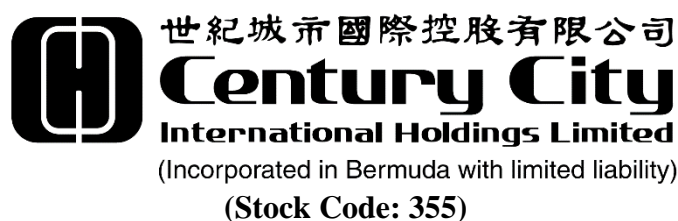


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ANNOUNCEMENT OF 2021 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2021	Year 2020	% Change
	HK\$'M	HK\$'M	
Revenue	4,019.0	1,455.8	+176.1%
Gross profit	1,494.8	403.3	+270.6%
Operating profit/(loss) before depreciation and amortisation, finance costs and tax	583.8	(191.8)	N/A
Loss for the year attributable to equity holders of the parent	(296.8)	(539.7)	-45.0%
Basic loss per ordinary share attributable to equity holders of the parent	HK(10.93) cents	HK(18.35) cents	-40.4%
	As at 31st December,		
	2021	2020	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$2.58	HK\$2.68	-3.7%
*Adjusted	HK\$3.47	HK\$3.25	+6.8%

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

- For the year ended 31st December, 2021, the Group recorded a consolidated loss attributable to shareholders of HK\$296.8 million, while for the preceding year a loss of HK\$539.7 million was incurred.
- The Group attained during the year substantial profits from the sale of the property units in Mount Regalia in Kau To developed by P&R Holdings Limited (which is a 50/50 joint venture between Paliburg Holdings Limited and Regal Hotels International Holdings Limited, both listed subsidiaries of the Company and, effectively, a subsidiary undertaking of the Group) and in the Regal Cosmopolitan City in Chengdu, China developed by Cosmopolitan International Holdings Limited (a listed subsidiary of the Company held through P&R Holdings). Total profits from sale of properties for the year amounted to HK\$1,242.5 million.
- For the year under review, the gross profit of the Group amounted to HK\$1,494.8 million (2020 – HK\$403.3 million). After accounting for mainly the administrative, property selling and marketing expenses as well as a one-off impairment loss on goodwill relating to the Group’s investment in Cosmopolitan in an amount of HK\$261.0 million, the Group’s operating profit before depreciation and amortisation, finance costs and tax for the year amounted to HK\$583.8 million (2020 – loss of HK\$191.8 million).
- Apart from properties, hotels comprise another core assets of the Group. Depreciation charges for the year on the Group’s hotel properties in Hong Kong amounted to HK\$599.0 million (2020 – HK\$574.3 million) which, although essentially a non-cash item, have nevertheless adversely impacted the Group’s results.
- After further accounting for the finance costs and the substantial income tax (most of which was related to the property projects in China), the Group recorded a loss of HK\$296.8 million attributable to shareholders for the 2021 financial year, but substantially improving from the loss of HK\$539.7 million incurred in the preceding year.
- As a matter of fact, if the depreciation charges on the Group’s hotel properties in Hong Kong are to be excluded, the Group would have reported a profit attributable to shareholders for the year under review.

- **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 undertook during the year some buy back of its issued shares on market, which are considered to be beneficial to the shareholders of the Company as they can serve to enhance the net asset value of the Company's issued shares. In 2021, a total of 110 million shares of the Company have been repurchased and duly cancelled.**
- **The Century City Group comprises a total of five listed entities in Hong Kong. As the ultimate holding company of the Group, the Company held a controlling shareholding interest in Paliburg, its intermediate listed subsidiary, and the core hotel and property businesses of the Group are conducted through various subsidiaries of Paliburg, including Regal, Regal Real Estate Investment Trust and Cosmopolitan.**
- **Following the disposal of the freighter aircraft held by a wholly owned subsidiary upon expiry of its finance lease in June 2021, the aircraft ownership and leasing business of the Group is at this time only undertaken by Regal. Although the aircraft leasing business has on the whole generated satisfactory investment returns, the Group will continue to be cautious when considering any new investment opportunities under the present market environment, whether to be undertaken through Regal or on its own.**
- **Century Innovative Technology group (CIT), a 48% owned associate of the Group, is a dynamic edutainment company principally engaged in the production of high-quality multimedia content as well as related products and services.**
- **CIT has over the past years launched series of books on popular online platforms and distributed edutainment videos and songs on media channels to promote community mindedness. Moreover, 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.**
- **By adapting to the constantly changing landscape, management is confident that the portfolio of high-quality content, products and services in collaboration with its world-class partners will further CIT's strategic vision to support the development and the community of the Greater Bay Area.**

- **Recently, a wholly owned subsidiary of the Group entered into an agreement to acquire the entire equity interest in a local securities brokerage company that started up for business in 2020, completion of which is subject to satisfactory due diligence by the purchaser and regulatory approval. The Group anticipates that the securities brokerage business will be able to leverage on the extensive business network and customer base of the Group as a whole, which should create mutual benefits. The Group also considers that the diversification into the securities brokerage business will help to broaden the business and revenue base of the Century City Group.**
- **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.**
- **The Group as a whole has built up a solid foundation over the past years and is confident that it will overcome the challenges brought about by the pandemic. The Group is also optimistic that, with the backing of its strong assets portfolio, it will soon resume its previous growth trend in the coming years.**

FINANCIAL RESULTS

For the year ended 31st December, 2021, the Group recorded a consolidated loss attributable to shareholders of HK\$296.8 million, while for the preceding year a loss of HK\$539.7 million was incurred.

As indicated in the announcement on the Group's financial information update published by the Company on 23rd March, 2022, the Group attained during the year substantial profits from the sale of the property units in Mount Regalia in Kau To developed by P&R Holdings Limited (which is a 50/50 joint venture between Paliburg Holdings Limited and Regal Hotels International Holdings Limited, both listed subsidiaries of the Company and, effectively, a subsidiary undertaking of the Group) and in the Regal Cosmopolitan City in Chengdu, China developed by Cosmopolitan International Holdings Limited (a listed subsidiary of the Company held through P&R Holdings). Total profits from sale of properties for the year amounted to HK\$1,242.5 million.

For the year under review, the Group attained a gross profit of HK\$1,494.8 million (2020 – HK\$403.3 million). After accounting for mainly the administrative, property selling and marketing expenses as well as a one-off impairment loss on goodwill relating to the Group's investment in Cosmopolitan in an amount of HK\$261.0 million, the operating profit before depreciation and amortisation, finance costs and tax amounted to HK\$583.8 million (2020 – loss of HK\$191.8 million).

Apart from properties, hotels comprise another core assets of the Group. As at 31st December, 2021, the Group held through its different subsidiary undertakings a portfolio of 12 hotels operating in Hong Kong. Except for the iclub AMTD Sheung Wan Hotel that is owned by a joint venture 50% held by P&R Holdings, all the other 11 hotels are wholly owned and operated within the Group and subject to depreciation charges to conform to applicable accounting standards. Accordingly, depreciation charges in the amount of HK\$599.0 million have been provided on the Group's hotel properties in Hong Kong in 2021 (2020 – HK\$574.3 million) which, although essentially a non-cash item, have nevertheless adversely impacted the Group's results. After further accounting for the finance costs and the substantial income tax (most of which was related to the property projects in China), the Group recorded a loss of HK\$296.8 million attributable to shareholders for the 2021 financial year, but substantially improving from the loss of HK\$539.7 million incurred in the preceding year.

As a matter of fact, if the depreciation charges on the Group's hotel properties in Hong Kong are to be excluded, the Group would have reported a profit attributable to shareholders for the year under review.

Supplementary information showing the adjusted net asset value of the Company of HK\$3.47 per share as at 31st December, 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 31st December, 2021, the Company held approximately 62.3% shareholding in Paliburg, which is the principal subsidiary of the Company, and the core property and hotel businesses of the Group are conducted through various subsidiaries of Paliburg.

As at 31st December, 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 that 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, comprising interests in its ordinary shares, convertible preference shares as well as convertible bonds. P&R Holdings presently holds 48.8% 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 65.3% of its enlarged capital, based on its existing capital structure. Cosmopolitan is consequently 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 undertook during the year some buy back of its issued shares on market, which are considered to be beneficial to the shareholders of the

Company as they can serve to enhance the net asset value of the Company's issued shares. In 2021, a total of 110 million shares of the Company have been repurchased and duly cancelled.

As mentioned in the 2021 Interim Report, the freighter aircraft held by a wholly owned subsidiary of the Group has been disposed of upon expiry of its finance lease in June 2021. Consequently, the aircraft ownership and leasing business of the Group is at this time only undertaken by Regal. The Regal group presently owns a total of three passenger aircraft, two of which are on operating leases and the remaining aircraft is being remarketed for sale or re-lease. Although the aircraft leasing business has on the whole generated satisfactory investment returns, the Group will continue to be cautious when considering any new investment opportunities under the present market environment, whether to be undertaken through Regal or on its own.

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

To promote moral values and Chinese culture to young learners, CIT has since 2017 distributed over 4.6 million books across China through its collaboration with a strategic partner, which is planned to be continued in 2022. CIT has over the past years also launched series of books on popular online platforms and distributed edutainment videos and songs on media channels to promote community mindedness. Moreover, 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.

By adapting to the constantly changing landscape, management is confident that the portfolio of high-quality content, products and services in collaboration with its world-class partners will further CIT's strategic vision to support the development and the community of the Greater Bay Area.

Recently, a wholly owned subsidiary of the Group entered into an agreement to acquire the entire equity interest in a local securities brokerage company that started up for business in

2020. Completion of the transaction is anticipated on or before 31st July, 2022, subject to satisfactory due diligence by the purchaser and regulatory approval. The Group anticipates that the securities brokerage business will be able to leverage on the extensive business network and customer base of the Group as a whole, which should create mutual benefits. The Group also considers that the diversification into the securities brokerage business will help to broaden the business and revenue base of the Century City Group.

The operational performance and business review of the Group's listed members for the year under review are respectively highlighted below.

PALIBURG HOLDINGS LIMITED

For the year ended 31st December, 2021, Paliburg recorded a consolidated loss attributable to shareholders of HK\$397.5 million, as compared to the loss of HK\$874.2 million incurred for the preceding 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 year ended 31st December, 2021, Regal recorded a consolidated loss attributable to shareholders of HK\$494.4 million, as compared to the loss of HK\$885.9 million incurred for the preceding 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 year ended 31st December, 2021, Regal REIT recorded a consolidated profit before distributions to Unitholders of HK\$577.1 million, as compared to a loss of HK\$2,309.8 million for the financial year 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 year ended 31st December, 2021, Cosmopolitan achieved a profit attributable to shareholders of HK\$33.6 million, as compared to the loss of HK\$123.5 million for the preceding 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

The Group as a whole has built up a solid foundation over the past years and is confident that it will overcome the challenges brought about by the pandemic. The Group is also optimistic that, with the backing of its strong assets portfolio, it will soon resume its previous growth trend in the coming years.

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 year, the commentary on the property sectors in which the Paliburg group operates, the changes in the general market conditions and the potential impact on their operating performances and future prospects are contained in the respective final results announcements for 2021 separately released by Paliburg and Cosmopolitan.

The significant investments and business interests of Regal comprise hotel ownership business which is principally 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 year under review, the commentary on the hotel and property sectors in which the Regal group operates, the changes in general market conditions and the potential impact on their operating performances and future prospects are contained in the respective final results announcements for 2021 separately released by Regal and Regal REIT.

The Group has no immediate plans for material investments or capital assets, other than those 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 held directly by wholly owned subsidiaries of the Company) in 8D Matrix Limited. 8D Matrix is therefore an associate of the Group and wholly owns the Century Innovative Technology group (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 multimedia content as well as related products and services.

To promote moral values and Chinese culture to young learners, CIT has collaborated with KFC since 2017 and distributed over 4.6 million books across 4,000 KFC outlets in China and plans to continue this collaboration in 2022. CIT also launched a complete series of bilingual books which are available on popular online platforms such as XinHua, Taobao and JD, and a second set is planned for 2022. Additionally, CIT continues to collaborate with Tencent Music, NewTV and other media channels to distribute edutainment videos and songs promoting community mindedness.

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. 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 the Greater Bay Area to develop a unique and robust approach to learning.

By adapting to the constantly changing landscape, management is confident that the portfolio of high-quality content, products and services in collaboration with its world-class partners will further CIT's strategic vision to support the development and the community of the Greater Bay Area.

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).

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, 8 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 year 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. While all the residential units have already been disposed of, up to 31st December, 2021, 2 shops, 5 car parks and all the parking spaces for motorcycles have also been sold. 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 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.

Up to 31st December, 2021, a total of 17 garden houses and 46 apartment units have been contracted to be sold at satisfactory prices (total sale price HK\$3,687.4 million), out of which, the sale transactions for 8 houses and 27 apartment units (total sale price HK\$2,016.5 million) have been completed before that date. The sale transactions for the remaining 9 houses and 19 apartment units (total sale price HK\$1,670.9 million) are scheduled under the terms of the relevant sale and purchase agreements to be completed during the course of the next two years. Due to the outburst of the fifth wave of the pandemic in January this year, the viewing of the show units and physical properties at Mount Regalia has been temporarily suspended since February this year. Marketing work for the sale of the remaining unsold units, comprising 7

houses and 90 apartment units, will be resumed after the gathering and social distancing measures are relaxed.

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 assigned 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 and managed by the Regal group. This hotel has enrolled in the Designated Quarantine Hotel Scheme implemented by the Hong Kong Government to operate as hotel quarantine facilities since March 2022.

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 Regal group.

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 composite commercial/residential redevelopment. Application for Land Compulsory Sale to consolidate 100% ownership interests in the relevant properties has been submitted to the Lands Tribunal in December 2021.

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 verandah portion of historical heritage within the new development, thus preserving its unique iconic image in the vicinity.

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, 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 licence for this hotel was issued in November 2021 and the hotel soft opened for business in December 2021. To support the Hong Kong Government's initiatives against the COVID-19 pandemic, this hotel has been operating as a hotel facility under the Community Isolation Facility Hotel Scheme from 24th February, 2022.

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 occupation permit for this project is scheduled to be obtained in the second quarter of 2022.

The presale of the first batch of the residential units was first launched in April 2021. Due to the pandemic situation, property viewing activities of this project have also been restricted since February this year. As the occupation permit for this development is now anticipated to be issued in a few months' time, the separate sales office with show flats will be closed from April 2022. A new sale programme for the residential units is presently planned to be launched on an existing property basis after the relevant occupation permit has been issued.

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. The requisite judicial proceedings to consolidate the entire ownership interests in the relevant properties are progressing.

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

During the year, the Regal group has contracted to sell 3 garden houses in Regalia Bay at satisfactory prices. As at 31st December, 2021, the Regal group still retained 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, 4 as held for sale and 2 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 favourable.

Overseas

Campus La Mola, Barcelona, Spain

This hotel property has a total of 186 guestrooms and was acquired by the Regal group in 2014. The hotel was initially operated by the Regal group and subsequently leased to an independent third party under a lease agreement in September 2017. The lessee had been in default on rentals and other payments under the lease since 2020, despite certain amount of rental and other payments were recovered during 2021. Legal proceedings have been commenced against the lessee to enforce the owner's rights under the lease agreement, including recovery of possession.

41 Kingsway, London WC2B 6TP, the United Kingdom

This is a freehold historical building located at a prime location in London, acquired by the Regal group in April 2019. Currently vacant, this iconic property has total 9 storeys (including 1 basement) with a total gross floor area of approximately 2,150 square metres (23,140 square feet).

The rehabilitation plan is to conserve in whole the building's historical heritage and to transform it into a niche urban hotel with a unique fine dining facility. The interior design for the renovation works is being finalised and the renovation works are anticipated to commence later this year. The hotel will be operated by Regal after completion.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

This is a rehabilitation and renovation project of a historical building located in a heritage conservation area of Lisbon, acquired in 2019 by an entity that was 90% owned by the Regal group. This building has a total gross floor area of about 1,836 square metres (19,768 square

feet), comprising residential apartments as well as shops on ground floor. The design and renovation proposals have been approved by the local government authorities and renovation works are underway. There have been some delays due to the pandemic and the project is presently expected to be completed by mid 2022.

During the year under review, the Regal group acquired the remaining 10% equity interest from the other shareholder and now wholly owns this project. The apartment units and shops are intended to be marketed for sale at appropriate time after completion of the renovation works.

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 were all completed in December 2021. Nearly all of the residential units in the third stage have been presold by early 2021, at prices significantly higher than those attained in the first and second stages of the development. Total proceeds from the contracted presales and/or sales of the residential units amounted to approximately RMB2,046 million (HK\$2,518.2 million). About 60% of the units presold have been handed over to their respective purchasers before the last year end and the revenues derived therefrom accounted for in the financial results for the year under review. The procedures for the hand over of the remaining units sold are expected to be completed shortly and the relevant revenues will be recognised in the current financial year.

The sale of the shops with about 2,350 square metres (25,300 square feet) comprised in the third stage are in progress. Up to date, a total of 2,173 square meters (23,390 square feet) of shops have been sold or contracted to be sold, at aggregate sale considerations of approximately RMB75.6 million (HK\$93.0 million). The sale of 1,389 car parking spaces is continuing and, so far, 381 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB42.2 million (HK\$51.9 million). The procedures for the hand over of the shop units to their respective purchasers in stages have also commenced from December 2021.

The interior construction works of the 325-room hotel for the procurement of the Completion Certificate are scheduled to commence shortly. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are planned to commence after the procurement of the Completion Certificate and the hotel is scheduled to open in phases after the completion of respective fitting-out works.

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. One of the office towers, three blocks of commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the 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, 113 office units with a total of about 4,846 square meters (52,162 square feet) have been subscribed by prospective purchasers or presold under contracts, for an aggregate consideration of RMB43.3 million (HK\$53.3 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 but latest progress has been slow due to the downturn in the local retail market. Certain parts of the commercial complex have been leased out for rental income.

The superstructure works of the remaining two office towers and the four-storey commercial podium were completed in December 2021 and the related Completion Certificates were recently obtained. The programme for the presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) has been delayed and presently planned to be launched in the second half of 2022. Depending on the market conditions, 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 overall re-forested area. In the meanwhile, the Cosmopolitan group is communicating 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. Due to the economic disruptions caused by the sporadic outbreaks of the COVID-19 pandemic globally, the increasing inflationary pressures in most countries as well as other adverse factors, the capital market was volatile during the year. Market sentiment in Hong Kong was relatively weak, with the Hang Seng Index having dropped by 14.1% during 2021. The performance of the Group's financial asset investments business has also been affected and recorded a net loss in this segment in the financial year under review, mainly due to the fair value losses on the financial assets held at fair value through profit or loss.

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, while the iclub Mong Kok Hotel owned by P&R Holdings and the Regala Skycity Hotel owned by the Regal group, completed in 2019 and 2021 respectively, are stated at cost, and they are all also subject to depreciation. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Group in Hong Kong is restated in the consolidated financial statements at market value as at 31st December, 2021, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$3.47 per share, computed as follows:

	As at 31st December, 2021	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	7,978.5	2.58
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	2,753.8	0.89
Unaudited adjusted net assets attributable to equity holders of the parent	10,732.3	3.47

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 year under review amounted to HK\$727.4 million (2020 – HK\$2,321.1 million). Net interest payment for the year amounted to HK\$302.3 million (2020 – HK\$385.3 million).

Borrowings and Gearing

As at 31st December, 2021, the Group had cash and bank balances and deposits of HK\$3,218.8 million (2020 – HK\$3,361.6 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$16,875.4 million (2020 – HK\$16,949.4 million).

As at 31st December, 2021, the gearing ratio of the Group was 37.6% (2020 – 35.9%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$16,875.4 million (2020 – HK\$16,949.4 million), as compared to the total assets of the Group of HK\$44,881.0 million (2020 – HK\$47,246.4 million).

On the basis of the adjusted total assets as at 31st December, 2021 of HK\$52,715.9 million (2020 – HK\$52,723.3 million) with the hotel portfolio owned by the Group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 32.0% (2020 – 32.1%).

As at 31st December, 2021, the Group had net current assets of HK\$8,029.2 million (2020 – net current liabilities of HK\$325.6 million). 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.

In July 2021, Regal fully repaid the outstanding balance of its medium term notes in the principal amount of HK\$2,690.5 million through its internal resources. In August 2021, 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. Also

in August 2021, 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 31st December, 2021 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2021 (the “2021 Annual Report”) to be published on or before 30th April, 2022.

Lease Liabilities

As at 31st December, 2021, the Group had lease liabilities of HK\$71.9 million (2020 – HK\$66.7 million).

Pledge of Assets

As at 31st December, 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, time deposits and bank balances in the total amount of HK\$32,168.1 million (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 31st December, 2021, certain ordinary shares in a listed subsidiary with a market value of HK\$266.7 million (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 31st December, 2021 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2021 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend to holders of ordinary shares for the year ended 31st December, 2021 (2020 – Nil). No interim dividend was paid for the year ended 31st December, 2021 (2020 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Monday, 13th June, 2022. 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 2021 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2022 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Wednesday, 8th June, 2022 to Monday, 13th June, 2022, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2022 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, Tricor Tengis Limited, no later than 4:30 p.m. on Tuesday, 7th June, 2022.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2021	Year ended 31st December, 2020
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	4,019.0	1,455.8
Cost of sales	(2,524.2)	(1,052.5)
Gross profit	1,494.8	403.3
Other income and gains, net (Note 3)	62.0	95.3
Fair value gains/(losses) on investment properties, net	55.4	(153.5)
Fair value gain upon reclassification of a property held for sale to an investment property	63.6	–
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	(128.8)	91.7
Gain on disposal of subsidiaries	–	68.9
Impairment loss on goodwill	(261.0)	–
Impairment loss of items of property, plant and equipment	(11.7)	(50.9)
Impairment loss on right-of-use assets	–	(123.7)
Impairment loss on property under development	(43.1)	–
Impairment loss on properties held for sale	–	(18.6)
Impairment loss on investments in associates	(23.3)	(97.0)
Property selling and marketing expenses	(239.9)	(98.3)
Administrative expenses	(384.2)	(309.0)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION	583.8	(191.8)
Depreciation and amortisation	(675.9)	(661.7)
OPERATING LOSS (Note 4)	(92.1)	(853.5)
Finance costs (Note 5)	(363.1)	(403.4)
Share of profits and losses of associates	11.6	4.8
LOSS BEFORE TAX	(443.6)	(1,252.1)
Income tax (Note 6)	(201.4)	9.3
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(645.0)	(1,242.8)

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2021 HK\$'M	Year ended 31st December, 2020 HK\$'M
Attributable to:		
Equity holders of the parent	(296.8)	(539.7)
Non-controlling interests	(348.2)	(703.1)
	(645.0)	(1,242.8)
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	HK(10.93) cents	HK(18.35) cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2021	Year ended 31st December, 2020
	HK\$'M	HK\$'M
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(645.0)	(1,242.8)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	41.8	137.6
Share of other comprehensive income of an associate	–	0.1
Reclassification adjustments of exchange equalisation reserve upon disposal of a foreign operation	–	71.1
	<u>41.8</u>	<u>208.8</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets designated at fair value through other comprehensive income	(561.8)	(650.3)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(520.0)</u>	<u>(441.5)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,165.0)</u>	<u>(1,684.3)</u>
Attributable to:		
Equity holders of the parent	(556.1)	(770.6)
Non-controlling interests	(608.9)	(913.7)
	<u>(1,165.0)</u>	<u>(1,684.3)</u>

Consolidated Statement of Financial Position

	31st December, 2021 HK\$'M	31st December, 2020 HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	7,035.0	9,291.2
Investment properties	3,209.2	3,357.7
Right-of-use assets	16,135.4	13,989.3
Properties under development	869.9	867.4
Investments in associates	457.1	482.5
Financial assets designated at fair value through other comprehensive income	590.5	1,132.4
Financial assets at fair value through profit or loss	718.2	848.0
Loans receivable	234.3	258.1
Debtors, deposits and prepayments	280.7	258.3
Deferred tax assets	47.7	50.1
Other assets	0.1	0.1
Goodwill	–	261.0
Trademark	610.2	610.2
Other intangible asset	3.6	0.7
Total non-current assets	<u>30,191.9</u>	<u>31,407.0</u>
CURRENT ASSETS		
Properties under development	4,593.3	5,544.4
Properties held for sale	5,570.0	5,521.4
Inventories	46.3	42.1
Loans receivable	13.0	123.1
Finance lease receivables	–	6.8
Debtors, deposits and prepayments (Note 9)	833.6	758.3
Financial assets at amortised cost	15.6	–
Financial assets at fair value through profit or loss	365.6	474.0
Derivative financial instruments	26.3	–
Tax recoverable	6.6	7.7
Restricted cash	171.7	122.2
Pledged time deposits and bank balances	267.7	312.4
Time deposits	1,066.3	260.3
Cash and bank balances	1,713.1	2,666.7
Total current assets	<u>14,689.1</u>	<u>15,839.4</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2021 HK\$'M	31st December, 2020 HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(1,052.3)	(859.0)
Contract liabilities	(1,774.9)	(2,723.4)
Lease liabilities	(37.1)	(30.3)
Deposits received	(179.8)	(145.8)
Interest bearing bank borrowings	(3,329.5)	(9,527.6)
Other borrowings	–	(2,752.7)
Derivative financial instruments	–	(17.8)
Tax payable	(286.3)	(108.4)
Total current liabilities	<u>(6,659.9)</u>	<u>(16,165.0)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>8,029.2</u>	<u>(325.6)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>38,221.1</u>	<u>31,081.4</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(85.5)	(79.9)
Lease liabilities	(34.8)	(36.4)
Interest bearing bank borrowings	(16,764.7)	(8,030.7)
Deferred tax liabilities	(1,723.6)	(1,843.3)
Total non-current liabilities	<u>(18,608.6)</u>	<u>(9,990.3)</u>
Net assets	<u>19,612.5</u>	<u>21,091.1</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	309.4	320.4
Reserves	7,669.1	8,261.8
	<u>7,978.5</u>	<u>8,582.2</u>
Perpetual securities	1,730.1	1,730.1
Non-controlling interests	9,903.9	10,778.8
Total equity	<u>19,612.5</u>	<u>21,091.1</u>

Notes:

1. Basis of Preparation and Accounting Policies

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

The Group had a net loss attributable to owners of the parent of HK\$296.8 million (2020 – HK\$539.7 million) for the year ended 31st December, 2021 and net current assets of HK\$8,029.2 million (2020 – net current liabilities of HK\$325.6 million) and net assets of HK\$19,612.5 million (2020 – HK\$21,091.1 million) as at 31st December, 2021. The Group also had non-pledged time deposits and cash and bank balances of HK\$2,779.4 million as at 31st December, 2021 (2020 – HK\$2,927.0 million) and a positive net cash flows from operating activities of HK\$727.4 million (2020 – HK\$2,321.1 million) for the year ended 31st December, 2021.

The 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 31st December, 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 during 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 year’s consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

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 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 based on the Hong Kong Interbank Offered Rate ("HIBOR") and European dollars based on Euro Interbank Offered Rate ("EURIBOR") as at 31st December, 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. For the EURIBOR-based borrowings, since the interest rates of these borrowings were not replaced by RFRs during the year, the amendments 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 the above-mentioned 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.

Segment assets exclude deferred tax assets, tax recoverable, 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, 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, 2021 and 2020:

	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	
	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M
Segment revenue (Note 3):																		
Sales to external customers	2,987.0	728.5	11.3	10.2	902.1	668.9	-	-	31.4	(24.4)	28.0	39.4	59.2	33.2	-	-	4,019.0	1,455.8
Intersegment sales	8.4	9.8	23.8	38.4	4.4	4.5	86.1	93.9	-	-	-	-	120.1	71.7	(242.8)	(218.3)	-	-
Total	2,995.4	738.3	35.1	48.6	906.5	673.4	86.1	93.9	31.4	(24.4)	28.0	39.4	179.3	104.9	(242.8)	(218.3)	4,019.0	1,455.8
Segment results before depreciation and amortisation	737.3	3.7	(1.9)	(1.2)	51.4	(296.3)	(13.5)	(11.6)	(88.7)	88.7	(1.4)	(2.4)	8.4	17.1	-	-	691.6	(202.0)
Depreciation and amortisation	(14.5)	(15.5)	(0.2)	(0.4)	(613.9)	(591.6)	-	(0.4)	-	-	(8.0)	(11.8)	(13.4)	(13.6)	-	-	(650.0)	(633.3)
Segment results	722.8	(11.8)	(2.1)	(1.6)	(562.5)	(887.9)	(13.5)	(12.0)	(88.7)	88.7	(9.4)	(14.2)	(5.0)	3.5	-	-	41.6	(835.3)
Unallocated interest income and unallocated non-operating and corporate gains																	34.5	115.5
Unallocated non-operating and corporate expenses																	(169.9)	(135.9)
Finance costs (other than interest on lease liabilities)																	(361.4)	(401.2)
Share of profits and losses of associates	21.1	19.7	-	-	(9.5)	(14.6)	-	-	-	-	-	-	-	(0.3)	-	-	11.6	4.8
Loss before tax																	(443.6)	(1,252.1)
Income tax																	(201.4)	9.3
Loss for the year before allocation between equity holders of the parent and non-controlling interests																	(645.0)	(1,242.8)
Attributable to:																		
Equity holders of the parent																	(296.8)	(539.7)
Non-controlling interests																	(348.2)	(703.1)
																	(645.0)	(1,242.8)

	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	
	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M	2021 HK\$'M	2020 HK\$'M
Segment assets	15,486.1	16,688.1	22.5	17.3	23,273.1	23,321.7	30.0	31.3	1,686.7	2,487.7	330.5	356.2	279.6	307.3	(29.3)	(32.2)	41,079.2	43,177.4
Investments in associates	1.9	1.2	-	-	447.6	472.2	-	-	-	-	-	-	7.6	9.1	-	-	457.1	482.5
Cash and unallocated assets																	3,344.7	3,586.5
Total assets																	<u>44,881.0</u>	<u>47,246.4</u>
Segment liabilities	(2,469.3)	(3,369.0)	(32.7)	(13.6)	(524.2)	(296.3)	(1.5)	(1.0)	(0.4)	(39.3)	(66.2)	(65.5)	(21.8)	(13.4)	29.3	32.2	(3,086.8)	(3,765.9)
Interest bearing bank borrowings and unallocated liabilities																	<u>(22,181.7)</u>	<u>(22,389.4)</u>
Total liabilities																	<u>(25,268.5)</u>	<u>(26,155.3)</u>
Other segment information:																		
Capital expenditure	585.5	777.6	0.3	-	509.4	855.4	-	-	-	-	-	-	6.7	6.4				
Loss/(Gain) on disposal of investment properties	(4.0)	0.7	-	-	-	-	-	-	-	-	-	-	-	-				
Reversal of impairment of loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.1)				
Impairment loss on goodwill	261.0	-	-	-	-	-	-	-	-	-	-	-	-	-				
Impairment loss of items of property, plant and equipment	-	-	-	-	-	20.9	-	-	-	-	11.7	30.0	-	-				
Impairment loss on right-of-use assets	-	-	-	-	-	123.7	-	-	-	-	-	-	-	-				
Impairment loss on property under development	43.1	-	-	-	-	-	-	-	-	-	-	-	-	-				
Impairment loss on properties held for sale	-	18.6	-	-	-	-	-	-	-	-	-	-	-	-				
Impairment loss on investments in associates	-	-	-	-	21.7	97.0	-	-	-	-	-	-	1.6	-				
Impairment of trade debtors	0.7	-	-	-	2.1	8.2	-	-	-	-	3.8	7.2	-	-				
Write-back of impairment of trade debtors	-	-	-	-	-	-	-	-	-	-	-	-	(0.2)	(2.0)				
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	-	-	128.8	(91.7)	-	-	-	-				
Fair value losses/(gains) on investment properties, net	(45.0)	107.6	-	-	(10.4)	45.9	-	-	-	-	-	-	-	-				
Fair value gain upon reclassification of a property held for sale to an investment property	(63.6)	-	-	-	-	-	-	-	-	-	-	-	-	-				
Interest income	(0.3)	(1.4)	-	-	-	-	-	-	(9.1)	(43.0)	(0.4)	(3.0)	(9.4)	(9.0)				

Geographical information

(a) Revenue from external customers

	2021	2020
	HK\$'M	HK\$'M
Hong Kong	2,392.5	1,344.3
Mainland China	1,592.0	70.9
Other	34.5	40.6
	4,019.0	1,455.8

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

	2021	2020
	HK\$'M	HK\$'M
Hong Kong	27,517.4	27,778.2
Mainland China	244.6	483.4
Other	692.2	712.7
	28,454.2	28,974.3

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

Information about major customer

No further information about major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

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

	2021	2020
	HK\$'M	HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	2,941.4	682.8
Hotel operations and management services	838.8	607.6
Construction and construction-related income	3.6	3.4
Estate management fees	7.7	6.8
Other operations	58.2	32.3
	<hr/> 3,849.7	<hr/> 1,332.9
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	52.8	56.8
Investment properties	54.7	48.9
Aircraft	27.6	36.4
Others	1.4	1.3
Net gain/(loss) from sale of financial assets at fair value through profit or loss	14.5	(89.2)
Net gain/(loss) on settlement of derivative financial instruments	(1.9)	0.5
Interest income from financial assets at fair value through profit or loss	8.7	41.4
Interest income from loans receivable	0.1	–
Interest income from finance leases	0.4	3.0
Dividend income from listed investments	10.1	22.9
Other operations	0.9	0.9
	<hr/> 4,019.0 <hr/>	<hr/> 1,455.8 <hr/>

	2021	2020
	HK\$'M	HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	17.1	36.5
Other interest income	23.0	20.1
Dividend income from unlisted investments	20.0	40.7
Gain/(Loss) on disposal of investment properties	4.0	(0.7)
Loss on settlement of derivative financial instruments	–	(0.1)
Loss on disposal of unlisted investments included in financial assets at fair value through profit or loss	(9.8)	(12.6)
Others	7.7	11.4
	<u>62.0</u>	<u>95.3</u>

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

	2021	2020
	HK\$'M	HK\$'M
Profit on disposal of properties	<u>1,246.5</u>	<u>281.4</u>
Depreciation of property, plant and equipment	349.5	334.2
Depreciation of right-of-use assets	325.7	326.1
Amortisation of intangible asset	0.7	1.4
	<u>675.9</u>	<u>661.7</u>

5. Finance costs of the Group are as follows:

	2021	2020
	HK\$'M	HK\$'M
Interest on bank loans	262.9	375.6
Interest on other borrowings	59.0	107.1
Interest expenses arising from revenue contracts	111.9	86.5
Interest on lease liabilities	1.7	2.2
Amortisation of debt establishment costs	64.1	44.1
Total interest expenses on financial liabilities not at fair value through profit or loss	499.6	615.5
Other loan costs	8.9	9.1
	508.5	624.6
Less: Finance costs capitalised	(145.4)	(221.2)
	363.1	403.4

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

	2021	2020
	HK\$'M	HK\$'M
Current – Hong Kong		
Charge for the year	33.1	56.0
Overprovision in prior years	(0.3)	(0.3)
Current – Overseas		
Charge for the year	123.9	6.5
Underprovision in prior years	–	2.5
PRC land appreciation tax	160.8	0.7
Deferred	(116.1)	(74.7)
Total tax charge/(credit) for the year	201.4	(9.3)

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 year.

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 amounting to HK\$4.0 million (2020 – HK\$3.8 million), is included in “Share of profits and losses of associates” in the consolidated statement of profit or loss.

7. Dividend:

No dividend was paid or proposed during the year ended 31st December, 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 year ended 31st December, 2021 is based on the loss for the year attributable to equity holders of the parent of HK\$296.8 million (2020 – HK\$539.7 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$48.8 million (2020 – HK\$48.1 million), and on the weighted average of 3,160.7 million (2020 – 3,203.8 million) ordinary shares of the Company in issue during the year.

No adjustment was made to the basic loss per ordinary share for the years ended 31st December, 2021 and 2020 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\$44.7 million (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:

	2021	2020
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	31.0	29.0
4 to 6 months	5.9	4.5
7 to 12 months	7.6	7.0
Over 1 year	27.7	19.0
	72.2	59.5
Impairment	(27.5)	(21.1)
	44.7	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\$25.4 million (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\$45.3 million (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:

	2021	2020
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	45.2	33.2
4 to 6 months	0.1	–
	<hr/> 45.3 <hr/>	<hr/> 33.2 <hr/>

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

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

During the year ended 31st December, 2021, the Company repurchased a total of 110,000,000 ordinary shares of the Company at aggregate purchase prices of HK\$49,205,660 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		Aggregate purchase price (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
July 2021	52,264,000	0.455	0.435	23,507,300
August 2021	1,460,000	0.450	0.435	647,180
September 2021	31,704,000	0.450	0.440	14,247,120
October 2021	20,600,000	0.445	0.435	9,061,960
November 2021	3,816,000	0.440	0.425	1,675,020
December 2021	156,000	0.430	0.430	67,080
Total	110,000,000			49,205,660
			Total expenses on shares repurchased	238,166
			Total	49,443,826

All the above 110,000,000 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, 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 during the year ended 31st December, 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, 31st March, 2022