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ANNOUNCEMENT OF 2022 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M	% Change
Revenue	2,915.0	1,114.0	+161.7%
Gross profit	1,341.8	449.9	+198.2%
Operating profit before depreciation and amortisation, finance costs and tax	1,015.7	256.6	+295.8%
Profit/(Loss) for the period attributable to equity holders of the parent	137.3	(85.5)	N/A
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	HK3.64 cents	HK(3.43) cents	N/A
	As at 30th June, 2022 (Unaudited)	As at 31st Dec., 2021 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$2.55	HK\$2.58	-1.2%
Adjusted*	HK\$3.54	HK\$3.47	+2.0%

* 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, 2021 and 30th June, 2022, respectively, with the relevant deferred tax liabilities added back

- **For the six months ended 30th June, 2022, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$137.3 million, as compared to a loss of HK\$85.5 million for the comparative period in the prior year.**
- **The significant improvement in the results achieved in the period under review was primarily attributable to the substantial increase attained by the Group in its profits from sale of properties as well as in the income from its hotel operations.**
- **The profits from sale of properties were mainly derived from the sale of certain houses and apartment units in Mount Regalia in Kau To developed by P&R Holdings Limited and the presold residential units in the third stage of the Regal Cosmopolitan City development in Chengdu, Mainland China undertaken by Cosmopolitan International Holdings Limited, the sale transactions and hand over procedures for which were completed during the period.**
- **As the seven hotels of the Group operating as quarantine hotels or facilities under various quarantine or isolation schemes organised by the Hong Kong Government to combat the COVID-19 pandemic have generated steady revenues during the period, the income from the Group's hotel operations as a whole for this interim period substantially surpassed the comparative level in the prior year.**
- **For the six months ended 30th June, 2022, the Group achieved a gross profit of HK\$1,341.8 million (2021 – HK\$449.9 million) and an operating profit before depreciation and amortisation, finance costs and tax of HK\$1,015.7 million (2021 – HK\$256.6 million).**
- **Depreciation charges provided on the Group's hotel properties in Hong Kong for this interim period amounted to HK\$345.4 million which, although not affecting on the Group's cash flow, have nevertheless adversely impacted the Group's results. If these depreciation charges were not required to be provided and the relevant hotel properties stated at their fair values, the operating results of the Group for the period under review would have been more impressive.**

- **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.**
- **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. Although the aircraft leasing business has on the whole generated satisfactory investment returns over the past years, the Group has no immediate plans for any new investments in this sector under the current 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.**
- **To meet the growing demand for lifelong learning and positive values education (especially green living), CIT is currently exploring further opportunities to collaborate with leading edutainment platforms to deepen its social impact, brand recognition and positive influence.**
- **By adapting to the constantly changing landscape, management of CIT 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.**
- **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.**
- **All the listed member companies within the Century City Group have achieved rather satisfactory performance during the period under review, despite the challenging market environment. The Directors are optimistic that, with the solid foundation built over the years, the Century City Group will continue to achieve steady progress in the years ahead.**

FINANCIAL RESULTS

For the six months ended 30th June, 2022, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$137.3 million, as compared to a loss of HK\$85.5 million for the comparative period in the prior year.

As mentioned in the profit alert announcement published by the Company on 18th August, 2022, the significant improvement in the results achieved in the period under review was primarily attributable to the substantial increase attained by the Group in its profits from sale of properties as well as in the income from its hotel operations. The profits from sale of properties were mainly derived from the sale of certain houses and apartment units in Mount Regalia in Kau To developed by P&R Holdings Limited and the presold residential units in the third stage of the Regal Cosmopolitan City development in Chengdu, Mainland China undertaken by Cosmopolitan International Holdings Limited, the sale transactions and hand over procedures for which were completed during the period. Moreover, as the seven hotels of the Group operating as quarantine hotels or facilities under various quarantine or isolation schemes organised by the Hong Kong Government to combat the COVID-19 pandemic have generated steady revenues during the period, the income from the Group's hotel operations as a whole for this interim period substantially surpassed the comparative level in the prior year.

For the six months ended 30th June, 2022, the Group achieved a gross profit of HK\$1,341.8 million (2021 – HK\$449.9 million) and an operating profit before depreciation and amortisation, finance costs and tax of HK\$1,015.7 million (2021 – HK\$256.6 million).

It should also be noted that 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\$345.4 million were provided on the Group's hotel properties in Hong Kong (2021 – HK\$295.5 million) which, although not affecting on the Group's cash flow, have nevertheless adversely impacted the Group's results. If these depreciation charges were not required to be provided and the relevant hotel properties stated at their fair values, the operating results of the Group for the period under review would have been more impressive.

Supplementary information showing the adjusted net asset value of the Company of HK\$3.54 per share as at 30th June, 2022, 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, 2022, the Company held approximately 62.3% shareholding in Paliburg Holdings Limited, 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 30th June, 2022, 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 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, a joint venture 50% owned by each of Paliburg and Regal, and effectively a subsidiary undertaking of the Group. At appropriate times, Regal has also undertaken on its own property projects in Hong Kong and overseas.

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. As at 30th June, 2022, P&R Holdings held 48.9% 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 65.4% 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.

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. The Regal group now owns three passenger aircraft, two of which are running on normal operating leases and as regarding the remaining aircraft that was repossessed in November 2021, a disposition proposal is being finalised with the aircraft manager. Although the aircraft leasing business has on the whole generated satisfactory investment returns over the past years, the Group has no immediate plans for any new investments in this sector under the current 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). 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.

To promote positive values and emotional intelligence to young learners, CIT has distributed over 4.7 million books across China since 2017. CIT also launched a complete series of bilingual books which are available on popular online platforms and a fourth set is planned for the end of 2022. To meet the growing demand for lifelong learning and positive values education (especially green living), CIT is currently exploring further opportunities to collaborate with leading edutainment platforms to deepen its social impact, brand recognition and positive influence.

By adapting to the constantly changing landscape, management of CIT 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.

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

PALIBURG HOLDINGS LIMITED

For the six months ended 30th June, 2022, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$230.9 million, as compared to a loss of HK\$136.4 million for the comparative period in the prior year.

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2022, Regal attained an unaudited consolidated profit attributable to shareholders of HK\$138.3 million, as compared to a loss of HK\$276.4 million recorded for the comparative period in the prior year.

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

REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 2022, Regal REIT recorded an unaudited consolidated profit before distribution to Unitholders of HK\$613.1 million, as compared to a loss of HK\$74.5 million for the corresponding period in 2021.

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, 2022, Cosmopolitan achieved an unaudited consolidated profit attributable to shareholders of HK\$87.8 million, as compared to a profit of HK\$1.2 million attained in the corresponding period in 2021.

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

All the listed member companies within the Century City Group have achieved rather satisfactory performance during the period under review, despite the challenging market environment. The Directors are optimistic that, with the solid foundation built over the years, the Century City Group will continue to achieve steady progress in the years ahead.

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 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 2022 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 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 2022 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 over 4.7 million books across 5,000 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 Taobao and JD, and a fourth set is planned for the end of 2022. Additionally, CIT continues to collaborate with media channels to distribute edutainment videos and songs promoting community mindedness.

To meet the growing demand for lifelong learning and positive values education (especially green living), 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. Leveraging the Group's recent investments in the nascent metaverse and Web3, CIT will strive to offer even more engaging, immersive and "joyful learning" experiences to its many fans in the years to come. Specific ideas under consideration include "learn-and-earn" virtual games that instil practical lessons on everyday sustainable consumption, as well as virtual merchandise in the form of NFTs and digital assets.

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 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. As Paliburg owns a controlling shareholding interest in Regal, P&R Holdings is, effectively, a subsidiary of Paliburg and the Company. P&R Holdings' 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 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. Despite the continuing adverse impact brought about by the COVID-19 pandemic, the leasing status of this shopping mall overall remained stable as compared with the level in 2021.

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 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 the present time, a total of 17 garden houses and 50 apartment units have been sold or contracted to be sold at satisfactory prices (total sale price of HK\$3,852.9 million), of which the sale transactions for 14 houses and 36 apartment units (total sale price of HK\$2,828.1 million) have been completed. Sale transactions that were completed during this interim period included 6 houses and 7 apartment units (total sale price of HK\$745.4 million) and the profits derived therefrom already accounted for in the results under review. The remaining 7 houses and 86 apartments command significant sale value and are planned 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 was opened for business in March 2019. The hotel is presently self-operated by P&R Holdings and managed by the Regal group. This hotel has been operating as a quarantine hotel 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).

Following the divesture by P&R Holdings of a 50% beneficial interest in December 2019, the property is presently 50% owned by each of P&R Holdings 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 (5,260 square feet) and are intended for a composite commercial/residential redevelopment. The procedure for Land Compulsory Sale through the Lands Tribunal to consolidate 100% ownership interests in the relevant properties has been instituted.

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 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 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 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 since January 2022 been operating as quarantine hotel or facilities under the government's quarantine or isolation schemes.

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 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 has just been issued.

The presale of the first batch of the residential units was first launched in April 2021. A new sale programme for the residential units is planned to be launched on an existing property basis in due course.

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 90% 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 through the Lands Tribunal to consolidate the entire ownership interests in the relevant properties are progressing.

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 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 was subsequently leased to an independent third party pursuant to a lease agreement in September 2017. The lessee continued to default on rentals and other payments under the lease and legal actions are proceeding 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 market re-positioning study is being carried out. The interior design and subsequent renovation works are planned to commence later this year. The hotel is planned to be operated by Regal group 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 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 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 renovation project is expected to be completed by the end of 2022. 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 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 development works of third stage were already completed. Nearly all of the residential units in the third stage have been presold by early 2021. Total proceeds from the contracted presales and sales of the residential units amounted to approximately RMB2,046.2 million (HK\$2,339.6 million). As indicated before, up to the last year end, there were about 40% of the presold residential units in the third stage whose handover procedures were yet to be completed. These remaining presold residential units have since been duly handed over to their respective purchasers during the course of this year. The attributable property income derived from these completed sales amounted to HK\$342.8 million, before impairment loss on ascribed goodwill, tax and selling expense, which has been accounted for in the period under review.

The sale of the shops with about 2,350 square metres (25,300 square feet) comprised in the third stage is in progress. Up to date, a total of 3,933 square meters (42,335 square feet) of shops have been sold or contracted to be sold, at aggregate sale considerations of approximately RMB90.9 million (HK\$103.9 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 438 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB47.8 million (HK\$54.7 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 period under review.

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 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 in steady progress. 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 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), has commenced in May 2021. Up to date, 124 office units with a total of about

5,309 square meters (57,140 square feet) have been subscribed by prospective purchasers or presold under contracts, for an aggregate sale consideration of RMB47.0 million (HK\$53.7 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 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 remaining two office towers and the four-storey commercial podium were completed in December 2021 and the Completion Certificates obtained. The sale programme for one of the office towers, consisting of 137 units with a total of about 17,530 square metres (188,700 square feet), has been delayed on account of the changed market environment, which is now planned to be launched in the first half of 2023. Depending on the sale progress, the sale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), may 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. The global capital market during the period under review was very difficult and the stock market in Hong Kong also further weakened. The Group's performance in this business sector has been adversely affected and recorded a net loss in its financial assets investments business in this interim period.

In April 2022, a wholly owned subsidiary of Regal entered into an agreement with an independent third party for the acquisition of participation right in the performance of certain issued securities of Sygnum Bank AG, a digital asset bank based in Switzerland and Singapore. The participation is anticipated to provide the Regal group with an opportunity to expand its investment portfolio and to diversify its income sources to the digital assets market. Further information on this investment is contained in the joint announcement published on 12th April, 2022.

The Regal group also acquired in April 2022 an estate in The Sandbox, a leading decentralized gaming virtual world, to launch its MetaGreen project in the metaverse. Located in Mega City 2, MetaGreen will be the first sustainability-themed or green metropolis in The Sandbox, which will have different interactive experiences including Regal Hotels' green hotel & residence, MetaGreen Mall, Art Park, MetaGreen Convention Center, MetaGreen Academy and more. By harnessing the power of Web3 and GameFi, MetaGreen aims to promote eco-friendly choices and foster a sustainable community to support the transition to a circular economy and race to carbon net zero.

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 condensed consolidated financial statements at market value as at 30th June, 2022, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$3.54 per share, computed as follows:

	As at 30th June, 2022	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	7,876.1	2.55
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	3,055.3	0.99
Unaudited adjusted net assets attributable to equity holders of the parent	10,931.4	3.54

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. 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 overseas investments and investments in the PRC which are based in currencies other than US dollar and Hong Kong dollar, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$360.8 million (2021 – HK\$267.6 million). Net interest payment for the period amounted to HK\$157.4 million (2021 – HK\$140.8 million).

Borrowings and Gearing

As at 30th June, 2022, the Group had cash and bank balances and deposits of HK\$2,235.4 million (31st December, 2021 – HK\$3,218.8 million) and the Group's borrowings, net of cash

and bank balances and deposits, amounted to HK\$16,959.2 million (31st December, 2021 – HK\$16,875.4 million).

As at 30th June, 2022, the gearing ratio of the Group was 39.9% (31st December, 2021 – 37.6%), representing the Group’s borrowings, net of cash and bank balances and deposits, of HK\$16,959.2 million (31st December, 2021 – HK\$16,875.4 million), as compared to the total assets of the Group of HK\$42,546.8 million (31st December, 2021 – HK\$44,881.0 million).

On the basis of the adjusted total assets as at 30th June, 2022 of HK\$51,262.5 million (31st December, 2021 – HK\$52,715.9 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 33.1% (31st December, 2021 – 32.0%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2022 are shown in the condensed consolidated financial statements contained in the interim report for the six months ended 30th June, 2022 of the Company (“Interim Financial Statements”) to be published on or before 30th September, 2022.

Lease Liabilities

As at 30th June, 2022, the Group had lease liabilities of HK\$59.6 million (31st December, 2021 – HK\$71.9 million).

Pledge of Assets

As at 30th June, 2022, 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\$31,377.4 million (31st December, 2021 – HK\$32,168.1 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, 2022, certain ordinary shares in a listed subsidiary with a market value of HK\$282.4 million (31st December, 2021 – HK\$266.7 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, 2022 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2022 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, 2022 (2021 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2022	Six months ended 30th June, 2021
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	2,915.0	1,114.0
Cost of sales	(1,573.2)	(664.1)
Gross profit	1,341.8	449.9
Other income and gains, net (Note 3)	51.4	30.5
Fair value gains on investment properties, net	1.5	45.9
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	(45.5)	26.8
Loss on disposal of an investment property	(5.6)	–
Impairment loss on items of property, plant and equipment	–	(30.4)
Impairment loss on properties held for sale	–	(0.8)
Impairment loss on investment in associates	(0.3)	–
Property selling and marketing expenses	(124.8)	(90.9)
Administrative expenses	(202.8)	(174.4)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	1,015.7	256.6
Depreciation and amortisation	(377.8)	(336.0)
OPERATING PROFIT/(LOSS) (Note 4)	637.9	(79.4)
Finance costs (Note 5)	(193.4)	(179.1)
Share of profits and losses of associates	(3.6)	0.7
PROFIT/(LOSS) BEFORE TAX	440.9	(257.8)
Income tax (Note 6)	(142.0)	12.1
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	298.9	(245.7)

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

	Six months ended 30th June, 2022	Six months ended 30th June, 2021
	(Unaudited)	(Unaudited)
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	137.3	(85.5)
Non-controlling interests	161.6	(160.2)
	<hr/> 298.9 <hr/>	<hr/> (245.7) <hr/>
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<hr/> HK3.64 cents <hr/>	<hr/> HK(3.43) cents <hr/>

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	298.9	(245.7)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(104.9)	15.8
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	(332.2)	(79.4)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(437.1)	(63.6)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(138.2)	(309.3)
Attributable to:		
Equity holders of the parent	(72.5)	(118.0)
Non-controlling interests	(65.7)	(191.3)
	(138.2)	(309.3)

Condensed Consolidated Statement of Financial Position

	30th June, 2022 (Unaudited) HK\$'M	31st December, 2021 (Audited) HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	6,857.0	7,035.0
Investment properties	3,179.4	3,209.2
Right-of-use assets	15,957.9	16,135.4
Properties under development	902.9	869.9
Investments in associates	413.0	457.1
Financial assets designated at fair value through other comprehensive income	256.3	590.5
Financial assets at fair value through profit or loss	784.5	718.2
Loans receivable	220.3	234.3
Debtors, deposits and prepayments	270.5	280.7
Deferred tax assets	47.7	47.7
Other assets	0.1	0.1
Trademark	610.2	610.2
Other intangible assets	6.4	3.6
Total non-current assets	<u>29,506.2</u>	<u>30,191.9</u>
CURRENT ASSETS		
Properties under development	4,678.0	4,593.3
Properties held for sale	4,461.0	5,570.0
Inventories	52.6	46.3
Loans receivable	29.7	13.0
Debtors, deposits and prepayments (Note 9)	963.8	833.6
Financial assets at amortised cost	25.7	15.6
Financial assets at fair value through profit or loss	592.9	365.6
Derivative financial instruments	–	26.3
Tax recoverable	1.5	6.6
Restricted cash	154.7	171.7
Pledged time deposits and bank balances	171.6	267.7
Time deposits	762.9	1,066.3
Cash and bank balances	1,146.2	1,713.1
Total current assets	<u>13,040.6</u>	<u>14,689.1</u>

Consolidated Statement of Financial Position (Cont'd)

	30th June, 2022 (Unaudited) HK\$'M	31st December, 2021 (Audited) HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	(727.7)	(1,052.3)
Contract liabilities	(797.4)	(1,774.9)
Lease liabilities	(32.9)	(37.1)
Deposits received	(181.6)	(179.8)
Interest bearing bank borrowings (Note 11)	(3,225.5)	(3,329.5)
Tax payable	(469.8)	(286.3)
Total current liabilities	<u>(5,434.9)</u>	<u>(6,659.9)</u>
NET CURRENT ASSETS	<u>7,605.7</u>	<u>8,029.2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>37,111.9</u>	<u>38,221.1</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(84.4)	(85.5)
Lease liabilities	(26.7)	(34.8)
Interest bearing bank borrowings	(15,969.1)	(16,764.7)
Deferred tax liabilities	(1,660.7)	(1,723.6)
Total non-current liabilities	<u>(17,740.9)</u>	<u>(18,608.6)</u>
Net assets	<u>19,371.0</u>	<u>19,612.5</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	309.4	309.4
Reserves	7,566.7	7,669.1
	<u>7,876.1</u>	<u>7,978.5</u>
Perpetual securities	1,729.2	1,730.1
Non-controlling interests	9,765.7	9,903.9
Total equity	<u>19,371.0</u>	<u>19,612.5</u>

Notes:

1. Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2022 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, 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2022.

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30th June, 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual

Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st January, 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30th June, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1st April, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. 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.
- (c) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January, 2021. Since there was no

sale of items produced while making property, plant and equipment available for use on or after 1st January, 2021, the amendments did not have any impact on the financial position or performance of the Group.

- (d) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st January, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (e) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1st January, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying

HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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 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, 2022		Six months ended 30th June, 2021		Six months ended 30th June, 2022		Six months ended 30th June, 2021		Six months ended 30th June, 2022		Six months ended 30th June, 2021		Six months ended 30th June, 2022		Six months ended 30th June, 2021		Six months ended 30th June, 2022	
	(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	1,849.8	684.2	5.8	5.5	1,012.0	351.3	-	-	11.6	27.4	12.0	16.1	23.8	29.5	-	-	2,915.0	1,114.0
Intersegment sales	3.2	4.8	2.0	17.5	44.4	2.3	44.4	42.5	-	-	-	-	88.3	53.0	(182.3)	(120.1)	-	-
Total	1,853.0	689.0	7.8	23.0	1,056.4	353.6	44.4	42.5	11.6	27.4	12.0	16.1	112.1	82.5	(182.3)	(120.1)	2,915.0	1,114.0
Segment results before depreciation and amortisation	545.5	270.6	(1.3)	3.5	533.1	(7.0)	(7.3)	(6.4)	(30.4)	60.7	8.9	(19.6)	13.9	9.0	-	-	1,062.4	310.8
Depreciation and amortisation	(7.4)	(7.3)	(0.2)	(0.1)	(351.3)	(303.3)	-	-	-	-	(1.8)	(5.8)	(4.3)	(6.5)	-	-	(365.0)	(323.0)
Segment results	538.1	263.3	(1.5)	3.4	181.8	(310.3)	(7.3)	(6.4)	(30.4)	60.7	7.1	(25.4)	9.6	2.5	-	-	697.4	(12.2)
Unallocated interest income and unallocated non-operating and corporate gains																	13.6	17.1
Unallocated non-operating and corporate expenses																	(73.8)	(85.2)
Finance costs (other than interest on lease liabilities)																	(192.7)	(178.2)
Share of profits and losses of associates	0.8	6.7	-	-	(4.4)	(5.2)	-	-	-	-	-	-	-	(0.8)	-	-	(3.6)	0.7
Profit/(Loss) before tax																	440.9	(257.8)
Income tax																	(142.0)	12.1
Profit/(Loss) for the period before allocation between equity holders of the parent and non-controlling interests																	298.9	(245.7)
Attributable to:																		
Equity holders of the parent																	137.3	(85.5)
Non-controlling interests																	161.6	(160.2)
																	298.9	(245.7)

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

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	1,826.9	661.8
Hotel operations and management services	981.8	322.0
Construction and construction-related income	1.9	1.7
Estate management fees	3.9	3.8
Other operations	23.3	29.1
	2,837.8	1,018.4
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	22.2	27.8
Investment properties	30.2	22.9
Aircraft	12.0	15.7
Others	0.8	1.0
Net gain from sale of financial assets at fair value through profit or loss	1.3	17.1
Interest income from financial assets at fair value through profit or loss	6.2	4.6
Interest income from finance leases	–	0.4
Dividend income from listed investments	4.1	5.7
Other operations	0.4	0.4
	77.2	95.6
	2,915.0	1,114.0

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	7.0	7.4
Other interest income	7.1	11.2
Dividend income from unlisted investments	0.8	19.4
Gain/(Loss) on disposal of unlisted investments included in financial assets at fair value through profit or loss	5.7	(12.9)
Compensation received in relation to refinancing of a bank loan	23.7	–
Others	7.1	5.4
	<u>51.4</u>	<u>30.5</u>

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

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
Profit on disposal of properties	<u>709.3</u>	<u>353.2</u>
Depreciation of property, plant and equipment	194.0	176.0
Depreciation of right-of-use assets	183.8	159.3
Amortisation of intangible asset	–	0.7
	<u>377.8</u>	<u>336.0</u>

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
Interest on bank loans	167.9	114.2
Interest on other borrowings	–	53.7
Interest expenses arising from revenue contracts	8.6	58.3
Interest on lease liabilities	0.7	0.9
Amortisation of debt establishment costs	25.8	37.6
Total interest expenses on financial liabilities not at fair value through profit or loss	203.0	264.7
Other loan costs	2.5	5.5
	205.5	270.2
Less: Finance costs capitalised	(12.1)	(91.1)
	193.4	179.1

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

	Six months ended 30th June, 2022 (Unaudited) HK\$'M	Six months ended 30th June, 2021 (Unaudited) HK\$'M
Current – Hong Kong		
Charge for the period	54.4	18.8
Overprovision in prior years	(0.3)	(0.1)
Current – PRC and overseas		
Charge for the period	84.7	1.1
PRC land appreciation tax	64.2	0.2
Deferred	(61.0)	(32.1)
Total tax charge/(credit) for the period	142.0	(12.1)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2021 – 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 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.

The share of tax attributable to associates amounted to HK\$0.1 million (2021 – HK\$1.1 million) is included in “Share of profits and losses of associates” in the condensed consolidated statement of profit or loss.

7. Dividend:

No dividend was paid or proposed during the six months ended 30th June, 2022, nor has any dividend been proposed since the end of the reporting period (2021 – Nil).

8. The calculation of the basic earnings per ordinary share for the period ended 30th June, 2022 is based on the profit for the period attributable to equity holders of the parent of HK\$137.3 million (2021 – loss of HK\$85.5 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$24.6 million (2021 – HK\$24.4 million), and on the weighted average of 3,093.8 million (2021 – 3,203.8 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, 2022 and 2021 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\$288.9 million (31st December, 2021 – HK\$44.7 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2022	31st December, 2021
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	278.0	31.0
4 to 6 months	3.9	5.9
7 to 12 months	6.2	7.6
Over 1 year	29.0	27.7
	<hr/>	<hr/>
	317.1	72.2
Impairment	(28.2)	(27.5)
	<hr/>	<hr/>
	288.9	44.7
	<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\$4.5 million (31st December, 2021 – HK\$25.4 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\$43.0 million (31st December, 2021 – HK\$45.3 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2022	31st December, 2021
	(Unaudited)	(Audited)
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	42.9	45.2
4 to 6 months	0.1	0.1
	43.0	45.3

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\$1,169.2 million (31st December, 2021 – HK\$1,514.3 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, 2022.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2022 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, 2022 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2022, 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, 2022, 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. 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, 25th August, 2022