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REGAL REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1881)

Managed by



2024 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS HIGHLIGHTS

For the year ended 31st December, 2024

	2024 HK\$ million	2023 HK\$ million	% Change
Gross rental revenue	671.3	586.4	+14.5%
Gross hotel revenue	29.9	31.3	-4.5%
Net rental and hotel income	681.0	599.0	+13.7%
Profit/(loss) for the year, before distributions to Unitholders*	(204.4)	265.7	N/A
Core operating loss, excluding fair value changes on investment properties	(75.6)	(101.2)	-25.3%
Adjusted loss for the year attributable to Unitholders	(90.6)	(127.6)	-29.0%
Total assets	24,225.5	24,392.3	-0.7%
Net assets attributable to Unitholders	12,907.5	13,073.9	-1.3%
Final distribution per Unit	—	—	—
Total distributions per Unit	—	—	—
Net Asset Value per Unit attributable to Unitholders	HK\$3.962	HK\$4.014	-1.3%

* Included a fair value loss of HK\$128.8 million arising from the decrease in the aggregate appraised value of the investment properties as at 31st December, 2024, as compared with a fair value gain of HK\$366.9 million as at 31st December, 2023, both of which have taken into account capital expenditures incurred for the year.

- Net rental and hotel income amounted to HK\$681.0 million (2023 – HK\$599.0 million).
- Loss for the year, before distributions to Unitholders, amounted to HK\$204.4 million, as compared to a profit of HK\$265.7 million attained in 2023.
- The loss incurred for the year under review included a fair value loss of HK\$128.8 million arising from the decrease in the appraised value of Regal REIT's investment property portfolio as at 31st December, 2024, as compared with its appraised value as at the preceding financial year end. While for the comparative financial year in 2023, there was a fair value gain of HK\$366.9 million.
- Core operating loss, excluding the fair value changes on investment properties, amounted to HK\$75.6 million, improving from a loss of HK\$101.2 million in the preceding year. The loss was mainly attributable to the substantial financial expenses of HK\$640.4 million (2023 – HK\$611.2 million) incurred, as the Hong Kong Interbank Offered Rates, on which the borrowing costs of Regal REIT's bank loans are based, continued to linger at a relatively high level throughout the year.
- As at 31st December, 2024, net assets attributable to Unitholders amounted to HK\$12,907.5 million, representing a net asset value of HK\$3.962 per Unit (31st December, 2023 – HK\$4.014 per Unit).
- After adjusting for the various non-cash items, Regal REIT recorded an adjusted loss of HK\$90.6 million for 2024 (2023 – adjusted loss of HK\$127.6 million).
- The aggregate annual base rent for the Initial Hotels for 2025 was determined to be HK\$550.0 million, which is about 1.1% or HK\$6.0 million above the aggregate base rent for 2024. Variable rent will continue to be based on 50% sharing of the excess of the aggregate net property income of the Initial Hotels over their aggregate base rent.
- The aggregate annual base rent for 2025 for three iclub Hotels also under leases was determined to be HK\$123.0 million, which is about 4.2% or HK\$5.0 million above the aggregate base rent in 2024, with variable rent continuing to be based on 50% sharing of the excess of the net property income over the base rent of the respective hotels.

- **Stepping into 2025, the local tourist market continued to show signs of recovery. For the whole month of January 2025, there was a total of about 4.7 million visitors, with around 3.7 million coming over from the Mainland, marking annual increases of 24.0% and 25.0%, respectively, which are both new record highs since the pandemic times.**
- **Hong Kong has always been a vibrant and resilient city. Through its own committed initiatives and the strong support from the Central Government, it is expected that the tourism industry in Hong Kong will be able to achieve a prosperous and sustainable development.**
- **As one of the major hotel owners in Hong Kong, the Directors of the REIT Manager are optimistic that Regal REIT will be able to benefit from the anticipated revival of the local tourist and hotel businesses and that its operating results would gradually improve in the coming years.**

FINANCIAL RESULTS

For the year ended 31st December, 2024, Regal Real Estate Investment Trust (“**Regal REIT**”) recorded a consolidated loss before distributions to unitholders of Regal REIT (the “**Unitholders**”) of HK\$204.4 million, as compared to a profit of HK\$265.7 million attained in 2023. The loss incurred for the year under review included a fair value loss of HK\$128.8 million arising from the decrease in the appraised value of Regal REIT’s investment property portfolio as at 31st December, 2024, as compared with its appraised value as at the preceding financial year end. While for the comparative financial year in 2023, there was a fair value gain of HK\$366.9 million in Regal REIT’s investment portfolio. If the effects of these fair value changes are excluded, Regal REIT would record a core operating loss of HK\$75.6 million for 2024, improving from a loss of HK\$101.2 million in the preceding year. The core operating loss was mainly attributable to the substantial financial expenses incurred, which amounted to HK\$640.4 million (2023: HK\$611.2 million), as the Hong Kong Interbank Offered Rates (“**HIBOR**”), on which the borrowing costs of Regal REIT’s bank loans are based, continued to linger at a relatively high level throughout the year.

DISTRIBUTABLE INCOME AND FINAL DISTRIBUTION FOR 2024

After adjusting for the various non-cash items, Regal REIT recorded an adjusted loss of HK\$90.6 million for the year under review (2023: adjusted loss of HK\$127.6 million). Consequently, the board of directors (the “**Directors**”) of Regal Portfolio Management Limited (the “**REIT Manager**”) has decided not to declare a final distribution for the year ended 31st December, 2024 (2023 final distribution: Nil).

HOTEL MARKET AND BUSINESS REVIEW

Global financial conditions eased slightly since mid-2024, mainly owing to the onset of monetary easing in the United States and generally robust risk appetite. Policy rates in advanced economies have started to decline but remained well above the low levels that prevailed in the 2010s. Growing debt-service burdens continued to pose considerable headwinds to overall economic activities.

Though faced with a complicated and severe environment with increasing external pressures and internal difficulties, China’s economy was generally stable, with new achievements made in high-quality development. According to preliminary estimates, China’s gross domestic product (GDP) in 2024 increased by 5.0% over the previous year. In Hong Kong, real GDP posted a moderate growth of 2.5% in 2024, which was at the low end of the growth forecast made by the Hong Kong Government in August 2024 and a set back from the 3.2% attained in 2023.

For the year under review, total visitor arrivals to Hong Kong amounted to about 44.5 million, representing a year-on-year increase of 30.9%, but this total number only represented about 79.6% of its pre-pandemic peak level recorded in 2019. Hence, there is still much room to catch up in this respect. While visitors from Mainland China continued to be the dominant market source, it is encouraging to see that visitors from overseas regions, both in the long haul as well as the short haul markets, have begun to show some substantial rebound in their growth percentages. Overnight visitors accounted for almost half of all visitors in 2024, with an average length of stay of 3.2 nights in Hong Kong.

According to a hotel survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories in Hong Kong in 2024 was 85.0%, an increase of 3.0 percentage points from 2023, while the industry-wide average room rate contracted by 4.3%, with the average Revenue per Available Room (“**RevPAR**”) having consequently decreased by 0.8% year-on-year.

Regal REIT presently owns a portfolio of nine operating hotels in Hong Kong, which comprises five hotels under the full-service Regal brand (the “**Initial Hotels**”) and four hotels under the select-service iclub brand, commanding total room count of over 4,900 rooms.

Other than the iclub Wan Chai Hotel which is self-operated by Regal REIT, all the five Initial Hotels and the three other iclub Hotels are leased to a wholly-owned subsidiary of Regal Hotels International Holdings Limited (“**RHIHL**”), the immediate listed holding company of Regal REIT, for hotel operations.

Despite the increase in the number of visitor arrivals, the consumption habits of the incoming visitors, particularly those from Mainland China, have changed fundamentally as compared to pre-pandemic times, shifting from shopping, dining and entertainment to cultural and in-depth experiences. This has resulted in a slower than expected recovery in tourism related revenues due to the reduced average per capita spending. Moreover, with the convenience of cross border travel and the impact of a strong Hong Kong Dollar against Renminbi, there is an increasing trend for the local population travelling north to the Greater Bay Area for spending, which has also affected the food and beverage businesses being operated in the Initial Hotels.

The operating environment of the hotel industry in Hong Kong during the year under review continued to be challenging due to keen market competitions and rising labour costs. The overall operating performance of the hotels within Regal REIT’s portfolio remained relatively stable but due to the decline in the food and beverage revenues, the aggregate net operating income of the hotels within our portfolio as a whole has dropped by about 3.2% as compared with 2023.

In accordance with the terms of the 2024 market rental packages, the Initial Hotels generated aggregate base rent of HK\$544.0 million. The market rental reviews for the Initial Hotels for 2025 were completed in September 2024, with their aggregate annual base rent determined to be HK\$550.0 million, which is about 1.1% or HK\$6.0 million above the aggregate base rent for 2024. The variable rent will continue to be based on 50% sharing of the excess of the aggregate net property income (“NPI”) of the Initial Hotels over their aggregate base rent.

The three iclub Hotels that were also under lease to the RHIHL lessee (namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel) received aggregate rental receipts of HK\$118.0 million, representing their base rents fixed for 2024. Based on the market rental reviews determined by the independent valuer under the terms of their respective leases, the aggregate base rent for these three iclub Hotels for 2025 was determined to be HK\$123.0 million, which is about 4.2% or HK\$5.0 million above the aggregate base rent in 2024, with variable rent continuing to be based on 50% sharing of the excess of the NPI over the base rent of the respective hotels.

The iclub Wan Chai Hotel was the first iclub hotel in Hong Kong and has been self-operated by Regal REIT under the management of the RHIHL group since 2011. Due to the competitive market conditions and the lease reversion of the non-hotel portions, the NPI from this property during the year was relatively lower than that attained in 2023.

To fulfil our corporate social responsibility in supporting Hong Kong Government’s initiatives to enhancing youth understanding of national development opportunities through training, exchange, and internship programs, Regal Oriental Hotel collaborated with Yan Oi Tong to transform up to 80 of its guestrooms into a YOT Hub. This is the fifth project under the Government’s Subsidy Scheme for Using Hotels & Guesthouses as Youth Hostels. The collaboration has an operating term of 3 years, which commenced in December 2024 and is early terminable by either party in specified circumstances.

Further details on the hotel properties owned by Regal REIT, including their appraised market values and their operating data in 2024, are contained in the Report of the REIT Manager in the 2024 Annual Report.

BUSINESS OUTLOOK

Based on a recent research from the World Bank Group, global growth is stabilising, as inflation returns closer to targets and monetary easing measures are supporting economic activities in both advanced economies and emerging market and developing economies. It was expected that there would be a broad-based and moderate global expansion over the two years from 2025 to 2026. The balance of risks to the outlook is still tilted to the downside, due to elevated policy uncertainties and the intensification of geopolitical and trade disputes.

The economy of Hong Kong is on a path of gradual but uneven recovery. While Hong Kong will continue to face challenges due to the increased global economic uncertainties, it is also endowed with many development opportunities as it actively aligns with the national development strategies of China. Hong Kong is committed to consolidate and enhance its status as an international financial, shipping and trade centre. At the same time, it is proceeding forward with the Northern Metropolis as its growth engines and to deepen its collaboration with the Greater Bay Area. It can be anticipated that as Hong Kong further integrates with the national development of China, it will be able to benefit from a series of supportive measures from the Central Government.

To reinforce the role of Hong Kong as an international tourism hub, the Culture, Sports and Tourism Bureau announced in December 2024 the Development Blueprint for Hong Kong's Tourism Industry 2.0 (Blueprint 2.0), setting forth strategies primarily to enrich and develop Hong Kong's tourism products and initiatives with local and international characteristics as well as to enhance the service quality and support of its tourism industry on all fronts. In addition, major infrastructure projects, such as the Kai Tak Sports Park and the Three-runway System (3RS) at the Hong Kong International Airport, have also been completed in 2024 to support the launch of the Blueprint 2.0. The completion of the 3RS signifies a significant advancement in the development of Hong Kong as an aviation hub, which aims to handle 120 million passengers and 10 million tons of cargo annually by 2035.

The United States Federal Reserve began its interest rate cuts in September 2024, the first time in four years. Together with the two subsequent interest rate reductions in November and December, there were rate reductions in the US in an aggregate of 100 basis points since September 2024. However, the effect of the US interest rate reductions on HIBOR has been less apparent, with the HIBOR continuing to stay at a relatively high level. Although Regal REIT has entered into several interest rate swap transactions in 2024, with swap rates fixed at levels lower than the prevailing HIBOR, they only cover a minority portion of the total loan outstanding of Regal REIT. Therefore, a prolonged period of high interest rates will inevitably impact on the distributable income of Regal REIT.

Stepping into 2025, the local tourist market continued to show signs of recovery. During the Lunar New Year golden week, Hong Kong received about 1.3 million visitors. For the whole month of January 2025, there was a total of about 4.7 million visitors, with around 3.7 million coming over from the Mainland, marking annual increases of 24.0% and 25.0%, respectively. These are both new record highs since the pandemic times. Hong Kong has always been a vibrant and resilient city. Through its own committed initiatives and the strong support from the Central Government, it is expected that the tourism industry in Hong Kong will be able to achieve a prosperous and sustainable development.

As one of the major hotel owners in Hong Kong, the Directors of the REIT Manager are optimistic that Regal REIT will be able to benefit from the anticipated revival of the local tourist and hotel businesses and that its operating results would gradually improve in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

The combined average occupancy rate of the Initial Hotels in 2024 was 71.0%, as compared to 69.4% in the prior year. Their combined average room rate remained steady and their combined average RevPAR has risen by 1.8% year-on-year. During the year under review, Regal REIT received aggregate base rent in cash of HK\$544.0 million from Favour Link International Limited for the leases of the Initial Hotels. For the year, the aggregate NPI from hotel operations of the Initial Hotels amounted to HK\$374.0 million, which was below the aggregate base rent of HK\$544.0 million. Therefore, no variable rent was earned.

The year-round average occupancy rate of iclub Wan Chai Hotel was 95.3% in 2024, as compared to 94.3% in 2023. Its average room rate decreased by 6.0%, resulting in a year-on-year contraction of 4.9% in its average RevPAR. The iclub Wan Chai Hotel – hotel portion contributed gross hotel revenue of HK\$29.9 million and incurred operating costs and expenses of HK\$15.3 million. iclub Wan Chai Hotel – non-hotel portions generated net rental income of HK\$5.0 million for the year under review.

For 2024, the iclub Sheung Wan Hotel achieved an overall average occupancy rate of 85.9%, as compared to 90.5% in 2023. Though its average room rate has increased by 4.8%, its average RevPAR has contracted by 0.6% year-on-year. During the year ended 31st December, 2024, Regal REIT received base rent of HK\$42.0 million for the leasing of the iclub Sheung Wan Hotel. As the NPI from its hotel operations was HK\$38.2 million, which fell short of the base rent of HK\$42.0 million, no variable rent was earned.

For 2024, the iclub Fortress Hill Hotel achieved an overall average occupancy rate of 87.6%, as compared to 84.7% in 2023. As its average room rate has decreased by 5.8%, its average RevPAR was down by 2.5% year-on-year. During the year ended 31st December, 2024, Regal REIT received base rent of HK\$40.0 million for the leasing of the iclub Fortress Hill Hotel. As the NPI from its hotel operations was HK\$32.5 million, which fell short of the base rent of HK\$40.0 million, no variable rent was earned.

For 2024, the iclub To Kwa Wan Hotel achieved an overall average occupancy rate of 79.4%, as compared to 80.8% in 2023. As its average room rate has decreased by 1.2%, its average RevPAR has contracted by 2.9% year-on-year. Regal REIT received base rent of HK\$36.0 million for the leasing of the iclub To Kwa Wan Hotel. As the NPI from its hotel operations was HK\$27.2 million, which fell short of the base rent of HK\$36.0 million, no variable rent was earned.

Financial Review

As at 31st December, 2024, Regal REIT's loan facilities aggregating HK\$10,421.0 million, with varying maturity terms, were comprised of: (a) term and revolving loan facilities of up to HK\$5,000.0 million secured by four of the five Initial Hotels; (b) a term loan facility of HK\$2,850.0 million secured by Regal Kowloon Hotel; (c) a term loan facility of HK\$416.5 million secured by the iclub Wan Chai Hotel; (d) a term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel; (e) a term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel; and (f) a term loan facility of HK\$650.0 million secured by the iclub To Kwa Wan Hotel.

The facility agreement for a term loan facility of HK\$4,500.0 million and a revolving loan facility of up to HK\$500.0 million (the “**2021 IH Facilities**”), concluded on 10th August, 2021 through Regal REIT's wholly-owned subsidiaries, were secured by four of the five Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel. The 2021 IH Facilities have a term of five years and carry interest based on HIBOR. As at 31st December, 2024, the 2021 IH Facilities had an outstanding amount of HK\$4,991.0 million, representing the full amount of the term loan facility and an amount of HK\$491.0 million under the revolving loan facility.

On 24th June, 2022, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$2,950.0 million (the “**2022 RKH Facility**”), secured by a mortgage over the Regal Kowloon Hotel. This facility bears HIBOR-based interest and has a term of five years to June 2027. As at 31st December, 2024, the outstanding amount of the 2022 RKH Facility was HK\$2,850.0 million, after installment repayment of HK\$50.0 million each in June 2023 and June 2024, respectively, representing the full amount of the outstanding term loan facility.

On 18th July, 2024, a new term loan facility of HK\$416.5 million (the “**2024 WC Facility**”) was arranged with a new lender, similarly secured by the iclub Wan Chai Hotel, which was used primarily to refinance the previous term loan facility of HK\$405.0 million that matured in July 2024. The 2024 WC Facility carries interest based on HIBOR and has a loan maturity of December 2027. As at 31st December, 2024, the outstanding facility amount of the 2024 WC Facility was HK\$416.5 million, representing full amount of the term loan facility.

On 17th October, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a bilateral term loan facility of HK\$749.5 million secured by the iclub Sheung Wan Hotel (the “**2023 SW Facility**”). The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 31st December, 2024, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan facility.

On 27th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, another bilateral term loan facility of HK\$755.0 million secured by the iclub Fortress Hill Hotel (the “**2023 FH Facility**”). The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 31st December, 2024, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan facility.

On 15th November, 2023, Regal REIT arranged, through a wholly-owned subsidiary, a term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the “**2023 TKW Facility**”) with a term of two years to November 2025 and bearing HIBOR-based interest. As at 31st December, 2024, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan facility.

During the year under review, while the interest rates in Hong Kong have slowly receded from their high levels that prevailed in late 2023, the HIBOR continued staying at a relatively high level, lingering within a range of around 4.985% per annum at the start of the year to a low of 3.614% per annum and stayed at 4.579% per annum on 31st December, 2024. Owing to the high interest rates, the substantial finance expenses have continued to adversely impact the operating results of Regal REIT.

With a view to reducing the financial expenses in the near term and hedging against any unexpected reversionary movements in the interest rates, Regal REIT entered into several interest rate swap (“**IRS**”) transactions to swap the interest expenses from floating rates to fixed rates of 2.77% per annum to 3.66% per annum with terms ranging from 2.0 years to 3.6 years. The notional amount of the IRS transactions aggregated to HK\$1,849.5 million, which represented about 17.8% of the outstanding bank loans of Regal REIT as at the end of the reporting period. For the year ended 31st December, 2024, these IRS transactions generated savings in interest costs of approximately HK\$10.9 million.

As at 31st December, 2024, the gearing ratio of Regal REIT was 43.0% (2023: 42.7%), being the gross amount of the outstanding loans aggregating HK\$10,412.0 million, which takes into account: (a) the 2021 IH Facilities of HK\$4,991.0 million; (b) the 2022 RKH Facility of HK\$2,850.0 million; (c) the 2024 WC Facility of HK\$416.5 million; (d) the 2023 SW Facility of HK\$749.5 million; (e) the 2023 FH Facility of HK\$755.0 million; and (f) the 2023 TKW Facility of HK\$650.0 million, as compared to the total gross assets of Regal REIT of HK\$24,225.5 million. The gearing ratio is below the maximum 50% permitted under the Code on Real Estate Investment Trusts (the “**REIT Code**”).

Regal REIT had a total of HK\$3.7 million in unrestricted and HK\$259.0 million in restricted cash balances and bank deposits, and unutilised revolving loan facilities of HK\$9.0 million as at 31st December, 2024. Regal REIT maintains adequate cash reserves and revolving loan facilities and receives timely payments of rental income to satisfy its financial commitments as well as working capital requirements on an on-going basis.

As at 31st December, 2024, all nine Regal REIT properties with an aggregate carrying value of HK\$23,943.0 million were pledged to secure its bank loan facilities.

Valuation of the Property Portfolio

As at 31st December, 2024, Regal REIT's overall property portfolio was valued at HK\$23,943.0 million (31st December, 2023: HK\$23,988.0 million). The property portfolio is comprised of (i) the five Initial Hotels, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel, the iclub To Kwa Wan Hotel and the non-hotel portions of iclub Wan Chai Hotel that are classified as investment properties for an aggregate amount of HK\$23,271.0 million; and (ii) the owner-operated hotel portion of the iclub Wan Chai Hotel which is classified as property, plant and equipment for an amount of HK\$672.0 million.

Valuations of the properties as at 31st December, 2024 and 31st December, 2023 are tabulated below.

Property	Location	31 Dec 2024 Valuation HK\$ million	31 Dec 2023 Valuation HK\$ million	% Change
<i>Initial Hotels:</i>				
Regal Airport Hotel	Lantau Island	1,134	1,429	-20.6%
Regal Hongkong Hotel	HK Island	4,356	4,322	+0.8%
Regal Kowloon Hotel	Kowloon	6,012	5,953	+1.0%
Regal Oriental Hotel	Kowloon	1,815	1,805	+0.6%
Regal Riverside Hotel	New Territories	5,181	5,146	+0.7%
		18,498	18,655	-0.8%
<i>iclub Hotels:</i>				
iclub Wan Chai Hotel	HK Island	858	833	+3.0%
iclub Sheung Wan Hotel	HK Island	1,636	1,579	+3.6%
iclub Fortress Hill Hotel	HK Island	1,579	1,560	+1.2%
iclub To Kwa Wan Hotel	Kowloon	1,372	1,361	+0.8%
Overall property portfolio		23,943	23,988	-0.2%

The valuations of the properties in the portfolio as at 31st December, 2024 were conducted by Knight Frank Petty Limited (“**Knight Frank**”), the new principal valuer of Regal REIT appointed by the trustee of Regal REIT for a term of three years commencing from December 2024 to succeed Colliers International (Hong Kong) Limited on its retirement pursuant to the provisions of the REIT Code.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue			
Gross rental revenue	5	671,307	586,439
Gross hotel revenue	5	29,905	31,323
		<u>701,212</u>	<u>617,762</u>
Property and hotel operating expenses		<u>(20,208)</u>	<u>(18,724)</u>
Net rental and hotel income	5	681,004	599,038
Interest income		664	875
Depreciation	10	(8,013)	(7,726)
Fair value changes on investment properties	11	(128,814)	366,920
REIT Manager fees	6	(93,031)	(91,053)
Trust, professional and other expenses		(11,836)	(10,547)
Finance costs – excluding distributions to Unitholders	7	<u>(640,434)</u>	<u>(611,183)</u>
Profit/(loss) before tax and distributions to Unitholders		(200,460)	246,324
Income tax credit/(expenses)	8	<u>(3,940)</u>	<u>19,412</u>
Profit/(loss) for the year, before distributions to Unitholders		(204,400)	265,736
Finance costs – distributions to Unitholders		<u>–</u>	<u>(32,574)</u>
Profit/(loss) for the year, after distributions to Unitholders		<u>(204,400)</u>	<u>233,162</u>
Earnings/(loss) per Unit attributable to Unitholders			
Basic and diluted	9	<u>HK\$(0.063)</u>	<u>HK\$0.082</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year, before distribution to Unitholders		(204,400)	265,736
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Change in fair value of cash flow hedges		12,569	–
Transfer from hedging reserve to consolidated statement of profit or loss		<u>(10,902)</u>	<u>–</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		<u>1,667</u>	<u>–</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gain on revaluation of property	10	43,543	39,338
Income tax effect	16	<u>(7,184)</u>	<u>(6,491)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		<u>36,359</u>	<u>32,847</u>
Other comprehensive income for the year, net of tax		<u>38,026</u>	<u>32,847</u>
Total comprehensive income/(loss) for the year, before distributions to Unitholders		<u><u>(166,374)</u></u>	<u><u>298,583</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2024

	Notes	As at 31st December, 2024 HK\$'000	As at 31st December, 2023 HK\$'000 (restated)	As at 1st January, 2023 HK\$'000 (restated)
Non-current assets				
Property, plant and equipment	10	672,000	636,000	604,000
Investment properties	11	23,271,000	23,352,000	22,949,000
Derivative financial instruments		2,671	–	–
Finance lease receivables		–	998	7,468
Total non-current assets		23,945,671	23,988,998	23,560,468
Current assets				
Accounts receivable	12	335	6,511	884
Prepayments, deposits and other receivables		9,642	9,369	6,500
Due from related companies		3,401	2,228	2,747
Tax recoverable		2,661	2,532	5,871
Finance lease receivables		998	6,470	6,351
Restricted cash		259,015	330,360	124,354
Cash and cash equivalents		3,741	45,877	141,336
Total current assets		279,793	403,347	288,043
Total assets		24,225,464	24,392,345	23,848,511
Current liabilities				
Accounts payable	13	44,939	40,242	70,028
Deposits received		2,282	182	10,151
Due to related companies		183,694	183,722	521
Other payables and accruals		61,585	72,125	60,775
Contract liabilities		482	461	1,096
Interest-bearing bank borrowings		697,656	453,960	5,426,031
Lease liabilities		998	6,470	6,351
Tax payable		14,092	600	6,726
Total current liabilities		1,005,728	757,762	5,581,679
Net current liabilities		(725,935)	(354,415)	(5,293,636)
Total assets less current liabilities		23,219,736	23,634,583	18,266,832

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31st December, 2024

	Notes	As at 31st December, 2024 HK\$'000	As at 31st December, 2023 HK\$'000 (restated)	As at 1st January, 2023 HK\$'000 (restated)
Non-current liabilities, excluding net assets attributable to Unitholders				
Interest-bearing bank borrowings		9,656,447	9,886,472	4,755,189
Lease liabilities		–	998	7,468
Derivative financial instruments		682	–	–
Deposits received		633	2,867	–
Deferred tax liabilities	16	654,475	670,373	696,311
Total non-current liabilities		10,312,237	10,560,710	5,458,968
Total liabilities, excluding net assets attributable to Unitholders				
		11,317,965	11,318,472	11,040,647
Net assets attributable to Unitholders				
		12,907,499	13,073,873	12,807,864
Number of Units in issue				
	14	3,257,431,189	3,257,431,189	3,257,431,189
Net asset value per Unit attributable to Unitholders				
	15	HK\$3.962	HK\$4.014	HK\$3.932

DISTRIBUTION STATEMENT

For the year ended 31st December, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year, before distributions to Unitholders		(204,400)	265,736
Adjustments:			
Amounts set aside for the furniture, fixtures and equipment reserve	(d)	(27,910)	(28,120)
Amortisation of debt establishment costs		27,987	26,395
Fair value changes on investment properties		128,814	(366,920)
Depreciation		8,013	7,726
Deferred tax credit		(23,082)	(32,429)
Adjusted loss for the year	(a) & (c)	(90,578)	(127,612)
		HK\$	HK\$
Distributions per Unit:			
Interim	(b)	—	—
Final	(c)	—	—
		—	—

Notes:

- (a) Pursuant to the Trust Deed, Regal REIT is required to ensure that the total amount distributed to Unitholders shall be no less than 90% of Regal REIT's total distributable income for each financial year. The current policy of the REIT Manager is to distribute to Unitholders no less than 90% of Regal REIT's total distributable income for each financial year.
- (b) The amount of any distribution for the interim period of each financial year is at the discretion of the REIT Manager.

Regal REIT recorded an adjusted loss of HK\$43.8 million for the six months ended 30th June, 2024 and an adjusted loss of HK\$19.4 million for the six months ended 30th June, 2023. Hence, no interim distribution was declared for the six months ended 30th June, 2024 and 2023, respectively.

- (c) Regal REIT recorded an adjusted loss of HK\$90.6 million for the year under review and an adjusted loss of HK\$127.6 million in 2023.

Accordingly, the REIT Manager has decided not to declare a final distribution for the year ended 31st December, 2024 and 2023, respectively.

- (d) Amounts set aside by Regal REIT for the furniture, fixtures and equipment reserve with respect to the Initial Hotels, iclub Wan Chai Hotel, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel aggregated to HK\$27.9 million (2023: HK\$28.1 million).

Notes:

1. GENERAL

Regal REIT is a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and its units (the “Units”) were listed on The Stock Exchange of Hong Kong Limited on 30th March, 2007. Regal REIT is governed by a trust deed dated 11th December, 2006 (as amended and restated by the first amending and restating deed dated 23rd March, 2021 and the second amending and restating deed dated 31st January, 2024) constituting Regal REIT (the “Trust Deed”) and the REIT Code.

The principal activity of Regal REIT and its subsidiaries (collectively, the “Group”) is to own and invest in income-producing hotels, serviced apartments or commercial properties (including office premises) with the objectives of producing stable and growing distributions to Unitholders and to achieve long-term growth in the net asset value per Unit attributable to Unitholders.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements have been prepared in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix C of the REIT Code. The consolidated financial statements have been prepared under the historical cost convention, except for property, plant and equipment and investment properties which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), the functional currency of Regal REIT, and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31st December, 2024, the Group’s current liabilities exceeded its current assets by HK\$725,935,000. The net current liabilities position was mainly due to the term loans of HK\$700,000,000 which mature within twelve months and were classified under current liabilities as at the end of the reporting period. Taking into account the stable operating cash inflows to be generated from rental income, the planned refinancing of the loan facility maturing within the next twelve months, the Group’s unutilised revolving loan facility and the financial support provided by the immediate listed holding company of the Group, the REIT Manager considers the Group has adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within one year from the end of the reporting period. Accordingly, the REIT Manager continues to adopt the going concern basis in preparing the consolidated financial statements.

The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31st December, 2024 except for the adoption of the revised standards as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 upon initial application of the amendments. As at 1st January, 2023 and 2024, the Group had an interest-bearing bank borrowing with carrying amount of HK\$301,000,000 and HK\$465,400,000, respectively, which was repayable within 12 months. The borrowing was drawn down from a 5-year banking facility expiring on 5th August, 2026 and the Group has the right to roll over the loan for another year subject to the compliance with certain covenant tests. Prior to the initial application of the amendments, the interest-bearing bank borrowing was classified as a current liability as the Group did not have an unconditional right to defer the settlement for at least 12 months after the reporting period. Upon initial application of the amendments, the loan was reclassified as a non-current liability since the Group has the right to roll over the interest-bearing bank borrowing for at least twelve months after 1st January, 2023 and 2024 under its existing loan facility. The quantitative impact on the consolidated statements of financial position is summarised below.

	As at 31st December, 2024 HK\$'000	Increase/(decrease) As at 31st December, 2023 HK\$'000	As at 1st January, 2023 HK\$'000
Current liabilities			
Interest-bearing bank borrowings	(491,000)	(465,400)	(301,000)
Net current liabilities	<u>(491,000)</u>	<u>(465,400)</u>	<u>(301,000)</u>
Total assets less current liabilities	<u>491,000</u>	<u>465,400</u>	<u>301,000</u>
Non-current liabilities			
Interest-bearing bank borrowings	491,000	465,400	301,000

The adoption of the amendments did not have any impact on the basic and diluted earnings/(loss) per Unit attributable to Unitholders, profit or loss, other comprehensive income and the consolidated statements of cash flows for the years ended 31st December, 2024 and 2023.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

Operating segments of the Group are identified on the basis of internal reports covering the components of the Group which are regularly reviewed by the Group's chief operating decision-maker to make decisions about resources to be allocated to segments and assess their performance. Information reported to the Group's chief operating decision-maker, for the above-mentioned purposes, is mainly focused on the segment results related to the nature of properties, namely, the hotel properties and the mixed use property. For management purposes, the two reportable operating segments are (i) the hotel properties segment which invested in the Initial Hotels, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel and iclub To Kwa Wan Hotel; and (ii) the mixed use property segment which invested in the iclub Wan Chai Hotel and is made up of the hotel portion and non-hotel portions.

The operating segments of the Group for the year ended 31st December, 2024 are as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Segment revenue			
Gross rental revenue	664,659	6,648	671,307
Gross hotel revenue	—	29,905	29,905
Total	<u>664,659</u>	<u>36,553</u>	<u>701,212</u>
Segment results	<u>661,420</u>	<u>19,584</u>	<u>681,004</u>
Fair value changes on investment properties	(117,814)	(11,000)	(128,814)
Depreciation	—	(8,013)	(8,013)
Interest income			664
REIT Manager fees			(93,031)
Trust, professional and other expenses			(11,836)
Finance costs – excluding distributions to Unitholders			<u>(640,434)</u>
Loss before tax and distributions to Unitholders			<u>(200,460)</u>

The operating segments of the Group for the year ended 31st December, 2023 are as follows:

	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
Segment revenue			
Gross rental revenue	580,644	5,795	586,439
Gross hotel revenue	—	31,323	31,323
Total	<u>580,644</u>	<u>37,118</u>	<u>617,762</u>
Segment results	<u>577,469</u>	<u>21,569</u>	<u>599,038</u>
Fair value changes on investment properties	365,920	1,000	366,920
Depreciation	—	(7,726)	(7,726)
Interest income			875
REIT Manager fees			(91,053)
Trust, professional and other expenses			(10,547)
Finance costs – excluding distributions to Unitholders			<u>(611,183)</u>
Profit before tax and distributions to Unitholders			<u>246,324</u>

Segment assets and liabilities

As part of the Group's performance assessment, the fair values of investment properties and property, plant and equipment are reviewed by the Group's chief operating decision-maker.

As at 31st December, 2024, the Group's segment assets, comprised of the aggregate fair values of the investment properties and property, plant and equipment in the hotel properties segment and the mixed use property segment, amounted to HK\$23,085,000,000 (2023: HK\$23,155,000,000) and HK\$858,000,000 (2023: HK\$833,000,000), respectively.

Save as set out above, no other assets and liabilities are included in the assessment of the Group's segment performance.

Other segment information

	Year ended 31st December, 2024		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
	47,384	470	47,854
Capital expenditures			

	Year ended 31st December, 2023		
	Hotel Properties HK\$'000	Mixed Use Property HK\$'000	Total HK\$'000
	36,080	388	36,468
Capital expenditures			

Capital expenditures consist of additions to investment properties and property, plant and equipment.

Information about a major customer

For the year ended 31st December, 2024, revenue of HK\$664,659,000 (2023: HK\$580,644,000) was derived from the lease of hotel properties to a single lessee which is a related company.

Geographical information

The Group's investment properties and property, plant and equipment are all located in Hong Kong.

5. NET RENTAL AND HOTEL INCOME

	Notes	2024 HK\$'000	2023 HK\$'000
Gross rental revenue			
Rental income			
Initial Hotels	(a)	544,000	480,000
iclub Wan Chai Hotel – Non-hotel portions		6,648	5,795
iclub Sheung Wan Hotel	(b)	42,000	35,628
iclub Fortress Hill Hotel	(c)	40,000	32,358
iclub To Kwa Wan Hotel	(d)	36,000	30,000
Other income		2,659	2,658
		<u>671,307</u>	<u>586,439</u>
Property operating expenses		<u>(4,863)</u>	<u>(3,831)</u>
Net rental income		<u>666,444</u>	<u>582,608</u>
Gross hotel revenue		29,905	31,323
Hotel operating expenses		<u>(15,345)</u>	<u>(14,893)</u>
Net hotel income		<u>14,560</u>	<u>16,430</u>
Net rental and hotel income		<u>681,004</u>	<u>599,038</u>
Revenue from contracts with customers			
Gross hotel revenue	(e)	<u>29,905</u>	<u>31,323</u>
Revenue from other sources			
Gross rental income		<u>671,307</u>	<u>586,439</u>

Notes:

(a) An analysis of the Initial Hotels rental income is as follows:

	2024 HK\$'000	2023 HK\$'000
Base Rent	544,000	480,000
Variable Rent	–	–
	<u>544,000</u>	<u>480,000</u>

(b) An analysis of the iclub Sheung Wan Hotel rental income is as follows:

	2024 HK\$'000	2023 HK\$'000
Base Rent	42,000	32,000
Variable Rent	—	3,628
	42,000	35,628

(c) An analysis of the iclub Fortress Hill Hotel rental income is as follows:

	2024 HK\$'000	2023 HK\$'000
Base Rent	40,000	30,000
Variable Rent	—	2,358
	40,000	32,358

(d) An analysis of the iclub To Kwa Wan Hotel rental income is as follows:

	2024 HK\$'000	2023 HK\$'000
Base Rent	36,000	30,000
Variable Rent	—	—
	36,000	30,000

(e) Gross hotel revenue is recognised over time.

6. REIT MANAGER FEES

	2024 HK\$'000	2023 HK\$'000
Base Fees	72,671	73,155
Variable Fees	20,360	17,898
	93,031	91,053

For the financial year 2024, the REIT Manager elected to receive its Base Fees and Variable Fees in the form of cash.

7. FINANCE COSTS – EXCLUDING DISTRIBUTIONS TO UNITHOLDERS

	2024 HK\$'000	2023 HK\$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest expense on interest-bearing bank borrowings	630,373	586,134
Amortisation of debt establishment costs	27,987	26,395
Interest income from restricted cash	(7,883)	(4,172)
Interest expense on lease liabilities	84	204
	<u>650,561</u>	<u>608,561</u>
Fair value changes on derivative financial instruments		
- cash flow hedges (transfer from hedging reserve)	(10,902)	—
Others	775	2,622
	<u>640,434</u>	<u>611,183</u>

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2024 HK\$'000	2023 HK\$'000
Charge for the year	12,949	13,045
Under/(over)-provision in prior years	14,073	(28)
Deferred	(23,082)	(32,429)
Total tax charge/(credit) for the year	<u>3,940</u>	<u>(19,412)</u>

In 2024, the Hong Kong Inland Revenue Department (the “**IRD**”) issued enquiry letters to two subsidiaries of Regal REIT regarding the claim for deduction of certain interest expenses incurred on certain non-income generating assets for the year of assessment 2017/18 to 2023/24. Subsequent to the end of the reporting date, these subsidiaries transmitted a proposal to the IRD for settling additional tax liability of approximately HK\$14,092,000 (the “**Tax Treatments**”). There is uncertainty at this stage over whether the IRD will conclude the Tax Treatments under tax law. Up to the date of approval of the financial statements, the REIT Manager considers that adequate tax provisions have been made in the consolidated financial statements by the above-mentioned subsidiaries, which are subject to the agreement by the IRD.

9. EARNINGS/(LOSS) PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The calculation of the basic loss per Unit (2023: basic earnings per Unit) attributable to Unitholders is based on the loss for the year before distributions to Unitholders of HK\$204,400,000 (2023: profit of HK\$265,736,000) and 3,257,431,189 Units in issue (2023: 3,257,431,189 Units). The basic loss per Unit attributable to Unitholders for the year amounted to HK\$0.063 (2023: basic earnings per Unit of HK\$0.082).

The diluted loss per Unit attributable to Unitholders is the same as the basic loss per Unit attributable to Unitholders as there were no dilutive instruments in issue during the year (2023: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Authorised investment Hotel property HK\$'000
At 1st January, 2023	604,000
Additions	388
Surplus on revaluation	39,338
Depreciation provided during the year	<u>(7,726)</u>
At 31st December, 2023 and 1st January, 2024	636,000
Additions	470
Surplus on revaluation	43,543
Depreciation provided during the year	<u>(8,013)</u>
At 31st December, 2024	<u>672,000</u>

The Group's property, plant and equipment represents the value of land and building together with furniture, fixtures and equipment of iclub Wan Chai Hotel for the hotel portion. The REIT Manager has determined that the property, plant and equipment constitute a single class of asset (i.e. hotel property) based on the nature, characteristics and risks of the property. The property, plant and equipment was valued by Knight Frank, an independent property valuer and the principal valuer of Regal REIT, at HK\$672,000,000 as at 31st December, 2024 (2023: HK\$636,000,000). A revaluation surplus of HK\$43,543,000 (2023: HK\$39,338,000) resulting from the valuation as at 31st December, 2024 has been credited to other comprehensive income.

The carrying amount of the Group's property, plant and equipment would have been HK\$367,095,000 (2023: HK\$371,990,000) had such assets been stated in the consolidated financial statements at cost less accumulated depreciation.

11. INVESTMENT PROPERTIES

	Authorised investments		
	Hotel properties HK\$'000	Commercial properties HK\$'000	Total HK\$'000
At 1st January, 2023	22,753,000	196,000	22,949,000
Fair value changes	365,920	1,000	366,920
Capital expenditures for the year	36,080	–	36,080
At 31st December, 2023 and 1st January, 2024	23,155,000	197,000	23,352,000
Fair value changes	(117,814)	(11,000)	(128,814)
Capital expenditures for the year	47,384	–	47,384
Others	430	–	430
At 31st December, 2024	23,085,000	186,000	23,271,000

The Group's investment properties were valued by Knight Frank at HK\$23,271,000,000 as at 31st December, 2024 (2023: HK\$23,352,000,000).

12. ACCOUNTS RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
Variable rent receivable	–	5,986
Other accounts receivable	335	525
	335	6,511

The Group's accounts receivable as at the end of the reporting period, based on invoice dates, are aged as being within 3 months. No accounts receivable are past due at the end of the reporting period.

The Variable rent receivable represents amounts due from a related company which are unsecured, interest-free and repayable within one year in accordance with the terms of the respective agreements.

The general credit terms for other accounts receivable are 30 days. The Group seeks to maintain control over the outstanding receivables and to minimise any credit risk associated thereon.

13. ACCOUNTS PAYABLE

	2024	2023
	HK\$'000	HK\$'000
Amounts due to related companies	43,818	39,524
Other accounts payable	<u>1,121</u>	<u>718</u>
	<u>44,939</u>	<u>40,242</u>

The amounts due to related companies are unsecured, interest-free and repayable on demand. Other accounts payable are unsecured, non interest-bearing and are normally settled within 90 days.

The Group's accounts payable as at the end of the reporting period, based on invoice dates, are all aged within 3 months.

14. NUMBER OF UNITS IN ISSUE

	Number of Units	
	2024	2023
At beginning and end of the year	<u>3,257,431,189</u>	<u>3,257,431,189</u>

15. NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS

The net asset value per Unit attributable to Unitholders is calculated by dividing the net assets attributable to Unitholders as at 31st December, 2024 of HK\$12,907,499,000 (2023: HK\$13,073,873,000) by the number of Units in issue of 3,257,431,189 (2023: 3,257,431,189) as at that date.

16. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year were as follows:

	Fair value adjustments arising from revaluation of property, plant and equipment HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
Gross deferred tax assets/(liabilities) at 1st January, 2023	(37,441)	(670,362)	11,492	(696,311)
Deferred tax charged to other comprehensive income during the year	(6,491)	—	—	(6,491)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	370	(16,252)	48,311	32,429
Gross deferred tax assets/(liabilities) at 31st December, 2023	<u>(43,562)</u>	<u>(686,614)</u>	<u>59,803</u>	<u>(670,373)</u>
Gross deferred tax assets/(liabilities) at 1st January, 2024	(43,562)	(686,614)	59,803	(670,373)
Deferred tax charged to other comprehensive income during the year	(7,184)	—	—	(7,184)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	437	(18,178)	40,823	23,082
Gross deferred tax assets/(liabilities) at 31st December, 2024	<u>(50,309)</u>	<u>(704,792)</u>	<u>100,626</u>	<u>(654,475)</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

EMPLOYEES

Regal REIT is managed by the REIT Manager and DB Trustees (Hong Kong) Limited acts as the trustee of Regal REIT. By contracting out such services, Regal REIT does not employ any staff in its own right.

NEW UNITS ISSUED

There were no new Units allotted and issued during the year.

BUY-BACK, SALE OR REDEMPTION OF UNITS

There were no buy-backs, sales or redemptions of Units during the year.

CORPORATE GOVERNANCE

The REIT Manager has adopted a compliance manual (the “**Compliance Manual**”) which sets out the key processes, internal control and systems and policies and procedures to guide operations and, thereby, set a high standard of corporate governance to ensure the relevant regulations and legislation are adhered to.

During the year ended 31st December, 2024, Regal REIT and the REIT Manager have in material terms complied with the provisions of the Compliance Manual and, where applicable, the code provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLIC FLOAT

As at 31st December, 2024, based on the information that is publicly available to the REIT Manager and as reported to the Directors of the REIT Manager, more than 25% of the issued Units were held by independent public Unitholders.

SCOPE OF WORK OF THE AUDITORS OF REGAL REIT IN RESPECT OF THIS PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of Regal REIT's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, distribution statement and the related notes thereto for the year ended 31st December, 2024 as set out in this preliminary results announcement have been agreed by the auditors of Regal REIT to the amounts set out in Regal REIT's draft consolidated financial statements for the year. The work performed by the auditors of Regal REIT in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditors of Regal REIT on this preliminary results announcement.

REVIEW OF RESULTS

The Disclosure Committee and the Audit Committee of the REIT Manager have reviewed Regal REIT's draft consolidated financial statements for the year ended 31st December, 2024, including the accounting principles and practices adopted by Regal REIT, in conjunction with the auditors of Regal REIT.

ISSUANCE OF ANNUAL REPORT

The Annual Report of Regal REIT for the year ended 31st December, 2024 is expected to be despatched to Unitholders (who have elected to receive printed copies) and published on the websites of The Stock Exchange of Hong Kong Limited and Regal REIT, respectively, on or about 25th April, 2025.

ANNUAL GENERAL MEETING

An Annual General Meeting of Regal REIT will be convened on Thursday, 29th May, 2025 (the "2025 AGM"). The Notice of the 2025 AGM will be published and sent to Unitholders, together with the 2024 Annual Report of Regal REIT, in due course.

CLOSURE OF REGISTER OF UNITHOLDERS

For the purpose of ascertaining Unitholders' entitlement to attend and vote at the 2025 AGM, the Register of Unitholders will be closed from Monday, 26th May, 2025 to Thursday, 29th May, 2025, both days inclusive, during which period no transfers of Units will be effected. In order to be entitled to attend and vote at the 2025 AGM, all Unit certificates with completed transfer forms must be lodged with Regal REIT's Unit registrar, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Friday, 23rd May, 2025.

By Order of the Board
Regal Portfolio Management Limited
(as manager of Regal Real Estate Investment Trust)
LO Yuk Sui
Chairman

Hong Kong, 28th March, 2025

As at the date of this announcement, the Board of Directors of the REIT Manager comprised Mr. LO Yuk Sui as Chairman and Non-executive Director; Miss LO Po Man as Vice Chairman and Non-executive Director; Mr. Johnny CHEN Sing Hung and Mr. Simon LAM Man Lim as Executive Directors; Mr. Jimmy LO Chun To and Mr. Kenneth NG Kwai Kai as Non-executive Directors; and Mr. John William CRAWFORD, JP, Mr. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. Kai Ole RINGENSON and Mr. Abraham SHEK Lai Him, GBS, JP as Independent Non-executive Directors.