

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## ANNOUNCEMENT OF 2023 INTERIM RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2023 (Unaudited) HK\$'M	Six months ended 30th June, 2022 (Unaudited) HK\$'M	% Change
<b>Revenue</b>	<b>1,602.7</b>	2,915.0	<b>-45.0%</b>
<b>Gross profit</b>	<b>642.5</b>	1,341.8	<b>-52.1%</b>
<b>Operating profit before depreciation, finance costs and tax</b>	<b>291.4</b>	1,015.7	<b>-71.3%</b>
<b>Profit/(Loss) from core business operations*</b>	<b>(70.5)</b>	307.7	<b>N/A</b>
<b>Profit/(Loss) attributable to equity holders of the parent</b>	<b>(243.7)</b>	137.3	<b>N/A</b>
<b>Basic earnings/(loss) per ordinary share attributable to equity holders of the parent</b>	<b>HK(8.66) cents</b>	HK3.64 cents	<b>N/A</b>
	<b>As at 30th June, 2023 (Unaudited)</b>	<b>As at 31st Dec., 2022 (Unaudited)</b>	
<b>Net asset value per ordinary share attributable to equity holders of the parent</b>			
<b>Book</b>	<b>HK\$2.35</b>	HK\$2.47	<b>-4.9%</b>
<b>Adjusted**</b>	<b>HK\$3.48</b>	HK\$3.51	<b>-0.9%</b>

\* compiled on the basis that the fair value changes related to investment properties and financial assets and the depreciation charges, all being non-cash items, are excluded and after non-controlling interests

\*\* compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio in Hong Kong at its market value at 31st December, 2022 and 30th June, 2023, respectively, with the relevant deferred tax liabilities added back

- For the six months ended 30th June, 2023, the Group recorded a consolidated loss attributable to shareholders of HK\$243.7 million, while for the comparable six months in 2022, an attributable profit of HK\$137.3 million was attained.
- Although the Group has operated profitably in its two principal business segments comprising property and hotel businesses, the results contributed by those two segments in the period under review were relatively lower than those in the corresponding period last year.
- Due to the substantial increase in the Group's financial costs on account of the rapid hike in the interest rates in Hong Kong during the recent months as well as the significant amount of depreciation charges required to be provided on the Group's hotel properties to conform to accounting standards, the Group has recorded a loss attributable to shareholders for the half year under review.
- For the six months ended 30th June, 2023, gross profit of the Group amounted to HK\$642.5 million and its operating profit before depreciation, finance costs and tax amounted to HK\$291.4 million.
- Depreciation charges provided on the Group's hotel properties in Hong Kong amounted to HK\$344.7 million which, although not affecting the Group's cash flow, have nevertheless adversely impacted on the Group's results.
- On the basis that the fair value changes related to investment properties and financial assets and the depreciation charges, all being non-cash items, are excluded, the Group's results from core business operations would have stated a net loss attributable to equity holders of the parent of HK\$70.5 million for the period under review.
- 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 Holdings Limited and the core hotel and property businesses of the Group are conducted through different subsidiaries of Paliburg, including Regal Hotels International Holdings Limited, Regal Real Estate Investment Trust and Cosmopolitan International Holdings Limited.

- **The Group has completed in February this year the acquisition of a local securities brokerage company, which has since been renamed as Cityline Securities Limited. Cityline Securities is working to capitalise on the extensive customer network within the Group’s hotel and property businesses for the expansion of its client base. In the meantime, Cityline Securities is also taking steps to diversify its business scope to include securities margin financing business.**
- **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.**
- **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.**
- **As the ultimate controlling entity of a diversified listed group, the Company keeps under regular review business proposals that can facilitate the continuous development of the Century City Group as a whole.**
- **Having regard to the solid business foundation built over the past years, the Company continues to be optimistic of the future prospects of the Group.**

## **FINANCIAL RESULTS**

For the six months ended 30th June, 2023, the Group recorded a consolidated loss attributable to shareholders of HK\$243.7 million, while for the comparable six months in 2022, an attributable profit of HK\$137.3 million was attained.

As explained in the profit warning announcement published by the Company on 18th August, 2023, although the Group has operated profitably in its two principal business segments comprising property and hotel businesses, the results contributed by those two segments in the period under review were relatively lower than those in the corresponding period last year. Moreover, due to the substantial increase in the Group’s financial costs on account of the rapid hike in the interest rates in Hong Kong during the recent months as well as the significant

amount of depreciation charges required to be provided on the Group's hotel properties to conform to accounting standards, the Group has recorded a loss attributable to shareholders for the half year under review.

For the six months ended 30th June, 2023, the gross profit of the Group amounted to HK\$642.5 million (2022 – HK\$1,341.8 million) and its operating profit before depreciation, finance costs and tax amounted to HK\$291.4 million (2022 – HK\$1,015.7 million).

Furthermore, as the Group's hotel properties in Hong Kong are all owned and operated within the Group, they are subject to depreciation charges to conform to applicable accounting standards. Accordingly, depreciation charges in the amount of HK\$344.7 million were provided on the Group's hotel properties in Hong Kong (2022 – HK\$345.4 million) which, although not affecting the Group's cash flow, have nevertheless adversely impacted on the Group's results.

As supplementary information on the results of the Group based on its core business operations, on the basis that the fair value changes related to investment properties and financial assets and the depreciation charges, all being non-cash items, are excluded, the Group would have stated a net loss attributable to equity holders of the parent of HK\$70.5 million for the period under review.

Further supplementary information showing the adjusted net asset value of the Company of HK\$3.48 per share as at 30th June, 2023, 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, 2023, the Company held approximately 62.3% shareholding in Paliburg Holdings Limited, 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 30th June, 2023, Paliburg held through its wholly owned subsidiaries a controlling shareholding interest of approximately 69.3% in Regal Hotels International Holdings Limited, which primarily undertakes the Group's hotel business. Apart from its hotel ownership, operating and management businesses, Regal also owns a significant portfolio of diversified business interests and holds approximately 74.9% of the issued units of Regal Real Estate Investment Trust, the listed subsidiary of Regal that presently owns five Regal Hotels and four iclub Hotels in Hong Kong. Regal Portfolio Management Limited, a wholly owned subsidiary of Regal, acts as the REIT Manager of Regal REIT.

The Group's property development and investment businesses in Hong Kong are principally conducted through P&R Holdings Limited, a joint venture 50/50 held by each of Paliburg and Regal and, effectively, a subsidiary of the Group. Regal also undertakes on its own some property projects at appropriate times.

Apart from its property business, P&R holds an effective controlling shareholding interest in Cosmopolitan International Holdings Limited, which is primarily engaged in property business in China and other investments. As at 30th June, 2023, P&R held 49.3% of the issued ordinary shares of Cosmopolitan and, in addition, holdings in its convertible bonds and convertible preference shares which are convertible into additional ordinary shares of Cosmopolitan. Moreover, Paliburg and Regal, through their respective wholly owned subsidiaries, also hold shares in Cosmopolitan. Cosmopolitan is consequently a listed member of the Group.

On 30th June, 2023, a wholly owned subsidiary of P&R (the "AMTD Shares Vendor") entered into a conditional agreement with an independent third party (the "AMTD Shares Purchaser") for the sale of 9,500,000 Class A ordinary shares of AMTD IDEA Group, the American depositary shares of which are listed on the New York Stock Exchange, at an agreed price of US\$8.45 per AMTD share, same as the original cost of such AMTD shares of the AMTD Shares Vendor in 2020.

On that same date, another wholly owned subsidiary of P&R (the "Cosmopolitan Shares Purchaser") entered into, among others, another conditional agreement with an indirect

non-wholly owned subsidiary of the AMTD Shares Purchaser (the “Cosmopolitan Shares Vendor”) for the purchase of 368,320,000 ordinary shares in Cosmopolitan, representing approximately 5.76% of the total existing issued ordinary shares of Cosmopolitan, at an agreed price of HK\$1.70 per Cosmopolitan share. This agreed price is also the same as the original acquisition cost of such Cosmopolitan shares of the Cosmopolitan Shares Vendor in 2020.

The objectives of these two agreements are for P&R to unwind the original share swap relating to those AMTD shares and Cosmopolitan shares made in 2020. Completion of the two agreements is subject to the satisfaction of the prescribed conditions precedents and is to take place concurrently. The consideration passing under the two agreements will be satisfied through the exchange among the relevant parties of the requisite AMTD shares and Cosmopolitan shares on contemporaneous completion of the two agreements.

Under the existing shareholding structure of Cosmopolitan, following the completion of the acquisition of the Cosmopolitan shares by the Cosmopolitan Shares Purchaser, the holdings of shares in Cosmopolitan by public shareholders would fall below the minimum 25% threshold prescribed under the Listing Rules. In order to maintain at least 25% of the total issued shares of Cosmopolitan in the hands of the public, Cosmopolitan has accordingly proposed a share consolidation as well as a bonus issue of shares, with an option to its shareholders to elect to receive bonus convertible notes in lieu of the bonus shares.

Detailed information on these transactions is contained in the joint announcement of the Company dated 11th July, 2023. A circular containing further information on these transactions is also expected to be despatched to shareholders of the Company shortly.

After the disposal of the freighter aircraft held by a wholly owned subsidiary of the Group upon expiry of its finance lease in June 2021, the aircraft ownership and leasing business of the Group is presently only undertaken by Regal.

As reported earlier, the Group has completed in February this year the acquisition of a local securities brokerage company, which has since been renamed as Cityline Securities Limited. Cityline Securities is working to capitalise on the extensive customer network within the Group’s hotel and property businesses for the expansion of its client base. In the meantime,

Cityline Securities is also taking steps to diversify its business scope to include securities margin financing business.

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). The remaining 52% effective interest in CIT 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.

Further business update on CIT is contained in the section headed “Management Discussion and Analysis” in this announcement.

## **PALIBURG HOLDINGS LIMITED**

For the six months ended 30th June, 2023, Paliburg recorded a consolidated loss attributable to shareholders of HK\$383.1 million, while for the comparable six months in 2022, an attributable profit of HK\$230.9 million was attained.

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, 2023, Regal recorded a consolidated loss attributable to shareholders of HK\$762.6 million, while for the comparable six months in 2022, an attributable profit of HK\$138.3 million was attained.

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, 2023, Regal REIT recorded a consolidated profit before distribution to Unitholders of HK\$105.2 million, as compared to a profit of HK\$613.1 million for the corresponding period in 2022.

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, 2023, Cosmopolitan recorded a consolidated loss attributable to shareholders of HK\$98.3 million, as compared to a profit of HK\$87.8 million attained in the corresponding period in 2022.

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**

As the ultimate controlling entity of a diversified listed group, the Company keeps under regular review business proposals that can facilitate the continuous development of the Century City Group as a whole.

Having regard to the solid business foundation built over the past years, the Company continues to be optimistic of the future prospects of the 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, the joint venture with Regal, and those in the People's Republic of China through Cosmopolitan, another listed subsidiary of Paliburg held through P&R), construction and building related businesses, and other investment businesses. The business review of the Paliburg group, including the commentary on the business sectors in which it operates, the changes in the general market conditions and their potential impact on its operating performance and future prospects, is contained in the respective interim results announcements for 2023 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, aircraft ownership and leasing and other investment businesses. The business review of Regal and Regal REIT for the period, including the commentary on the business sectors in which the Regal group operates, the changes in general market conditions and their potential impact on its operating performance and future prospects, is contained in the respective interim results announcements for 2023 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 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 multimedia content as well as related products and services.

To promote positive values and emotional intelligence to young learners, CIT has collaborated with KFC since 2017 and distributed close to 7 million books across 5,000 KFC outlets in China. CIT has also launched a complete series of bilingual books which are available on popular online platforms such as Taobao and JD. Considering the emerging need to enhance ESG knowledge amongst young learners, CIT plans to co-develop a series of ESG theme innovative and educational bilingual books for children with renowned publishers, with an aim to make the series accessible to all schools and potentially be integrated into the school curriculum. CIT's goal is to instill a passion for sustainability and promote positive values among the next generation.

To meet the growing demand for environmental and sustainability education, CIT is currently exploring further opportunities to collaborate with the world's leading edutainment platforms to deepen its social impact, brand recognition and positive influence all over the world. CIT will strive to offer even more engaging, immersive and "joyful learning" experiences to its many fans in the years to come.

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 global community.

## **PALIBURG HOLDINGS LIMITED**

### **P&R HOLDINGS LIMITED**

P&R 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. As Paliburg owns a controlling shareholding interest in Regal, P&R is, effectively, a subsidiary of Paliburg. P&R's 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 group in Hong Kong (which, unless otherwise denoted, are all wholly owned by the P&R 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 and will be disposed of on a gradual basis.

#### *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. The

businesses in this shopping mall during the period remained stable. It is anticipated that the leasing status will gradually improve following the uplifting of all the pandemic restrictions.

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

This is a 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. All the residential units as well as certain shops and car parks have already been sold. The remaining 2 shops and 5 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 car parking 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 the present time, a total of 20 garden houses and 53 apartment units have been sold or contracted to be sold at satisfactory prices (total sale price of HK\$4,299.3 million), including the 3 garden houses and 1 apartment unit that were contracted to be sold during the period under review, of which the sale transactions for 17 houses and 47 apartment units (total sale price of HK\$3,677.6 million) have been completed. Sale transactions that were completed during the period included 2 houses and 8 apartment units (total sale price of HK\$597.9 million) and the profits derived therefrom already accounted for in the results under review. In addition, a garden house has been leased out during the period with an option granted to the lessee for the purchase of the property. The lease was regarded as a finance lease and the relevant revenues have also been recognised in the results under review. The remaining 3 houses and

83 apartments command significant sale value and, apart from the house that is being used as property, plant and equipment, they will continue to be sold on a gradual basis.

*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, which commenced business in March 2019. The hotel is presently self-operated by P&R and managed by the Regal group.

*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 7,118 square metres (76,618 square feet).

Following the divesture by P&R of a 50% beneficial interest in December 2019, the property is presently 50% owned by each of P&R and AMTD Properties (HK) Limited. This hotel was officially opened for business in November 2020 and has since been 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 (5,256 square feet) and are intended for a

composite commercial/residential redevelopment. The legal procedures for Land Compulsory Sale through the Lands Tribunal to consolidate 100% ownership interests in the relevant properties are progressing.

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 Regal group (other than those owned by Regal REIT), which are all wholly owned by Regal, is set out below:

### **Hong Kong**

#### *Regala Skycity Hotel, the Hong Kong International Airport*

In February 2017, a wholly owned subsidiary of Regal was awarded by the Airport Authority in Hong Kong the development right for this 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 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 BEAM Plus Certification and EarthCheck

Design Certified Gold Rating. The hotel has also received a number of international design awards including the Muse Design Gold Award, Build4Asia Silver Award, A'Design Silver Award and International Property Award. The hotel licence was issued in November 2021 and its grand opening launched in April 2023.

*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 has been developed into a commercial/residential development with gross floor area of about 5,826 square metres (62,711 square feet). The development has a total of 130 residential units with club house facilities on the second floor and commercial accommodations on the ground and first floors. The occupation permit for this development was obtained in August 2022.

The presale of the first batch of the residential units was launched in April 2021. Due to the changed market environment and the rising demand for serviced apartments or co-living accommodations in the area, some of the residential units are being converted for rental purposes.

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

Through the judicial proceedings for the Land Compulsory Sale, the Regal group has consolidated 100% ownership interests in the subject redevelopment properties. The properties have a total site area of 431 square metres (4,644 square feet) and are intended for a commercial/residential development with gross floor area of about 3,691 square metres (39,733 square feet).

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

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, 4 held for sale and 2 as property, plant and equipment and right-of-use assets. Some of these remaining houses will continue to be disposed of 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 is presently under lease to an independent third party.

### *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 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. In view of the recent changes in the market environment, alternative business plans and readaptation programmes are under study with the aim to optimising the intrinsic value of this unique property.

### *Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal*

This is a rehabilitation and renovation project for a historical building located in a heritage conservation area of Lisbon, acquired in 2019 by an entity that is now wholly 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 renovation works have been substantially completed and the applications for relevant usage permits for the building are under process. The apartment units and shops are intended to be marketed for sale after completion of the renovation works.

## **COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED**

Cosmopolitan is a listed subsidiary of Paliburg held through P&R. 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 development works of third stage were already completed. Nearly all of the residential units in the third stage have now already been sold. Total proceeds from the sales of the residential units amounted to approximately RMB2,047.0 million (HK\$2,203.6 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 3,965 square meters (42,679 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB91.9 million (HK\$98.9 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 465 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB50.6 million (HK\$54.5 million). The procedures for the hand over of most of the shop units and car parking spaces sold have already been completed and the revenues accounted for in the preceding financial year.

The interior construction works of the 325-room hotel for the procurement of the Completion Certificate are in progress and expected to be completed before the end of 2023. 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 the 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 proceeding steadily. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain of the office towers are also 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), commenced in 2021. Up to date, 192 office units with a total of about 8,300 square meters (89,341 square feet) have been presold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB72.0 million (HK\$77.5 million).

The presale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been presold under contracts, for aggregate sale considerations of approximately RMB8.1 million (HK\$8.7 million).

The sale programme for the units in the remaining four office towers will be launched with regard 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 progress on the sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), has been relatively slow. Certain parts of the commercial complex have been leased out for rental income.

The superstructure works of the two office towers and the four-storey commercial podium have been completed and the Completion Certificates obtained in March 2022. The market repositioning works for the commercial podium are in progress. In view of the prevailing market environment, launching of a new sale programme for the commercial and office units will be deferred to a later appropriate time.

#### *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 volatility in the global capital market, the Group's performance in this business segment has been adversely affected and recorded a net loss in its financial assets investments business during the period under review.

## **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 To Kwa Wan 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 To Kwa Wan 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 to Regal REIT, while the iclub Mong Kok Hotel owned by P&R 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 condensed consolidated financial statements at market value as at 30th June, 2023, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$3.48 per share, computed as follows:

	<b>As at 30th June, 2023</b>	
	<b>HK\$'M</b>	<b>HK\$ per ordinary share</b>
<b>Book net assets attributable to equity holders of the parent</b>	<b>7,268.6</b>	<b>2.35</b>
<b>Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities</b>	<b>3,480.2</b>	<b>1.13</b>
<b>Unaudited adjusted net assets attributable to equity holders of the parent</b>	<b>10,748.8</b>	<b>3.48</b>

## **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 substantially financed by internal resources and proceeds from the presale of the units. Project financings for the projects in the PRC and overseas are arranged, if terms are considered appropriate, to cover a part of the land costs and/or construction costs, and with the loan maturities aligning with the estimated project completion dates.

The Group's banking facilities are mostly denominated in Hong Kong dollars with interest primarily determined by reference to the interbank offered 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 regards the Group's investments in the PRC and overseas, which are denominated in currencies other than US dollars and Hong Kong dollars, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollars or Hong Kong dollars to contain the Group's exposure to currency fluctuations.

### **Cash Flows**

Net cash flows generated from operating activities during the period under review amounted to HK\$367.2 million (2022 – HK\$360.8 million). Net interest payment for the period amounted to HK\$469.4 million (2022 – HK\$157.4 million).

### **Borrowings and Gearing**

As at 30th June, 2023, the Group had cash and bank balances and deposits of HK\$2,435.3 million (31st December, 2022 – HK\$2,542.6 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$17,391.6 million (31st December, 2022 – HK\$17,132.5 million).

As at 30th June, 2023, the gearing ratio of the Group was 42.2% (31st December, 2022 – 40.7%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$17,391.6 million (31st December, 2022 – HK\$17,132.5 million), as compared to the total assets of the Group of HK\$41,165.1 million (31st December, 2022 – HK\$42,094.7 million).

On the basis of the adjusted total assets as at 30th June, 2023 of HK\$51,146.7 million (31st December, 2022 – HK\$51,428.0 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 34.0% (31st December, 2022 – 33.3%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2023 are shown in the condensed consolidated financial statements contained in the interim report for the six

months ended 30th June, 2023 of the Company (“Interim Financial Statements”) to be published on or before 30th September, 2023.

### **Lease Liabilities**

As at 30th June, 2023, the Group had lease liabilities of HK\$64.6 million (31st December, 2022 – HK\$43.3 million).

### **Pledge of Assets**

As at 30th June, 2023, 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\$30,714.7 million (31st December, 2022 – HK\$30,936.1 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, 2023, certain ordinary shares in a listed subsidiary with a market value of HK\$281.5 million (31st December, 2022 – HK\$275.4 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, 2023 are shown in the Interim Financial Statements.

### **Contingent Liabilities**

Details of the contingent liabilities of the Group as at 30th June, 2023 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, 2023 (2022 – Nil).

## HALF YEAR RESULTS

### Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2023	Six months ended 30th June, 2022
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,602.7	2,915.0
Cost of sales	(960.2)	(1,573.2)
Gross profit	642.5	1,341.8
Other income and gains (Note 3)	41.3	51.4
Fair value gains/(losses) on investment properties, net	(15.1)	1.5
Fair value losses on financial assets at fair value through profit or loss, net	(47.1)	(45.5)
Loss on disposal of investment properties	(1.0)	(5.6)
Impairment loss on properties under development	(18.3)	–
Impairment loss on properties held for sale	(13.2)	–
Reversal of impairment loss/(Impairment loss) on investment in associates	0.3	(0.3)
Property selling and marketing expenses	(97.1)	(124.8)
Administrative expenses	(200.9)	(202.8)
OPERATING PROFIT BEFORE DEPRECIATION	291.4	1,015.7
Depreciation (Note 4)	(375.5)	(377.8)
OPERATING PROFIT/(LOSS) (Note 4)	(84.1)	637.9
Finance costs (Note 5)	(523.6)	(193.4)
Share of profits and losses of associates	(7.8)	(3.6)
PROFIT/(LOSS) BEFORE TAX	(615.5)	440.9
Income tax (Note 6)	(36.2)	(142.0)
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(651.7)	298.9

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

	Six months ended 30th June, 2023 (Unaudited) HK\$'M	Six months ended 30th June, 2022 (Unaudited) HK\$'M
Attributable to:		
Equity holders of the parent	(243.7)	137.3
Non-controlling interests	(408.0)	161.6
	<hr/>	<hr/>
	(651.7)	298.9
	<hr/>	<hr/>
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<b>HK(8.66) cents</b>	HK3.64 cents
	<hr/>	<hr/>



## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2023	Six months ended 30th June, 2022
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(651.7)	298.9
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(65.1)	(104.9)
Share of other comprehensive loss of an associate	(0.1)	–
	<u>(65.2)</u>	<u>(104.9)</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	(106.0)	(332.2)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(171.2)</u>	<u>(437.1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(822.9)</u>	<u>(138.2)</u>
Attributable to:		
Equity holders of the parent	(326.8)	(72.5)
Non-controlling interests	(496.1)	(65.7)
	<u>(822.9)</u>	<u>(138.2)</u>

## Condensed Consolidated Statement of Financial Position

	30th June, 2023 (Unaudited) HK\$'M	31st December, 2022 (Audited) HK\$'M
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,528.7	6,674.0
Investment properties	3,122.0	3,149.0
Right-of-use assets	15,629.9	15,774.7
Properties under development	898.2	915.1
Investments in associates	400.7	408.3
Financial assets designated at fair value through other comprehensive income	335.3	443.3
Financial assets at fair value through profit or loss	786.4	808.6
Loans receivable	191.7	185.6
Finance lease receivable	99.3	–
Debtors, deposits and prepayments	277.8	278.7
Deferred tax assets	48.4	47.7
Other assets	0.3	0.1
Goodwill	1.0	–
Trademark	610.2	610.2
Other intangible assets	7.3	6.8
Total non-current assets	<u>28,937.2</u>	<u>29,302.1</u>
<b>CURRENT ASSETS</b>		
Properties under development	2,461.7	2,413.7
Properties held for sale	6,200.4	6,655.6
Inventories	52.2	49.4
Loans receivable	35.1	34.4
Finance lease receivable	5.3	–
Debtors, deposits and prepayments (Note 9)	486.4	581.6
Financial assets at amortised cost	20.0	–
Financial assets at fair value through profit or loss	431.4	437.6
Derivative financial instruments	92.5	70.1
Tax recoverable	7.6	7.6
Restricted cash	407.5	176.5
Pledged time deposits and bank balances	205.2	190.6
Time deposits	793.2	1,210.6
Cash and bank balances	1,029.4	964.9
Total current assets	<u>12,227.9</u>	<u>12,792.6</u>

**Condensed Consolidated Statement of Financial Position (Cont'd)**

	<b>30th June, 2023</b>	<b>31st December, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals (Note 10)	<b>(702.0)</b>	(779.9)
Contract liabilities	<b>(521.9)</b>	(586.7)
Lease liabilities	<b>(30.8)</b>	(25.0)
Deposits received	<b>(178.5)</b>	(178.2)
Interest bearing bank borrowings (Note 11)	<b>(5,906.4)</b>	(7,929.2)
Tax payable	<b>(403.5)</b>	(447.0)
Total current liabilities	<b>(7,743.1)</b>	(9,946.0)
NET CURRENT ASSETS	<b>4,484.8</b>	2,846.6
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>33,422.0</b>	32,148.7
<b>NON-CURRENT LIABILITIES</b>		
Creditors and deposits received	<b>(94.9)</b>	(84.8)
Lease liabilities	<b>(33.8)</b>	(18.3)
Interest bearing bank borrowings	<b>(13,452.5)</b>	(11,589.9)
Other borrowings	<b>(468.0)</b>	(156.0)
Deferred tax liabilities	<b>(1,589.8)</b>	(1,618.1)
Total non-current liabilities	<b>(15,639.0)</b>	(13,467.1)
Net assets	<b>17,783.0</b>	18,681.6
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	<b>309.3</b>	309.3
Reserves	<b>6,959.3</b>	7,315.1
	<b>7,268.6</b>	7,624.4
<b>Perpetual securities</b>	<b>1,721.3</b>	1,721.3
<b>Non-controlling interests</b>	<b>8,793.1</b>	9,335.9
Total equity	<b>17,783.0</b>	18,681.6

Notes:

1. Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2023 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, 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting

policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1st January, 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1st January, 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules

published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1st January, 2023, but are not required to disclose such information for any interim periods ending on or before 31st December, 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 income; and
- (g) the others segment mainly comprises the provision of financing services, provision of securities brokerage 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 profit/(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, 2023		Six months ended 30th June, 2022		Six months ended 30th June, 2023		Six months ended 30th June, 2022		Six months ended 30th June, 2023		Six months ended 30th June, 2022		Six months ended 30th June, 2023		Six months ended 30th June, 2022		Six months ended 30th June, 2023		
	(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	794.3	1,849.8	6.9	5.8	744.2	1,012.0	-	-	9.4	11.6	13.0	12.0	34.9	23.8	-	-	1,602.7	2,915.0	
Intersegment sales	3.7	3.2	8.7	2.0	2.2	44.4	44.3	44.4	-	-	-	-	90.6	88.3	(149.5)	(182.3)	-	-	
Total	<u>798.0</u>	<u>1,853.0</u>	<u>15.6</u>	<u>7.8</u>	<u>746.4</u>	<u>1,056.4</u>	<u>44.3</u>	<u>44.4</u>	<u>9.4</u>	<u>11.6</u>	<u>13.0</u>	<u>12.0</u>	<u>125.5</u>	<u>112.1</u>	<u>(149.5)</u>	<u>(182.3)</u>	<u>1,602.7</u>	<u>2,915.0</u>	
Segment results before depreciation	218.8	545.5	(5.0)	(1.3)	157.7	533.1	(6.9)	(7.3)	(32.8)	(30.4)	10.6	8.9	5.6	13.9	-	-	348.0	1,062.4	
Depreciation	(7.8)	(7.4)	(0.3)	(0.2)	(350.5)	(351.3)	-	-	-	-	(3.4)	(1.8)	(1.9)	(4.3)	-	-	(363.9)	(365.0)	
Segment results	<u>211.0</u>	<u>538.1</u>	<u>(5.3)</u>	<u>(1.5)</u>	<u>(192.8)</u>	<u>181.8</u>	<u>(6.9)</u>	<u>(7.3)</u>	<u>(32.8)</u>	<u>(30.4)</u>	<u>7.2</u>	<u>7.1</u>	<u>3.7</u>	<u>9.6</u>	<u>-</u>	<u>-</u>	<u>(15.9)</u>	<u>697.4</u>	
Unallocated interest income and unallocated non-operating and corporate gains																		25.7	13.6
Unallocated non-operating and corporate expenses																		(94.8)	(73.8)
Finance costs (other than interest on lease liabilities)																		(522.7)	(192.7)
Share of profits and losses of associates	0.1	0.8	-	-	(7.9)	(4.4)	-	-	-	-	-	-	-	-	-	-	(7.8)	(3.6)	
Profit/(Loss) before tax																		(615.5)	440.9
Income tax																		(36.2)	(142.0)
Profit/(Loss) for the period before allocation between equity holders of the parent and non-controlling interests																		(651.7)	298.9
Attributable to:																			
Equity holders of the parent																		(243.7)	137.3
Non-controlling interests																		(408.0)	161.6
																		<u>(651.7)</u>	<u>298.9</u>



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

	Six months ended 30th June, 2023 (Unaudited) HK\$'M	Six months ended 30th June, 2022 (Unaudited) HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	764.7	1,826.9
Hotel operations and management services	708.1	981.8
Construction and construction-related income	2.0	1.9
Estate management fees	4.9	3.9
Securities brokerage income	0.5	–
Other operations	34.1	23.3
	1,514.3	2,837.8
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	23.6	22.2
Investment properties	40.0	30.2
Aircraft	13.0	12.0
Others	1.3	0.8
Net gain from sale of financial assets at fair value through profit or loss	–	1.3
Interest income from financial assets at fair value through profit or loss	6.7	6.2
Interest income from finance lease	0.8	–
Dividend income from listed investments	2.7	4.1
Other operations	0.3	0.4
	88.4	77.2
	1,602.7	2,915.0

	<b>Six months ended 30th June, 2023 (Unaudited) HK\$'M</b>	<b>Six months ended 30th June, 2022 (Unaudited) HK\$'M</b>
<u>Other income and gains</u>		
Bank interest income	15.7	7.0
Other interest income	14.7	7.1
Dividend income from unlisted investments	4.7	0.8
Gain on disposal of unlisted investments included in financial assets at fair value through profit or loss	0.7	5.7
Compensation received in relation to refinancing of a bank loan	–	23.7
Others	5.5	7.1
	<u>41.3</u>	<u>51.4</u>

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

	<b>Six months ended 30th June, 2023 (Unaudited) HK\$'M</b>	<b>Six months ended 30th June, 2022 (Unaudited) HK\$'M</b>
Profit on disposal of properties, net	<u>384.2</u>	<u>709.3</u>
Depreciation of property, plant and equipment	192.6	194.0
Depreciation of right-of-use assets	182.9	183.8
	<u>375.5</u>	<u>377.8</u>

5. Finance costs of the Group are as follows:

	<b>Six months ended 30th June, 2023</b>	<b>Six months ended 30th June, 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest on bank loans	481.4	167.9
Interest on other borrowings	7.7	–
Interest expenses arising from revenue contracts	5.0	8.6
Interest on lease liabilities	0.9	0.7
Amortisation of debt establishment costs	27.3	25.8
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>522.3</u>	<u>203.0</u>
Other loan costs	2.5	2.5
	<u>524.8</u>	<u>205.5</u>
Less: Finance costs capitalised	(1.2)	(12.1)
	<u><u>523.6</u></u>	<u><u>193.4</u></u>

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

	<b>Six months ended 30th June, 2023 (Unaudited) HK\$'M</b>	<b>Six months ended 30th June, 2022 (Unaudited) HK\$'M</b>
Current – Hong Kong		
Charge for the period	<b>36.9</b>	54.4
Overprovision in prior years	<b>(0.9)</b>	(0.3)
Current – PRC and overseas		
Charge for the period	<b>0.1</b>	84.7
Overprovision in prior years	<b>(5.9)</b>	–
PRC land appreciation tax	<b>34.4</b>	64.2
Deferred	<b>(28.4)</b>	(61.0)
Total tax charge for the period	<b>36.2</b>	142.0

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2022 – 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 in the PRC and 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.

No provision for tax is required for the associates as no assessable profits were earned by the associates during the period. The share of tax attributable to associates amounting to HK\$0.1 million was included in “Share of profits and losses of associates” in the condensed consolidated statement of profit or loss for the prior period.

7. Dividend:

No dividend was paid or proposed during the six months ended 30th June, 2023, nor has any dividend been proposed since the end of the reporting period (2022 – Nil).

8. The calculation of the basic loss per ordinary share for the period ended 30th June, 2023 is based on the loss for the period attributable to equity holders of the parent of HK\$243.7 million (2022 – profit of HK\$137.3 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$24.1 million (2022 – HK\$24.6 million), and on the weighted average of 3,092.6 million (2022 – 3,093.8 million) ordinary shares of the Company in issue during the period.

No adjustment was made to the basic earnings/(loss) per ordinary share for the periods ended 30th June, 2023 and 2022 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\$107.0 million (31st December, 2022 – HK\$120.0 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:

	<b>30th June, 2023</b>	<b>31st December, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>89.5</b>	102.8
4 to 6 months	<b>5.1</b>	3.2
7 to 12 months	<b>5.0</b>	11.5
Over 1 year	<b>24.0</b>	30.8
	<hr/>	<hr/>
	<b>123.6</b>	148.3
Impairment	<b>(16.6)</b>	(28.3)
	<hr/>	<hr/>
	<b>107.0</b>	120.0
	<hr/>	<hr/>

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\$6.2 million (31st December, 2022 – HK\$6.9 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\$70.9 million (31st December, 2022 – HK\$40.5 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:

	<b>30th June, 2023</b>	<b>31st December, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>66.0</b>	40.2
4 to 6 months	<b>2.3</b>	–
7 to 12 months	<b>0.3</b>	–
Over 1 year	<b>2.3</b>	0.3
	<hr/> <b>70.9</b> <hr/>	<hr/> 40.5 <hr/>

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

11. Included in interest bearing bank borrowings under current liabilities is an amount of HK\$768.8 million (31st December, 2022 – HK\$1,707.9 million) which represents the outstanding balance of revolving loan facilities with remaining tenors of over 12 months.

## **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, 2023.

## **REVIEW OF RESULTS**

The Group's condensed consolidated financial statements for the six months ended 30th June, 2023 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, 2023 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2023, 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, 2023, except that:

- 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.



## **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. 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, 25th August, 2023