included in “Share of profits and losses of associates” in the condensed consolidated statement of profit or loss.

7. Dividend:

No dividend was paid or proposed during the six months ended 30th June, 2021, nor has any dividend been proposed since the end of the reporting period (2020 – Nil).

8. The calculation of the basic loss per ordinary share for the period ended 30th June, 2021 is based on the loss for the period attributable to equity holders of the parent of HK\$85.5 million (2020 – HK\$365.5 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$24.4 million (2020 – HK\$24.1 million), and on the weighted average of 3,203.8 million (2020 – 3,203.8 million) ordinary shares of the Company in issue during the period.

No adjustment was made to the basic loss per ordinary share for the periods ended 30th June, 2021 and 2020 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

9. Included in debtors, deposits and prepayments is an amount of HK\$41.8 million (31st December, 2020 – HK\$38.4 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2021	31st December, 2020
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	31.0	29.0
4 to 6 months	5.5	4.5
7 to 12 months	9.1	7.0
Over 1 year	21.6	19.0
	67.2	59.5
Impairment	(25.4)	(21.1)
	41.8	38.4

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group holds collateral or other credit enhancements over certain of these balances.

Also included in debtors, deposits and prepayments is an amount of HK\$44.3 million (31st December, 2020 – HK\$32.2 million) in relation to the prepaid commission for sales of properties which is classified as contract costs in accordance with HKFRS 15.

10. Included in creditors and accruals is an amount of HK\$38.7 million (31st December, 2020 – HK\$33.2 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2021	31st December, 2020
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	37.1	33.2
4 to 6 months	1.6	–
	<u>38.7</u>	<u>33.2</u>

The trade creditors are non-interest bearing and are normally settled within 90 days.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2021.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2021 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2021 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2021, 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 of Hong Kong Limited during the six months ended 30th June, 2021, 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 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 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)

Mr. Jimmy LO Chun To

(Vice Chairman)

Miss LO Po Man

(Vice Chairman)

Mr. Kenneth NG Kwai Kai

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

Independent Non-Executive Directors:

Mr. Anthony CHUANG

Ms. Winnie NG, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 24th August, 2021