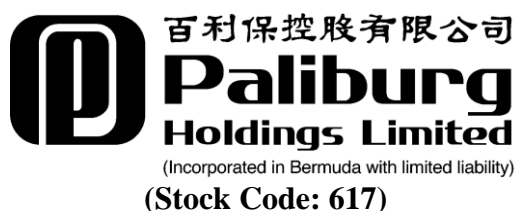


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ANNOUNCEMENT OF 2023 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

| | Year 2023 | Year 2022 | % Change |
|--|-----------------------------|--------------------|----------------|
| | HK\$'M | HK\$'M | |
| Revenue | 2,806.4 | 4,003.7 | -29.9% |
| Gross profit | 1,124.8 | 1,724.9 | -34.8% |
| Operating profit before depreciation, finance costs and tax | 277.8 | 1,086.4 | -74.4% |
| Profit/(Loss) from core business operations* | (525.3) | 284.5 | N/A |
| Loss for the year attributable to equity holders of the parent | (1,042.0) | (217.7) | +378.6% |
| Basic loss per ordinary share attributable to equity holders of the parent | HK\$(1.01) | HK\$(0.27) | +274.1% |
| | As at 31st December, | | |
| | Year 2023 | Year 2022 | |
| | (Unaudited) | (Unaudited) | |
| Net asset value per ordinary share attributable to equity holders of the parent | | | |
| Book | HK\$9.21 | HK\$10.56 | -12.8% |
| Adjusted** | HK\$14.65 | HK\$15.23 | -3.8% |

* 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 2023, respectively, with the relevant deferred tax liabilities added back

- For the year ended 31st December, 2023, the Group recorded a consolidated loss attributable to shareholders of HK\$1,042.0 million, as compared to a loss of HK\$217.7 million for the preceding financial year.
- Although the Group's two principal business operations comprising property and hotel businesses continued to operate profitably, their profit contributions for the year were relatively lower than those in 2022, particularly with respect to the property business as affected by the adverse market conditions of the real estate sectors in Hong Kong and Mainland China.
- Moreover, due to the substantial increase in the Group's finance costs on account of the rapid hike in the interest rates in Hong Kong, especially in the second half of last year, as well as the significant amount of depreciation charges required to be provided on the Group's hotel properties to conform to applicable accounting standards, the Group recorded an increased loss for the year under review.
- Gross profit from operations of the Group for the year amounted to HK\$1,124.8 million (2022 – HK\$1,724.9 million). After accounting for mainly administrative expenses, the impairment losses on certain properties held for sale and properties under development as well as fair value losses on financial assets, the operating profit before depreciation, finance costs and tax (EBITDA) amounted to HK\$277.8 million (2022 – HK\$1,086.4 million).
- Apart from properties, hotels comprise another core assets of the Group. Total depreciation charges for the year on the 11 hotels in Hong Kong that are wholly owned and operated within the Group amounted to HK\$689.5 million, including an amount of HK\$123.4 million on the new Regala Skycity Hotel. Although these depreciation charges do not have any immediate impact on the Group's cash flow, they have nevertheless adversely affected the Group's financial results.
- The property development and investment business of the Group is principally undertaken through P&R Holdings Limited (which is a 50/50 joint venture with Regal Hotels International Holdings Limited and, effectively, a subsidiary undertaking of the Group) and, at appropriate times, also undertaken by Regal itself.

- **The Mount Regalia is a major luxury residential development undertaken by P&R. The development has a total of 24 garden houses and 136 apartment units, together with car parks and club house facilities. During the year, a total of four houses (including one house that is on lease with an option for the lessee to purchase) and eight apartment units were sold or taken as sold and the attributable profits therefrom reflected in the Group's results under review. P&R still owns 3 houses and 83 apartment units in Mount Regalia, which command significant value. P&R will closely monitor the market environment and will continue to dispose of these remaining units on a gradual basis.**
- **Apart from Mount Regalia, P&R owns a mixed portfolio of completed properties and hotels as well as properties held for development in Hong Kong. These include the We Go MALL in Ma On Shan, Sha Tin, the iclub Mong Kok Hotel and a 50% interest in the iclub AMTD Sheung Wan Hotel, which are held for operating and recurring income.**
- **On the property development side, P&R owns a commercial/residential project at Kam Wa Street in Shau Kei Wan as well as another composite commercial/residential redevelopment at Castle Peak Road for which the requisite majority ownership interests in the existing properties have been acquired. In addition, P&R also owns some remaining shop units and carparks in The Ascent in Sham Shui Po and retained houses in Casa Regalia in Yuen Long, both are property developments completed by P&R in earlier years.**
- **Detailed information on the business operations of the three listed subsidiaries of the Company, namely, Regal (the principal listed subsidiary of the Company), Regal Real Estate Investment Trust (a listed subsidiary of Regal through which 9 hotels of the Group in Hong Kong are owned) and Cosmopolitan International Holdings Limited (which primarily engages in property development and investment in China and other investments), are contained in their separate results announcements released today.**
- **Property transactions in Hong Kong during the past two months have increased. The Group anticipates that when the interest rates begin to ease, the market confidence towards the property sector in Hong Kong will gradually restore.**

- **The Group owns a solid portfolio of quality assets that are well diversified in business scope as well as geographical coverage, which will continue to generate substantial cash flow and revenues. The Group will closely monitor changes in the overall economic environment to review and adjust its business strategies, with a view to ensuring the long term growth and prosperity of the Group.**

FINANCIAL RESULTS

For the year ended 31st December, 2023, the Group recorded a consolidated loss attributable to shareholders of HK\$1,042.0 million, as compared to a loss of HK\$217.7 million for the preceding financial year.

As explained in the profit warning announcement published by the Company on 20th March, 2024, although the Group's two principal business operations comprising property and hotel businesses continued to operate profitably, their profit contributions for the year were relatively lower than those in 2022, particularly with respect to the property business as affected by the adverse market conditions of the real estate sectors in Hong Kong and Mainland China. Moreover, due to the substantial increase in the Group's finance costs on account of the rapid hike in the interest rates in Hong Kong, especially in the second half of last year, as well as the significant amount of depreciation charges required to be provided on the Group's hotel properties to conform to applicable accounting standards, the Group recorded an increased loss for the year under review.

For the financial year ended 31st December, 2023, the Group attained a gross profit of HK\$1,124.8 million (2022 – HK\$1,724.9 million). After accounting for mainly administrative expenses, the impairment losses on certain properties held for sale and properties under development as well as fair value losses on financial assets, the operating profit before depreciation, finance costs and tax (EBITDA) amounted to HK\$277.8 million (2022 – HK\$1,086.4 million).

The Group presently holds, through its various subsidiaries, a portfolio of 12 hotels operating in Hong Kong. Except for the iclub AMTD Sheung Wan Hotel that is owned by a joint venture

50% held by P&R Holdings Limited (which is, in turn, a joint venture equally owned by the Company and Regal Hotels International Holdings Limited, a listed subsidiary of the Company), all the other 11 hotels are wholly owned and operated within the Group and required to be subject to depreciation charges to conform to the applicable accounting standards. Total depreciation charges on these 11 hotels for the year amounted to HK\$689.5 million, including an amount of HK\$123.4 million on the new Regala Skycity Hotel. Although these depreciation charges do not have any immediate impact on the Group's cash flow, they have nevertheless adversely affected the Group's financial results.

Supplementary information showing the adjusted net asset value of the Company of HK\$14.65 per share as at 31st December, 2023, after adjusting for the surplus of the market valuations over the carrying values of the Group's hotel properties in Hong Kong of HK\$10,763.6 million and on the basis therein presented, is contained in the paragraph headed "Asset Value" in the section headed "Management Discussion and Analysis" in this announcement.

BUSINESS OVERVIEW

The Group comprises a total of four listed entities, with diversified business interests in properties, hotels, aircraft ownership and leasing, and financial assets and other investments.

As at 31st December, 2023, the Group directly held, through its wholly owned subsidiaries, a controlling shareholding interest of approximately 69.3% in Regal which, in turn, held approximately 74.9% of the outstanding 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 which is, effectively, a subsidiary of the Group. Regal also undertakes, on its own, some property projects in Hong Kong as well as overseas.

Apart from its property business, P&R also holds an effective controlling shareholding interest in Cosmopolitan International Holdings Limited, a listed subsidiary of the Group that primarily engages in property business in China and other investments. Following the completion of the bonus issue and related proposals by Cosmopolitan in December 2023 and the subsequent conversion by P&R of its holdings of the convertible bonds and part of the convertible notes received under the aforesaid bonus issue of Cosmopolitan into ordinary shares of Cosmopolitan, P&R held 56.5% of the issued ordinary share capital of Cosmopolitan as at 31st December, 2023 and, in addition, existing convertible preference shares as well as new convertible notes of Cosmopolitan, which are convertible into an aggregate of 1,272.1 million new ordinary shares of Cosmopolitan. Moreover, the Company and Regal also hold, through their respective wholly owned subsidiaries, ordinary shares and new convertible notes of Cosmopolitan.

Further information on the latest progress of the Group's property business as well as the financial results and operational reviews of Regal (including Regal REIT) and Cosmopolitan are presented below.

PROPERTIES

After a short market rebound witnessed in the first quarter last year, the sluggish economic conditions and high interest rates environment continued to weigh on the property sector in Hong Kong. These adverse factors have not only dampened market confidence in the private sector but have also affected land sales by the Hong Kong Government, leading to six failed bids in the public land tenders in 2023.

Following the partial relaxation by the Government of Hong Kong of the special stamp duty and the double stamp duty in October 2023, the volume of property transactions regained some momentum, mainly benefiting from the launching by developers of units in new development projects or retained unsold inventories at competitive prices. Nevertheless, for 2023 as a whole, overall properties prices as well as the aggregate number of property transactions in the residential segment in Hong Kong have declined as compared with 2022.

The Mount Regalia in Kau To, Sha Tin is a major luxury residential development undertaken by P&R. The development has a total of 24 garden houses and 136 apartment units, together

with car parks and club house facilities. During the year, a total of four houses (including one house that is on lease with an option for the lessee to purchase) and eight apartment units were sold or taken as sold and the profits derived therefrom reflected in the Group's results under review. P&R still owns 3 houses and 83 apartment units in Mount Regalia, which command significant value. P&R will closely monitor the market environment and will continue to dispose of these remaining units on a gradual basis.

Apart from Mount Regalia, P&R owns a mixed portfolio of completed properties and hotels as well as properties held for development in Hong Kong.

Properties that are held by P&R for recurring and operating income include the We Go MALL in Ma On Shan, Sha Tin, the iclub Mong Kok Hotel, and the iclub AMTD Sheung Wan Hotel that is held by a 50%-owned joint venture of P&R.

On the property development front, P&R owns a commercial/residential project at Kam Wa Street in Shau Kei Wan as well as another composite commercial/residential redevelopment at Castle Peak Road for which the requisite majority interests in the existing properties have been acquired. In addition, P&R also owns certain remaining shop units and carparks in The Ascent in Sham Shui Po and 8 retained houses in Casa Regalia in Yuen Long, both are property developments completed by P&R in earlier years, which will continue to be disposed of.

Additional information on the Group's property development projects and properties, including those undertaken by P&R and Regal as well as the projects in Mainland China that are undertaken through Cosmopolitan, are contained in the section headed "Management Discussion and Analysis" in this announcement.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2023, Regal recorded a consolidated loss attributable to shareholders of HK\$1,791.9 million, as compared to a loss of HK\$358.3 million for the preceding financial year.

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

REGAL REAL ESTATE INVESTMENT TRUST

For the year ended 31st December, 2023, Regal REIT recorded a consolidated profit before distributions to unitholders of HK\$265.7 million, as compared to a profit of HK\$929.9 million for the 2022 financial year.

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 financial year ended 31st December, 2023, Cosmopolitan incurred a loss attributable to shareholders of HK\$372.3 million, while a profit of HK\$4.0 million was recorded 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

With a view to stabilising the property market in Hong Kong, the Government has recently announced a series of supportive measures including, more notably, the scrapping of the special stamp duty, buyer’s stamp duty and the new residential stamp duty for home purchases introduced in earlier years as part of the demand-side management measures as well as relaxing the countercyclical macroprudential measures on property loans.

Under the various talent admission schemes of Hong Kong, it was reported that, as of the last year end, about 128,000 cases have been approved, with over 80,000 individuals having arrived the city. In addition, the Government has recently announced the details of the new Capital Investment Entrant Scheme, which is expected to attract to Hong Kong a batch of high net-worth individuals. All these will create new demands for different types of properties in Hong Kong, especially the luxury residential sector.

Property transactions in Hong Kong during the past two months have increased. The Group anticipates that when the interest rates begin to ease, the market confidence towards the property sector in Hong Kong will gradually restore.

The Group owns a solid portfolio of quality assets that are well diversified in business scope as well as geographical coverage, which will continue to generate substantial cash flow and revenues. The Group will closely monitor changes in the overall economic environment to review and adjust its business strategies, with a view to ensuring the long term growth and prosperity 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 significant investments and business interests of Regal, the principal listed subsidiary of the Group, 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.

Cosmopolitan is a listed subsidiary of the Group held through P&R. The principal business activities of the Cosmopolitan group comprise property development and investment, which are mainly focused in the PRC, and other investments including financial assets investments.

The performance of the Group's property, construction and building related and other investment businesses, and those of the principal businesses of Regal, Regal REIT and Cosmopolitan for the year, including the commentary on the business sectors in which the Group operates, the changes in the general market conditions and their potential impact on the Group's operating performance and future prospects, is contained in the sections headed "Business Overview" and "Outlook" above and in this sub-section as well as in the respective annual results announcements for 2023 released by Regal, Regal REIT and Cosmopolitan.

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 sub-section.

P&R HOLDINGS LIMITED

P&R is a 50/50 owned joint venture established with Regal, with capital contributions provided by the Company and Regal on a pro-rata basis in accordance with their respective shareholdings. As the Company owns a controlling shareholding interest in Regal, P&R is, effectively, a subsidiary of the Company. 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 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 continue to be disposed of.

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 leasing status of this shopping mall remained steady during the year.

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

This is a project undertaken pursuant to a tender award from 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 sold.

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 last year end date, 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 sold or contracted to be sold during 2023, 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 year included 3 houses and 8 apartment units (total sale price of HK\$663.9 million) and the profits derived therefrom already accounted for in the results for 2023. In addition, a garden house was leased out during the year with an option granted to the lessee for the purchase of the property. The lease was regarded as a finance lease and effectively taken as sold, with the relevant revenues having 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, Mong Kok, Kowloon

This is a hotel development project undertaken through a tender award from 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 92% 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 (5,257 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 parts 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 the Company. 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 secured the award from the Airport Authority in Hong Kong of 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 the SkyPier Terminal. The hotel project is the first phase of the mega SKYCITY Project of 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 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 the grand opening of the hotel was 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.

7 residential units were sold on the first launch of units sale in April 2021. Due to the changed market environment and the rising demand for leased apartments in the area, some of the residential units have been leased out as serviced apartments on short tenure.

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). Development works are planned to commence after the process for the recovery of vacant possession of 1 remaining unit is completed.

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

Most recently, the Regal group has entered into an agreement for the sale of a garden house in Regalia Bay for a sale consideration of HK\$105 million. The Regal group still retains 8 other garden houses with total gross area of about 3,719 square metres (40,028 square feet). Some of these remaining houses will continue to be disposed of on appropriate terms.

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 generating satisfactory rental revenue.

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 are under study with the aim to optimising the intrinsic value of this unique property. On the other hand, the Regal group is also considering the possible disposal of this property at a satisfactory price.

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 the Group 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 RMB2,048.3 million (HK\$2,211.5 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 4,002 square meters (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of

approximately RMB93.2 million (HK\$100.6 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 470 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.2 million (HK\$55.3 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 have been completed and the Completion Certificate obtained in January 2024. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are being planned 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, 275 office units with a total of about 12,254 square meters (131,902 square feet) have been presold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB105.8 million (HK\$114.2 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 timing for the launching of the sale programme for the units in the other four office towers will depend on the property market environment in Chengdu.

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 remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The market repositioning works for the commercial podium are in progress. In view of the prevailing unfavourable market environment, the marketing programme for the sale of the units in the office towers 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 of the required re-forestation area, 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.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group's wholly owned construction arm, Chatwin Engineering Limited, was the main contractor for the construction of P&R's residential project at Domus and Casa Regalia as well as its other hotel projects in Hong Kong, namely, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel, iclub To Kwa Wan Hotel and iclub Mong Kok Hotel, all completed in the years between 2014 and 2019. Chatwin was also responsible for the construction management of the Mount Regalia project and the Regala Skycity Hotel project completed in 2019 and 2021 respectively. Chatwin will continue to seek public construction contracts while providing in-house services to the Group's construction projects including construction management, health and safety as well as quality assurance and compliance.

With its extensive experience and professional expertise, the Group's development consultancy division played a key role, throughout the years, in supporting the in-house needs of the Group's member companies on development projects, from project inception stage, feasibility studies to project completion. These professional services include development appraisal, project management, architectural, interior design as well as quality control and cost engineering.

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 weakness in the local stock 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 year 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 consolidated financial statements at market value as at 31st December, 2023, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$14.65 per share, computed as follows:

| | As at 31st December, 2023 | |
|---|----------------------------------|------------------------------------|
| | HK\$'M | HK\$ per ordinary share |
| Book net assets attributable to equity holders of the parent | 10,268.6 | 9.21 |
| Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities | 6,065.7 | 5.44 |
| Unaudited adjusted net assets attributable to equity holders of the parent | 16,334.3 | 14.65 |

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 year under review amounted to HK\$623.9 million (2022 – HK\$706.0 million). Net interest payment for the year amounted to HK\$1,069.4 million (2022 – HK\$486.3 million).

Borrowings and Gearing

As at 31st December, 2023, the Group had cash and bank balances and deposits of HK\$2,180.5 million (2022 – HK\$2,372.3 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$17,937.9 million (2022 – HK\$17,302.8 million).

As at 31st December, 2023, the gearing ratio of the Group was 45.0% (2022 – 41.4%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$17,937.9 million (2022 – HK\$17,302.8 million), as compared to the total assets of the Group of HK\$39,824.5 million (2022 – HK\$41,787.2 million).

On the basis of the adjusted total assets as at 31st December, 2023 of HK\$50,588.1 million (2022 – HK\$51,120.5 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 35.5% (2022 – 33.8%).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2023 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2023 (the “2023 Annual Report”) to be published on or before 30th April, 2024.

Lease Liabilities

As at 31st December, 2023, the Group had lease liabilities of HK\$19.7 million (2022 – HK\$27.4 million).

Pledge of Assets

As at 31st December, 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\$30,373.0 million (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 31st December, 2023, certain ordinary shares in a listed subsidiary with a market value of HK\$251.8 million (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 31st December, 2023 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2023 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend to holders of ordinary shares for the year ended 31st December, 2023 (2022 – Nil). No interim dividend was paid for the year ended 31st December, 2023 (2022 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Thursday, 13th June, 2024. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2023 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2024 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Friday, 7th June, 2024 to Thursday, 13th June, 2024, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2024 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:30 p.m. on Thursday, 6th June, 2024.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

| | Year ended 31st December, 2023 | Year ended 31st December, 2022 |
|---|-----------------------------------|-----------------------------------|
| | HK\$'M | HK\$'M |
| REVENUE (Notes 2 & 3) | 2,806.4 | 4,003.7 |
| Cost of sales | (1,681.6) | (2,278.8) |
| Gross profit | 1,124.8 | 1,724.9 |
| Other income and gains, net (Note 3) | 65.4 | 81.0 |
| Fair value losses on investment properties, net | (22.6) | (28.9) |
| Fair value gain upon reclassification of properties held for sale to investment properties | 61.6 | – |
| Fair value losses on financial assets at fair value through profit or loss, net | (165.4) | (48.2) |
| Loss on disposal of investment properties | (1.0) | (5.6) |
| Reversal of impairment loss of items of property, plant and equipment | 12.4 | – |
| Reversal of impairment loss on right-of-use asset | 2.9 | – |
| Impairment loss on properties under development | (122.6) | – |
| Impairment loss on properties held for sale | (151.4) | (20.5) |
| Impairment loss on investments in associates | (0.1) | (0.5) |
| Property selling and marketing expenses | (116.3) | (177.0) |
| Administrative expenses | (409.9) | (438.8) |
| OPERATING PROFIT BEFORE DEPRECIATION | 277.8 | 1,086.4 |
| Depreciation (Note 4) | (728.6) | (736.3) |
| OPERATING PROFIT/(LOSS) (Note 4) | (450.8) | 350.1 |
| Finance costs (Note 5) | (1,221.5) | (601.3) |
| Share of profits and losses of associates | (5.2) | (11.0) |
| LOSS BEFORE TAX | (1,677.5) | (262.2) |
| Income tax (Note 6) | 14.4 | (114.2) |
| LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS | (1,663.1) | (376.4) |

Consolidated Statement of Profit or Loss (Cont'd)

| | Year ended 31st December, 2023 | Year ended 31st December, 2022 |
|---|-----------------------------------|-----------------------------------|
| | HK\$'M | HK\$'M |
| Attributable to: | | |
| Equity holders of the parent | (1,042.0) | (217.7) |
| Non-controlling interests | (621.1) | (158.7) |
| | <u>(1,663.1)</u> | <u>(376.4)</u> |
| | | |
| LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8) | | |
| Basic and diluted | <u>HK\$(1.01)</u> | <u>HK\$(0.27)</u> |

Consolidated Statement of Comprehensive Income

| | Year ended 31st December, 2023 | Year ended 31st December, 2022 |
|---|-----------------------------------|-----------------------------------|
| | HK\$'M | HK\$'M |
| LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS | (1,663.1) | (376.4) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translating foreign operations | (33.4) | (152.5) |
| Other comprehensive income/(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 | (388.0) | (143.6) |
| Gain on property revaluation | 2.2 | – |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR | <u>(419.2)</u> | <u>(296.1)</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | <u>(2,082.3)</u> | <u>(672.5)</u> |
| Attributable to: | | |
| Equity holders of the parent | (1,379.3) | (425.2) |
| Non-controlling interests | (703.0) | (247.3) |
| | <u>(2,082.3)</u> | <u>(672.5)</u> |

Consolidated Statement of Financial Position

| | 31st December, 2023 | 31st December, 2022 |
|--|---------------------|---------------------|
| | HK\$'M | HK\$'M |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 6,361.4 | 6,672.9 |
| Investment properties | 3,868.8 | 3,149.0 |
| Right-of-use assets | 15,374.2 | 15,759.8 |
| Properties under development | 892.0 | 915.1 |
| Investments in associates | 401.3 | 406.6 |
| Financial assets designated at fair value through other comprehensive income | 28.1 | 443.3 |
| Financial assets at fair value through profit or loss | 592.9 | 768.4 |
| Loans receivable | 163.4 | 185.6 |
| Finance lease receivable | 101.7 | – |
| Debtors, deposits and prepayments | 286.5 | 277.8 |
| Deferred tax assets | 47.7 | 47.7 |
| Trademark | 610.2 | 610.2 |
| Other intangible assets | 3.6 | 6.8 |
| Total non-current assets | <u>28,731.8</u> | <u>29,243.2</u> |
| CURRENT ASSETS | | |
| Properties under development | 2,437.4 | 2,413.7 |
| Properties held for sale | 5,635.8 | 6,655.6 |
| Inventories | 55.4 | 49.4 |
| Loans receivable | 32.7 | 34.4 |
| Finance lease receivable | 5.4 | – |
| Debtors, deposits and prepayments (Note 9) | 426.5 | 568.7 |
| Financial assets at fair value through profit or loss | 221.5 | 372.2 |
| Derivative financial instruments | 93.9 | 70.1 |
| Tax recoverable | 3.6 | 7.6 |
| Restricted cash | 577.2 | 176.5 |
| Pledged time deposits and bank balances | 212.4 | 190.6 |
| Time deposits | 567.2 | 1,107.9 |
| Cash and bank balances | 823.7 | 897.3 |
| Total current assets | <u>11,092.7</u> | <u>12,544.0</u> |

Consolidated Statement of Financial Position (Cont'd)

| | 31st December, 2023 | 31st December, 2022 |
|--|---------------------|---------------------|
| | HK\$'M | HK\$'M |
| CURRENT LIABILITIES | | |
| Creditors and accruals (Note 10) | (934.5) | (774.2) |
| Contract liabilities | (484.3) | (586.7) |
| Lease liabilities | (12.5) | (11.4) |
| Deposits received | (151.1) | (178.2) |
| Interest bearing bank borrowings (Note 11) | (5,780.0) | (7,929.2) |
| Tax payable | (449.8) | (447.0) |
| Total current liabilities | <u>(7,812.2)</u> | <u>(9,926.7)</u> |
| NET CURRENT ASSETS | <u>3,280.5</u> | <u>2,617.3</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | <u>32,012.3</u> | <u>31,860.5</u> |
| NON-CURRENT LIABILITIES | | |
| Creditors and deposits received | (90.1) | (84.8) |
| Lease liabilities | (7.2) | (16.0) |
| Interest bearing bank borrowings | (13,870.4) | (11,589.9) |
| Other borrowings | (468.0) | (156.0) |
| Deferred tax liabilities | (1,445.9) | (1,618.1) |
| Total non-current liabilities | <u>(15,881.6)</u> | <u>(13,464.8)</u> |
| Net assets | <u>16,130.7</u> | <u>18,395.7</u> |
| EQUITY | | |
| Equity attributable to equity holders of the parent | | |
| Issued capital | 111.4 | 111.4 |
| Reserves | 10,157.2 | 11,653.7 |
| | <u>10,268.6</u> | <u>11,765.1</u> |
| Perpetual securities | 1,732.9 | 1,732.9 |
| Non-controlling interests | 4,129.2 | 4,897.7 |
| Total equity | <u>16,130.7</u> | <u>18,395.7</u> |

Notes:

1. Basis of Preparation and Accounting Policies

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

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

| | |
|--|---|
| HKFRS 17 | <i>Insurance Contracts</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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (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, sale of food products, operation and management of restaurants, operation of security storage lounge and retail shops, the provision of housekeeping and related services and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude certain loans receivable, deferred tax assets, tax recoverable, restricted cash, pledged time deposits and bank balances, time deposits, cash and bank balances, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest bearing bank borrowings, other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2023 and 2022:

| | 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 | |
|--|-------------------------------------|----------------|--|----------------|--|----------------|------------------|----------------|------------------------------|----------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|
| | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M |
| Segment revenue (Note 3): | | | | | | | | | | | | | | | | | | |
| Sales to external customers | 948.0 | 2,186.9 | 14.7 | 12.5 | 1,736.2 | 1,696.4 | - | - | 16.1 | 25.8 | 29.4 | 24.1 | 62.0 | 58.0 | - | - | 2,806.4 | 4,003.7 |
| Intersegment sales | 4.3 | 4.1 | 31.0 | 5.7 | 2.6 | 4.5 | 91.1 | 89.6 | - | - | - | - | 178.2 | 165.8 | (307.2) | (269.7) | - | - |
| Total | <u>952.3</u> | <u>2,191.0</u> | <u>45.7</u> | <u>18.2</u> | <u>1,738.8</u> | <u>1,700.9</u> | <u>91.1</u> | <u>89.6</u> | <u>16.1</u> | <u>25.8</u> | <u>29.4</u> | <u>24.1</u> | <u>240.2</u> | <u>223.8</u> | <u>(307.2)</u> | <u>(269.7)</u> | <u>2,806.4</u> | <u>4,003.7</u> |
| Segment results before depreciation | 10.8 | 559.5 | (2.4) | (3.9) | 524.8 | 676.4 | (16.5) | (17.9) | (151.0) | (17.1) | 40.9 | 18.8 | (10.3) | 2.9 | - | - | 396.3 | 1,218.7 |
| Depreciation | (16.5) | (14.8) | (0.7) | (0.3) | (700.9) | (705.9) | - | - | - | - | (6.7) | (6.8) | (3.8) | (8.5) | - | - | (728.6) | (736.3) |
| Segment results | <u>(5.7)</u> | <u>544.7</u> | <u>(3.1)</u> | <u>(4.2)</u> | <u>(176.1)</u> | <u>(29.5)</u> | <u>(16.5)</u> | <u>(17.9)</u> | <u>(151.0)</u> | <u>(17.1)</u> | <u>34.2</u> | <u>12.0</u> | <u>(14.1)</u> | <u>(5.6)</u> | <u>-</u> | <u>-</u> | <u>(332.3)</u> | <u>482.4</u> |
| Unallocated interest income and unallocated non-operating and corporate gains | | | | | | | | | | | | | | | | | 38.6 | 34.0 |
| Unallocated non-operating and corporate expenses | | | | | | | | | | | | | | | | | (157.8) | (166.8) |
| Finance costs (other than interest on lease liabilities) | | | | | | | | | | | | | | | | | (1,220.8) | (600.8) |
| Share of profits and losses of associates | 0.2 | 0.3 | - | - | (5.4) | (11.3) | - | - | - | - | - | - | - | - | - | - | (5.2) | (11.0) |
| Loss before tax | | | | | | | | | | | | | | | | | (1,677.5) | (262.2) |
| Income tax | | | | | | | | | | | | | | | | | 14.4 | (114.2) |
| Loss for the year before allocation between equity holders of the parent and non-controlling interests | | | | | | | | | | | | | | | | | <u>(1,663.1)</u> | <u>(376.4)</u> |
| Attributable to: | | | | | | | | | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | | | | | | | | | (1,042.0) | (217.7) |
| Non-controlling interests | | | | | | | | | | | | | | | | | <u>(621.1)</u> | <u>(158.7)</u> |
| | | | | | | | | | | | | | | | | | <u>(1,663.1)</u> | <u>(376.4)</u> |

| | 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 | |
|--|-------------------------------------|----------------|--|----------------|--|----------------|------------------|----------------|------------------------------|----------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M |
| Segment assets | 13,583.6 | 13,937.2 | 35.4 | 26.1 | 22,050.3 | 22,712.6 | 32.6 | 33.6 | 947.9 | 1,622.3 | 329.2 | 323.1 | 226.8 | 258.5 | (31.5) | (32.4) | 37,174.3 | 38,881.0 |
| Investments in associates | 2.5 | 2.2 | - | - | 393.8 | 399.3 | - | - | - | - | - | - | 5.0 | 5.1 | - | - | 401.3 | 406.6 |
| Cash and unallocated assets | | | | | | | | | | | | | | | | | 2,248.9 | 2,499.6 |
| Total assets | | | | | | | | | | | | | | | | | <u>39,824.5</u> | <u>41,787.2</u> |
| Segment liabilities | (1,098.6) | (1,099.8) | (27.6) | (29.3) | (457.2) | (426.3) | (1.3) | (1.5) | (0.9) | (3.3) | (53.2) | (65.6) | (25.8) | (22.9) | 31.5 | 32.4 | (1,633.1) | (1,616.3) |
| Interest bearing bank borrowings and unallocated liabilities | | | | | | | | | | | | | | | | | (22,060.7) | (21,775.2) |
| Total liabilities | | | | | | | | | | | | | | | | | <u>(23,693.8)</u> | <u>(23,391.5)</u> |
| Other segment information: | | | | | | | | | | | | | | | | | | |
| Capital expenditure | 425.5 | 243.9 | 0.1 | 1.2 | 68.3 | 47.4 | 0.1 | - | - | - | - | - | 1.0 | 3.9 | | | | |
| Loss on disposal of investment properties | 1.0 | 5.6 | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Reversal of impairment loss of items of property, plant and equipment | - | - | - | - | (0.6) | - | - | - | - | - | (11.8) | - | - | - | | | | |
| Reversal of impairment loss on right-of-use asset | - | - | - | - | (2.9) | - | - | - | - | - | - | - | - | - | | | | |
| Impairment loss on properties under development | 122.6 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Impairment loss on properties held for sale | 151.4 | 20.5 | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Impairment loss on investments in associates | - | - | - | - | - | - | - | - | - | - | - | - | 0.1 | 0.5 | | | | |
| Impairment of trade debtors | - | - | - | - | 0.3 | 1.1 | - | - | - | - | - | - | - | - | | | | |
| Impairment of other receivable | 2.5 | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Write-off of other intangible asset | - | - | - | - | - | - | - | - | - | - | - | - | 3.6 | - | | | | |
| Fair value losses on financial assets at fair value through profit or loss, net | - | - | - | - | - | - | - | - | 165.4 | 48.2 | - | - | - | - | | | | |
| Fair value losses/(gains) on investment properties, net | 29.6 | 36.9 | - | - | (7.0) | (8.0) | - | - | - | - | - | - | - | - | | | | |
| Fair value gain upon reclassification of properties held for sale to investment properties | (61.6) | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Interest income | (7.4) | (1.7) | - | - | - | - | - | - | (5.8) | (12.8) | - | - | (9.3) | (7.8) | | | | |

Geographical information

(a) Revenue from external customers

| | 2023 | 2022 |
|----------------|----------------|---------------|
| | HK\$'M | HK\$'M |
| Hong Kong | 2,680.8 | 2,944.8 |
| Mainland China | 79.6 | 1,017.0 |
| Other | 46.0 | 41.9 |
| | 2,806.4 | 4,003.7 |

The revenue information above is based on the locations of the customers, except for the property development and investment segment which is based on the locations of the properties.

(b) Non-current assets

| | 2023 | 2022 |
|----------------|-----------------|---------------|
| | HK\$'M | HK\$'M |
| Hong Kong | 26,771.8 | 26,785.8 |
| Mainland China | 198.1 | 204.6 |
| Other | 682.0 | 659.7 |
| | 27,651.9 | 27,650.1 |

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

Information about major customer

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

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

| | 2023 | 2022 |
|---|----------------|---------------|
| | HK\$'M | HK\$'M |
| <u>Revenue</u> | | |
| <i>Revenue from contracts with customers</i> | | |
| Proceeds from sale of properties | 881.6 | 2,137.0 |
| Hotel operations and management services | 1,670.6 | 1,629.3 |
| Construction and construction-related income | 5.8 | 4.2 |
| Estate management fees | 8.9 | 8.3 |
| Other operations | 61.7 | 57.1 |
| | 2,628.6 | 3,835.9 |
| <i>Revenue from other sources</i> | | |
| Rental income: | | |
| Hotel properties | 44.4 | 45.6 |
| Investment properties | 78.6 | 66.5 |
| Aircraft | 29.4 | 24.1 |
| Others | 5.6 | 4.9 |
| Net gain from sale of financial assets at fair value through profit or loss | 7.0 | 4.1 |
| Interest income from financial assets at fair value through profit or loss | 5.5 | 12.5 |
| Interest income from finance lease | 3.4 | – |
| Dividend income from listed investments | 3.6 | 9.2 |
| Other operations | 0.3 | 0.9 |
| | 2,806.4 | 4,003.7 |

| | 2023 | 2022 |
|---|---------------|---------------|
| | HK\$'M | HK\$'M |
| <u>Other income and gains, net</u> | | |
| Bank interest income | 33.6 | 16.4 |
| Other interest income | 14.8 | 19.1 |
| Dividend income from unlisted investments | 6.6 | 3.3 |
| Gain/(Loss) on disposal of unlisted investments included in financial assets at fair value through profit or loss | (7.1) | 5.5 |
| Release of aircraft maintenance reserve | 9.1 | – |
| Compensation received in relation to refinancing of a bank loan | – | 23.7 |
| Others | 8.4 | 13.0 |
| | 65.4 | 81.0 |

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

| | 2023 | 2022 |
|---|---------------|---------------|
| | HK\$'M | HK\$'M |
| Profit on disposal of properties | 412.9 | 865.3 |
| Depreciation of property, plant and equipment | 383.0 | 390.9 |
| Depreciation of right-of-use assets | 345.6 | 345.4 |
| | 728.6 | 736.3 |

5. Finance costs of the Group are as follows:

| | 2023 | 2022 |
|--|----------------|---------------|
| | HK\$'M | HK\$'M |
| Interest on bank loans | 1,128.1 | 541.6 |
| Interest on other borrowings | 24.9 | 1.7 |
| Interest expenses arising from revenue contracts | 9.9 | 14.3 |
| Interest on lease liabilities | 0.7 | 0.5 |
| Amortisation of debt establishment costs | 55.0 | 53.5 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | 1,218.6 | 611.6 |
| Other loan costs | 6.0 | 4.9 |
| | 1,224.6 | 616.5 |
| Less: Finance costs capitalised | (3.1) | (15.2) |
| | 1,221.5 | 601.3 |

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

| | 2023 | 2022 |
|--|----------------|---------------|
| | HK\$'M | HK\$'M |
| Current – Hong Kong | | |
| Charge for the year | 38.5 | 50.7 |
| Overprovision in prior years | (1.1) | (0.8) |
| Current – PRC and overseas | | |
| Charge for the year | 39.4 | 88.1 |
| Overprovision in prior years | (5.8) | – |
| PRC land appreciation tax | 87.6 | 79.8 |
| Deferred | (173.0) | (103.6) |
| Total tax charge/(credit) for the year | (14.4) | 114.2 |

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 year.

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 year (2022 – Nil).

7. Dividend:

No dividend was paid or proposed during the year ended 31st December, 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 year ended 31st December, 2023 is based on the loss for the year attributable to equity holders of the parent of HK\$1,042.0 million (2022 – HK\$217.7 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$79.4 million (2022 – HK\$79.5 million), and on 1,114.6 million (2022 – 1,114.6 million) ordinary shares of the Company in issue during the year.

No adjustment was made to the basic loss per ordinary share for the years ended 31st December, 2023 and 2022 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the years.

9. Included in debtors, deposits and prepayments is an amount of HK\$102.3 million (2022 – HK\$121.4 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

| | 2023 | 2022 |
|---------------------------------|--------------------------|-------------------|
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 83.8 | 103.7 |
| 4 to 6 months | 5.8 | 3.7 |
| 7 to 12 months | 5.0 | 11.5 |
| Over 1 year | 23.4 | 30.4 |
| | <hr/> 118.0 | <hr/> 149.3 |
| Impairment | (15.7) | (27.9) |
| | <hr/> 102.3 <hr/> | <hr/> 121.4 <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 does not hold any collateral or other credit enhancements over these balances.

Also included in debtors, deposits and prepayments is an amount of HK\$7.7 million (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\$81.5 million (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:

| | 2023 | 2022 |
|---------------------------------|-------------------------|------------------|
| | HK\$'M | HK\$'M |
| Outstanding balances with ages: | | |
| Within 3 months | 81.3 | 40.2 |
| 7 to 12 months | 0.1 | – |
| Over 1 year | 0.1 | 0.3 |
| | <hr/> 81.5 <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\$851.8 million (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 year ended 31st December, 2023.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2023 as set out in this preliminary results announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in

this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary results announcement.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's draft consolidated financial statements for the year ended 31st December, 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 C1 of the Rules Governing the Listing of Securities on Stock Exchange during the year ended 31st December, 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 and Managing Director)

Mr. Kelvin LEUNG So Po

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP

Ms. Winnie NG, JP

Mr. Abraham SHEK Lai Him, GBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 27th March, 2024