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富豪酒店國際控股有限公司
Regal Hotels International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 78)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M	% Change
Revenue	**863.4**	776.4	**+11.2%**
Gross profit	**311.0**	234.9	**+32.4%**
Operating loss before depreciation, finance costs and tax	**(734.8)**	(101.0)	**+627.5%**
Loss from core business operations*	**(330.1)**	(234.4)	**+40.8%**
Loss attributable to equity holders of the parent	**(1,599.2)**	(762.6)	**+109.7%**
Basic loss per ordinary share attributable to equity holders of the parent	**HK$(1.84)**	HK$(0.91)	**+102.2%**

	As at 30th June, 2024 (Unaudited)	As at 31st Dec, 2023 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$8.35**	HK$10.23	**-18.4%**
Adjusted**	**HK$19.21**	HK$21.03	**-8.7%**

* 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, 2023 and 30th June, 2024, respectively, with the relevant deferred tax liabilities added back

- **For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$1,599.2 million, while for the corresponding period in 2023, a loss of HK$762.6 million was recorded.**

- **During the period under review, the Group's hotel business in Hong Kong continued to operate steadily, with the profit contribution from the hotel business segment (before depreciation) having grown by more than 60% over the comparative period in 2023.**

- **Due to the substantial outlay in finance costs on account of the relatively high level of interest rates still sustaining during the period, and the fair value loss on the Group's investment holdings in Cosmopolitan International Holdings Limited, a listed fellow subsidiary of the Company, as well as the depreciation charges on the Group's hotel properties, the Group recorded an increased loss in the first six months of 2024.**

- **The Group has held significant investments in Cosmopolitan since 2015 as part of its core strategic asset portfolio, which were held as financial assets at fair value through profit or loss. Due to the decline in the market price of the Cosmopolitan shares, as compared to that prevailing as at 31st December, 2023, a fair value loss of HK$874.1 million in respect of the Group's investment holdings in Cosmopolitan was included in the results under review.**

- **Total depreciation charges on the Group's hotel portfolio in Hong Kong for the period amounted to HK$291.3 million.**

- **Although the fair value loss on the Group's investment holdings in Cosmopolitan as well as the depreciation charges on the Group's hotel properties have no immediate impact on the Group's cash flow, they have nevertheless adversely impacted the Group's financial results for the period under review.**

- **The business of the Regala Skycity Hotel is, to a large extent, dependent on the level of activities at the airport area. As the number of international flights and the number of long-haul visitors to Hong Kong are still to resume to previous normal levels, the operating results achieved by this hotel during the period still fall short of earlier projections. However, given the large number of mega events that have been scheduled to be staged in Hong Kong in the second half of this year and beyond, the Group is confident that the Regala Skycity Hotel, which is well-equipped and positioned for the Meeting, Incentives, Conference and Exhibitions (MICE) market, will be able to contribute increasingly satisfactory revenues.**

- **Apart from the Regala Skycity Hotel, all the other nine hotels of the Group operating in Hong Kong are owned through Regal Real Estate Investment Trust. Except for the iclub Wan Chai Hotel that is self-operated by Regal REIT, the other eight Regal and iclub hotels are leased to a wholly owned subsidiary of the Company for hotel operations.**

- **The Mount Regalia in Kau To, Sha Tin is a major luxury residential development undertaken by P&R Holdings Limited, a 50/50 held joint venture with Paliburg Holdings Limited, the intermediate listed parent of the Company. The development has a total of 24 garden houses and 136 apartment units, together with car parks and club house facilities. Apart from those units that have been sold or contracted to be sold, P&R still holds a total of 4 houses (including the one house that was leased with an option to the lessee to purchase) and 81 apartment units in Mount Regalia, which command significant value. P&R is closely monitoring any changes in the market environment in conjunction with its planned disposal of these remaining units.**

- **Apart from the development projects and properties held through P&R, the Group also holds through its wholly owned subsidiaries a diversified portfolio of property assets. These include, in Hong Kong, a completed commercial/residential building at The Queens at Queen's Road West, a commercial/residential redevelopment project at Hai Tan Street in Sham Shui Po as well as 8 luxury garden houses in Regalia Bay in Stanley; and, in overseas, a hotel in Barcelona, Spain, under lease to a third party operator, a historical building situated at a prime location in London, the United Kingdom and a renovation-for-sale project in Lisbon, Portugal.**

- **The Directors believe in the resilience of Hong Kong's economy and that Hong Kong will be able to regain growth momentum when the level of interest rates starts to come down and the impacts of other unfavourable factors gradually subdued.**

- **In the meantime, the Group is actively continuing with the planned disposal of some of its non-core assets, with a view to reinforcing its liquidity resources and financial strength.**

FINANCIAL RESULTS

For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$1,599.2 million, while for the corresponding period in 2023, a loss of HK$762.6 million was recorded.

During the period under review, the Group's hotel business in Hong Kong continued to operate steadily, with the profit contribution from the hotel business segment (before depreciation) having grown by more than 60% over the comparative period in 2023. Overall gross profit from operations during this 6-month period amounted to HK$311.0 million, representing a year-on-year increase of 32.4%.

However, due to the substantial outlay in finance costs on account of the relatively high level of interest rates still sustaining during the period, and the fair value loss on the Group's investment holdings in Cosmopolitan International Holdings Limited, a listed fellow subsidiary of the Company, as well as the depreciation charges on the Group's hotel properties, the Group recorded an increased loss in the first six months of 2024, as compared with the preceding comparative period.

As mentioned before, the Group has held significant investments in Cosmopolitan since 2015 as part of its core strategic asset portfolio. These investment holdings in Cosmopolitan have all along been held as financial assets at fair value through profit or loss and, hence, the changes in their fair values were reflected in the Group's statements of profit or loss. Due to the decline in the market price of the Cosmopolitan shares, as compared to that prevailing as at 31st

December, 2023, a fair value loss of HK$874.1 million in respect of the Group's investment holdings in Cosmopolitan was included in the results under review.

Moreover, as the Group's hotel properties in Hong Kong are all owned and operated by subsidiaries of the Company, they are required to be subject to depreciation to conform to the applicable accounting standards. For the period under review, total depreciation charges on the Group's hotel portfolio in Hong Kong amounted to HK$291.3 million.

Although the fair value loss on the Group's investment holdings in Cosmopolitan as well as the depreciation charges on the Group's hotel properties have no immediate impact on the Group's cash flow, they have nevertheless adversely impacted the Group's financial results for the period under review.

Having regard to the material difference between the carrying values of the Group's hotel portfolio in Hong Kong, which are subject to accumulated depreciation charges, and their fair values as at 30th June, 2024, an Adjusted Net Asset Statement is presented in the section headed "Management Discussion and Analysis" in this announcement. The statement illustrated, for the purpose of reference, that if all such hotel properties were to be stated in the Group's financial statements at their independent professional market valuations as at 30th June, 2024, the underlying adjusted net asset value of the Company would amount to HK$19.21 per share.

BUSINESS OVERVIEW

HOTELS
MARKET OVERVIEW

According to a recent report released by the World Bank Group, the global economy is stabilising and, despite elevated financing costs and heightened geopolitical tensions, is projected to hold a steady growth of 2.6% this year. Based on preliminary estimates, the Gross Domestic Product (GDP) of China in the first half of 2024 was up by 5.0% year-on-year, with steady progress made in transformation and upgrading. However, faced with a complex external environment, the domestic consumption demand in China remains insufficient and the foundation for a sound economic recovery still needs to be strengthened. The Hong Kong economy continued to record moderate growth in the second quarter of 2024, with its real GDP having grown by 3.3% over the same quarter a year earlier, but its private consumption expenditure has turned to a slight decline.

Total visitors to Hong Kong in the first half of 2024 amounted to 21.2 million, representing an increase of 64.2% year-on-year, of which 16.1 million were visitors from Mainland China. Among all visitor arrivals, 49.8% were overnight visitors, with an average length of stay of 3.2 nights. Apart from the strong growth in Mainland visitors, there were also visible increases in the number of visitors from the traditional long haul, short haul as well as other new markets, as compared to the year before. However, despite these improvements, the number of total incoming visitors to Hong Kong during this period only represents about 60.7% of the peak level recorded in the first half of 2019. Therefore, more promotional efforts will be required from the Hong Kong Government and the tourism industry as a whole to restore full recovery.

According to the information published by the Hong Kong Tourism Board, the average hotel room occupancy level for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June was up from 80.0% in 2023 to 83.0% in 2024, while the average achieved room rate improved by 5.3%, resulting in an increment in the average Revenue per Available Room (RevPAR) of 9.2% year-on-year.

HOTEL OWNERSHIP

The Group owns and operates the Regala Skycity Hotel at the Hong Kong International Airport. This hotel has over 1,200 well decorated hotel rooms and suites, complemented with a full range of food and beverage and conference facilities catering to Meeting, Incentives, Conference and Exhibitions (MICE) businesses, with direct linkage to the Asia World Expo and the 11 Skies compound, as well as the second airport terminal soon to be completed.

This hotel attained in the half year under review an average occupancy of 55.1%, while its average RevPAR and net property income have increased by 50.3% and 87.8%, respectively, as compared with the same period in 2023. The business of this hotel is, to a large extent, dependent on the level of activities at the airport area. As the number of international flights and the number of long-haul visitors to Hong Kong are still to resume to previous normal levels, the operating results achieved by this hotel during the period still fall short of earlier projections.

However, given the large number of mega events that have been scheduled to be staged in Hong Kong in the second half of this year and beyond, the Group is confident that the Regala Skycity Hotel, which is well-equipped and positioned for the MICE market, will be able to contribute increasingly satisfactory revenues.

The Group also owns a 186-room hotel in Barcelona, Spain which has been leased to a third-party operator and is generating steady rental income.

Further details on the Regala Skycity Hotel and the hotel in Barcelona are contained in the section headed "Management Discussion and Analysis" in this announcement.

REGAL REAL ESTATE INVESTMENT TRUST

As at 30th June, 2024, the Group continued to hold approximately 74.9% of the total issued units of Regal REIT, while Regal Portfolio Management Limited, a wholly owned subsidiary of the Company, acts as the REIT Manager.

For the six months ended 30th June, 2024, Regal REIT recorded an unaudited consolidated loss before distribution to Unitholders of HK$19.8 million, as compared to a profit of HK$105.2 million for the corresponding period in 2023. If the fair value gain of HK$16.5 million on its investment property portfolio is excluded, Regal REIT would record a core operating loss for the interim period of HK$36.3 million, which was mainly attributable to the increased financial expenses incurred.

Apart from the Regala Skycity Hotel, all the other nine hotels of the Group are owned through Regal REIT. These nine hotels include five Regal Hotels and four other hotels operating under the iclub brand. Except for the iclub Wan Chai Hotel, all the other eight hotels owned by Regal REIT are leased to a wholly owned subsidiary for hotel operations. The operating highlights of these eight leased hotels are included in the sub-section headed "Hotel Operations" below.

The iclub Wan Chai Hotel was the first iclub hotel in Hong Kong and has been operated by Regal REIT itself since 2011. The net property income for the interim period from this property, including the lease rentals from the non-hotel portions, has improved by 11.2% as compared to the same period in 2023.

HOTEL OPERATIONS

Favour Link International Limited, a wholly owned subsidiary of the Company, is the lessee operating all the five Regal Hotels and three iclub Hotels under lease from Regal REIT.

Due to the changes in the consumption patterns of the visitors from Mainland China, the impact of a relatively strong Hong Kong dollar as well as the shortage in the supply of service labour, the operating environment of the hospitality industry in Hong Kong during the period has been competitive and challenging.

The combined average occupancy of the five Regal Hotels in Hong Kong, which operate as full-service hotels under the "Regal" brand name, during the period was 65.6%, as compared to 66.8% for the same period last year. However, their combined average room rate has managed to increase by 12.4% and, consequently, there is an improvement in their combined average RevPAR of 10.4% year-on-year. Aggregate net property income for these five hotels for the half year under review amounted to HK$164.9 million, which was 21.1% above the comparative amount of HK$136.2 million attained in 2023. The pro-rated aggregate base rent for the period paid to Regal REIT for the leasing of these hotels, based on the market rental packages determined by an independent professional property valuer, amounted to HK$272.0 million.

For the six months ended 30th June, 2024, the other three iclub hotels, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, which are also under lease from Regal REIT, recorded a combined average occupancy level of 80.7%, as compared to 86.4% in the corresponding period last year. As their combined average room rate has however increased by 14.2%, their combined average RevPAR has consequently improved by 6.7% year-on-year. The aggregate net property income of these three iclub Hotels for the interim period amounted to HK$41.3 million, representing an increase of 15.4% year-on-year, although it is still below their pro-rated aggregate base rent of HK$59.0 million.

HOTEL MANAGEMENT

Apart from the Regala Skycity Hotel, the five Regal Hotels and four iclub Hotels that are owned by Regal REIT are all managed by Regal Hotels International Limited (RHI), the wholly owned management arm of the Group. RHI is also the hotel manager managing the iclub Mong Kok Hotel and the iclub AMTD Sheung Wan Hotel that are owned 100% and 50%, respectively, by P&R Holdings Limited, a 50/50 joint venture between the Company and Paliburg Holdings Limited, the intermediate listed holding company of the Company.

In Mainland China, RHI is presently managing a total of four Regal Hotels, including two in Shanghai, one in Dezhou and one in Xi'an. One new hotel under development in Chengdu will also be managed by the Group upon its completion.

PROPERTIES

The market rebound following the scrapping of the property cooling measures by the Hong Kong Government in late February this year was relatively short-lived. The high interest rates environment, the large amount of unsold inventories pending divesture by real estate developers and the growing weakness in market confidence continued to weigh on the property sector in Hong Kong, exerting pressure on both property prices and transaction volume, particularly in the secondary market. Luxury residential properties have been one of the more resilient segments under these sluggish market conditions, mainly benefiting from the relatively limited supply and the increased demand generated from the relaxation by the Hong Kong Government of the immigration and talent admission schemes.

As mentioned before, the property business of the Group is mainly conducted through P&R as well as through wholly owned subsidiaries of the Company.

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. Apart from those units that have been sold or contracted to be sold, P&R still holds a total of 4 houses (including the one house that was leased with an option to the lessee to purchase) and 81 apartment units in Mount Regalia, which command significant value. P&R is closely monitoring any changes in the market environment in conjunction with its planned disposal of these remaining units.

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

With respect to the property development business undertaken by the Group itself, The Queens at Queen's Road West is a commercial/residential development that was completed in late 2022. It has a total of 130 residential units with club house and commercial accommodations, of which 7 residential units have been sold. While some of the residential units have been leased on short tenure, the Group is devising plans for the sale of the unsold residential and commercial units, either on individual units or en bloc basis. The other development project undertaken by the Group in Hong Kong is also a commercial/residential redevelopment, located at Hai Tan Street in Sham Shui Po.

As at the last year end date, the Group held a total of 9 garden houses in Regalia Bay in Stanley, which was a luxury residential development that was jointly developed by the Group under a joint venture in earlier years. One of the garden houses was contracted to be sold at satisfactory price in March this year and the sale subsequently completed in July. The Group will continue to dispose of some of these remaining houses if the price offered is favourable.

In overseas, the Group also owns a renovation-for-sale project in Lisbon, Portugal and a historical building situated at a prime location in London, the United Kingdom.

Further detailed information on the Group's development projects and properties, as well as those undertaken by P&R and Cosmopolitan, is contained in the section headed "Management Discussion and Analysis" in this announcement.

AIRCRAFT OWNERSHIP AND LEASING

The Group has concluded in April this year the disposal of the two Airbus aircraft, which were under lease to an international airline operator, for a total consideration of US$44.5 million and the profit derived therefrom already reflected in the results under review. Further details on this transaction are contained in the joint announcement published by the Company on 26th April, 2024.

The Group still owns two aircraft engines which are presently on lease to a major European engines manufacturer. The Group has recently entered into a letter of intent for the proposed sale of these two engines and a definitive sale and purchase agreement is being finalised with the prospective third party purchaser. Further details on this proposed disposal will be announced when the requisite agreement is executed by the parties.

OUTLOOK

With the continuous support from the Central Government, the Individual Visit Scheme (IVS) was expanded in March this year by adding Xi'an and Qingdao. In 2 months' time, the IVS was further extended in May 2024 to residents from eight other cities in the Mainland, which now covers a total of 59 cities, including all provincial capitals in China. In addition, effective from August this year, the duty-free allowance for luggage articles brought into China from Hong Kong by visitors who are Mainland residents has been increased from the previous level of RMB5,000 to RMB12,000. All these supportive initiatives will substantially benefit the tourist industry in Hong Kong by increasing the demands in the local hotel, retail and catering sectors.

One of the key goals of the Hong Kong Government this year is to leverage on the convening of major events to reinforce Hong Kong's diversified tourism. It was announced that there would be over one hundred mega events to take place in Hong Kong in the second half of this year, spanning a variety of theme areas, including conventions and exhibitions, finance and technology, cultural, arts, festivals and other related events. It is anticipated that these mega events will attract a large number of visitors to Hong Kong from this high-spending market segment, which will contribute significant economic value to the local economy.

The Hong Kong Government expects that the economy in Hong Kong will see further growth in the second half of this year and is maintaining a growth forecast in the range of 2.5% to 3.5%

for the whole year. Though the United States Federal Reserve has yet to initiate the process of interest rate cuts, it is now widely forecasted that reductions in the interest rates in the United States will begin this coming September. In any event, in order to hedge against any unexpected reversionary movements in the interest rates, Regal REIT has entered into several interest rate swap transactions in early February and July 2024 to swap the interest expenses on part of its outstanding bank loans from floating rates to fixed rates, as they can serve to reduce the financial expenses of Regal REIT in the near term.

Although Regal REIT has reported an adjusted loss for this interim period, given the steady income stream generated by its hotel portfolio under the current leasing structure, the directors of the REIT Manager are hopeful that, as the interest rates in Hong Kong return to normal levels, Regal REIT will be able to regain positive performance in its core operating results.

The Directors believe in the resilience of Hong Kong's economy and that Hong Kong will be able to regain growth momentum when the level of interest rates starts to come down and the impacts of other unfavourable factors gradually subdued. In the meantime, the Group is actively continuing with the planned disposal of some of its non-core assets, with a view to reinforcing its liquidity resources and financial strength.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly 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 investments including financial assets investments.

The performance of the Group's hotel, property and other investment businesses as well as that of Regal REIT for the period, including the commentary on the business sectors in which the Group operates, the changes in the general market conditions and their potential impact on its operating performance and future prospects, is contained in the above sections headed "Financial Results", "Business Overview" and "Outlook" as well as in this sub-section.

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.

A brief review on the development projects and properties of the Group (other than those owned by Regal REIT), which are all wholly owned by the Group, and those undertaken by P&R and its listed subsidiary, Cosmopolitan, and on the Group's financial assets and other investments 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 hotel grand opened 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 building with gross floor area of about 5,826 square metres (62,711 square feet). The building 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 was obtained in August 2022.

7 residential units were sold on the first launch of units sale in April 2021. While some of the residential units have been leased on short tenure, plans are being devised for the sale of the unsold residential and commercial units, either on individual units or en bloc basis.

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

100% ownership interests in the subject redevelopment properties have been acquired through the judicial proceedings for Land Compulsory Sale. The project has a total site area of 431 square metres (4,644 square feet) and is 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

During the period under review, an agreement was entered into for the sale of a garden house in Regalia Bay for a consideration of HK$105 million, which transaction has subsequently been completed in July. The Group still retains 8 garden houses with total gross area of about 3,719 square metres (40,028 square feet), some of which will continue to be disposed of if the price offered is favourable.

Overseas

Campus La Mola, Barcelona, Spain

This hotel property has a total of 186 guestrooms and was acquired by the Group in 2014. The hotel is presently under lease to an independent third party, which is generating steady rental income.

41 Kingsway, London WC2B 6TP, the United Kingdom

This is a freehold historical building located at a prime location in London, acquired by the Group in 2019. 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. In the meantime, the Group may also consider the possible disposal of this property if a satisfactory price is offered.

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 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 completed and the relevant usage permits were obtained in August 2024. The apartment units and shops are intended to be marketed for sale.

JOINT VENTURE – P&R HOLDINGS LIMITED

P&R is a 50/50 owned joint venture established with Paliburg, with capital contributions provided by the Company and Paliburg on a pro-rata basis in accordance with their respective shareholdings. 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. One house was contracted to be sold in July 2024 and the sale transaction recently completed in August. 7 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 period.

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 disposed of. 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 date, a total of 20 garden houses and 55 apartment units have been sold or contracted to be sold for a total sale price of HK$4,356.0 million, including 2 apartment units that were contracted to be sold in 2024, of which the sale transactions for 18 houses and 49 apartment units with total sale price of HK$3,870.7 million have been completed. Sale transactions completed during this interim period included 1 house and 1 apartment unit (total sale price of HK$141.1 million) and the profits derived therefrom accounted for in the results under review. Apart from those that have been sold or contracted to be sold, the remaining 4 houses (including the house that was leased with an option to the lessee to purchase) and 81 apartment units command significant value. P&R is closely monitoring any changes in the market environment in conjunction with their planned disposals.

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 process for Land Compulsory Sale through the Lands Tribunal to consolidate 100% ownership interests in the relevant properties has recently been concluded.

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.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of Paliburg held through P&R. Further information relating to the property projects of the Cosmopolitan group in the PRC, all of which are wholly owned, is set out below:

Property Development

Chengdu Project – Regal Cosmopolitan City
Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK$2,243.1 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 metres (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK$102.1 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$56.1 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

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 also within the third stage of 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 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, 297 office units with a total of about 13,241 square metres (142,526 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB113.9 million (HK$124.7 million). Meanwhile, the presale of another office tower has been approved, but the timing for the launching of the presale programme will depend on the property market environment in Chengdu.

The sale 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 contracted for sale, for aggregate sale considerations of approximately RMB8.1 million (HK$8.9 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow.

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).

Apart from the few units the sale transactions for which were scheduled for completion in 2024, all the other residential units in this development have also been sold in prior years. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex was ongoing. During the period under review, shops with a total area of 9,744 square metres (104,884 square feet) have been sold for aggregate sale considerations of approximately RMB185.4 million (HK$200.6 million). 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 Cosmopolitan group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.

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. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in the relevant re-forestation contract remain valid and effective.

FINANCIAL ASSETS AND OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, private equities, bonds as well as treasury and yield enhancement products. Due to the 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 period under review.

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties 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 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially as a whole but have not been reflected in the Group's financial statements. 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 their fair values at the time of acquisition net of the unrealised gain attributable to the Group and are also subject to depreciation and impairment, while the Regala Skycity Hotel completed in 2021 is stated at cost and also subject to depreciation. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio in Hong Kong is restated in the condensed consolidated financial statements at market value as at 30th June, 2024, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK$19.21 per share, computed as follows:

	As at 30th June, 2024	
	HK$'M	**HK$ per ordinary share**
Book net assets attributable to equity holders of the parent	**7,504.7**	**8.35**
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value	**9,761.4**	**10.86**
Unaudited adjusted net assets attributable to equity holders of the parent	**17,266.1**	**19.21**

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.

Hotel and property development projects in Hong Kong are financed partly by internal resources and partly by bank financing. Project financing is normally arranged to cover a part of the land cost and a major portion or the entire amount of the construction cost, with the loan maturity tied in to the estimated project completion date. Project financings for the projects in 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 overseas investments 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

During the period under review, there were net cash flows generated from operating activities of HK$124.3 million (2023 – HK$201.1 million). Net interest payment for the period amounted to HK$449.9 million (2023 – HK$366.2 million).

Borrowings and Gearing

As at 30th June, 2024, the Group had cash and bank balances and deposits of HK$1,140.0 million (31st December, 2023 – HK$1,684.9 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK$14,479.1 million (31st December, 2023 – HK$14,483.3 million).

As at 30th June, 2024, the gearing ratio of the Group was 55.4% (31st December, 2023 – 50.8%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK$14,479.1 million (31st December, 2023 – HK$14,483.3 million), as compared to the total assets of the Group of HK$26,149.4 million (31st December, 2023 – HK$28,518.7 million).

On the basis of the adjusted total assets as at 30th June, 2024 of HK$38,654.7 million (31st December, 2023 – HK$40,901.0 million) with the Group's hotel portfolio in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 37.5% (31st December, 2023 – 35.4%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2024 are shown in the condensed consolidated financial statements contained in the interim report for the six months ended 30th June, 2024 of the Company ("Interim Financial Statements") to be published on or before 30th September, 2024.

Lease Liabilities

As at 30th June, 2024, the Group had lease liabilities of HK$12.8 million (31st December, 2023 – HK$18.2 million).

Pledge of Assets

As at 30th June, 2024, the Group's properties held for sale and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties under development, time deposits and bank balances in the total amount of HK$20,137.4 million (31st December, 2023 – HK$20,529.1 million) were pledged to secure 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.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2024 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2024 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2024 (2023 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
REVENUE (Notes 2 & 3)	**863.4**	776.4
Cost of sales	**(552.4)**	(541.5)
Gross profit	**311.0**	234.9
Other income and gains (Note 3)	**157.6**	86.3
Fair value losses on financial assets at fair value through profit or loss, net	**(932.6)**	(259.1)
Fair value losses on investment properties, net	**(91.1)**	(14.1)
Impairment loss on properties under development	**(40.0)**	(18.3)
Reversal of impairment loss/(impairment loss) on investments in associates	**(0.3)**	0.2
Property selling and marketing expenses	**(1.1)**	(1.3)
Administrative expenses	**(138.3)**	(129.6)
OPERATING LOSS BEFORE DEPRECIATION	**(734.8)**	(101.0)
Depreciation (Note 4)	**(302.2)**	(311.1)
OPERATING LOSS (Note 4)	**(1,037.0)**	(412.1)
Finance costs (Note 5)	**(511.8)**	(413.1)
Share of profits and losses of:		
A joint venture	**(119.4)**	(8.3)
An associate	**1.4**	0.3
LOSS BEFORE TAX	**(1,666.8)**	(833.2)
Income tax (Note 6)	**1.8**	10.0
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(1,665.0)**	(823.2)

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

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Attributable to:		
Equity holders of the parent	**(1,599.2)**	(762.6)
Non-controlling interests	**(65.8)**	(60.6)
	(1,665.0)	(823.2)
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$(1.84)**	HK$(0.91)

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(1,665.0)**	(823.2)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of cash flow hedges	**10.5**	–
Transfer from hedging reserve to profit or loss	**(3.9)**	–
	6.6	–
Exchange differences on translation of foreign operations	**(19.8)**	13.5
Share of other comprehensive loss of:		
A joint venture	**(13.1)**	(24.3)
An associate	**–**	(0.1)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(26.3)**	(10.9)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of:		
A joint venture	**(4.6)**	(56.8)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(30.9)**	(67.7)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,695.9)**	(890.9)
Attributable to:		
Equity holders of the parent	**(1,631.7)**	(830.3)
Non-controlling interests	**(64.2)**	(60.6)
	(1,695.9)	(890.9)

Condensed Consolidated Statement of Financial Position

	30th June, 2024	31st December, 2023
	(Unaudited)	(Restated)
	HK$'M	HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**5,358.4**	5,743.4
Investment properties	**1,231.7**	1,336.5
Right-of-use assets	**12,394.7**	12,534.9
Properties under development	**412.0**	451.0
Investments in joint ventures	**2,565.5**	2,817.7
Investments in associates	**9.8**	8.7
Financial assets at fair value through profit or loss	**523.7**	582.5
Debtors and deposits (Note 9)	**84.2**	79.5
Derivative financial instruments	**7.1**	–
Deferred tax assets	**47.7**	47.7
Intangible asset	**3.6**	3.6
Total non-current assets	**22,638.4**	23,605.5
CURRENT ASSETS		
Properties under development	**87.4**	88.9
Properties held for sale	**919.9**	919.9
Inventories	**21.1**	23.8
Debtors, deposits and prepayments (Note 9)	**222.4**	211.1
Financial assets at fair value through profit or loss	**163.9**	1,039.9
Other loan	**857.0**	847.2
Derivative financial instruments	**94.8**	93.9
Tax recoverable	**4.5**	3.6
Restricted cash	**550.2**	531.1
Pledged time deposits and bank balances	**189.4**	166.7
Time deposits	**171.8**	409.0
Cash and bank balances	**228.6**	578.1
Total current assets	**3,511.0**	4,913.2

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Restated) HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(328.2)**	(391.6)
Contract liabilities	**(67.2)**	(54.9)
Lease liabilities	**(9.7)**	(11.7)
Interest bearing bank borrowings	**(754.9)**	(2,102.3)
Tax payable	**(23.5)**	(20.1)
Total current liabilities	**(1,183.5)**	(2,580.6)
NET CURRENT ASSETS	**2,327.5**	2,332.6
TOTAL ASSETS LESS CURRENT LIABILITIES	**24,965.9**	25,938.1
NON-CURRENT LIABILITIES		
Creditors and deposits received (Note 10)	**(106.3)**	(108.1)
Lease liabilities	**(3.1)**	(6.5)
Interest bearing bank borrowings	**(14,864.2)**	(14,065.9)
Deferred tax liabilities	**(634.9)**	(647.1)
Total non-current liabilities	**(15,608.5)**	(14,827.6)
Net assets	**9,357.4**	11,110.5
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**89.9**	89.9
Reserves	**7,414.8**	9,103.7
	7,504.7	9,193.6
Perpetual securities	**1,732.9**	1,732.9
Non-controlling interests	**119.8**	184.0
Total equity	**9,357.4**	11,110.5

Notes:

1. Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2024 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

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

The nature and 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 5 interest bearing bank loans with carrying amounts of HK$1,707.9 million and HK$851.8 million, respectively, which were repayable within 12 months. These loans were drawn down from 3 to 5-year banking facilities expiring between April 2024 to August 2026 and the Group has the right to roll over these loans for another year subject to the compliance with certain annual covenant tests every year. Prior to the initial application of the amendments, these interest bearing bank loans were classified as current liabilities 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, these loans were reclassified as non-current liabilities since the Group has the right to roll over the interest bearing bank loans for at least twelve months after 1st January, 2023 and 2024 under its existing loan facilities while covenants to be complied with after 1st January, 2023 and 2024 do not affect the classification of such loans as current or non-current. The quantitative impact on the interim condensed consolidated statement of financial position is summarised below.

	Increase/(Decrease)		
	As at 30th June, 2024	**As at 31st December, 2023**	**As at 1st January, 2023**
	HK$'M	**HK$'M**	**HK$'M**
CURRENT LIABILITIES			
Interest bearing bank borrowings	(1,478.2)	(851.8)	(1,707.9)
NET CURRENT ASSETS/(LIABILITIES)	1,478.2	851.8	1,707.9
TOTAL ASSETS LESS CURRENT LIABILITIES	1,478.2	851.8	1,707.9
NON-CURRENT LIABILITIES			
Interest bearing bank borrowings	1,478.2	851.8	1,707.9

The adoption of the amendments did not have any impact on the basic and diluted loss per share attributable to equity holders of the parent, profit or loss, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30th June, 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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) 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;

(b) the asset management segment engages in the provision of asset management services to Regal REIT;

(c) the property development and investment segment includes investments in properties for sale and for rental income, and the provision of property agency and management services;

(d) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;

(e) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental income; and

(f) the others segment mainly comprises sale of food products, operation and management of restaurants, operation of security storage lounge, 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.

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 and profit/(loss) information for the Group's operating segments:

	Hotel operation and management and hotel ownership		**Asset management**		**Property development and investment**		**Financial assets investments**		**Aircraft ownership and leasing**		**Others**		**Eliminations**		**Consolidated**	
	Six months ended 30th June,		**Six months ended 30th June,**		**Six months ended 30th June,**		**Six months ended 30th June,**		**Six months ended 30th June,**		**Six months ended 30th June,**		**Six months ended 30th June,**		**Six months ended 30th June,**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment revenue:																
Sales to external customers	814.7	717.3	-	-	9.0	5.6	1.3	7.1	11.8	13.0	26.6	33.4	-	-	863.4	776.4
Intersegment sales	0.1	2.2	46.7	44.3	1.2	1.3	-	-	-	-	87.1	90.7	(135.1)	(138.5)	-	-
Total	814.8	719.5	46.7	44.3	10.2	6.9	1.3	7.1	11.8	13.0	113.7	124.1	(135.1)	(138.5)	863.4	776.4
Segment results before depreciation	236.5	143.1	(6.5)	(6.9)	(83.4)	33.7	(928.8)	(247.0)	78.2	10.6	1.8	6.2	-	-	(702.2)	(60.3)
Depreciation	(296.9)	(304.4)	-	-	(2.0)	(2.0)	-	-	(2.2)	(3.4)	(1.1)	(1.3)	-	-	(302.2)	(311.1)
Segment operating results	(60.4)	(161.3)	(6.5)	(6.9)	(85.4)	31.7	(928.8)	(247.0)	76.0	7.2	0.7	4.9	-	-	(1,004.4)	(371.4)
Unallocated interest income and unallocated non-operating and corporate gains															16.0	12.5
Unallocated non-operating and corporate expenses, net															(48.9)	(53.5)
Finance costs (other than interest on lease liabilities)															(511.5)	(412.8)
Share of profits and losses of:																
A joint venture	-	-	-	-	(119.4)	(8.3)	-	-	-	-	-	-	-	-	(119.4)	(8.3)
An associate	-	-	-	-	1.4	0.3	-	-	-	-	-	-	-	-	1.4	0.3
Loss before tax															(1,666.8)	(833.2)
Income tax															1.8	10.0
Loss for the period before allocation between equity holders of the parent and non-controlling interests															(1,665.0)	(823.2)
Attributable to:																
Equity holders of the parent															(1,599.2)	(762.6)
Non-controlling interests															(65.8)	(60.6)
															(1,665.0)	(823.2)

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

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
Revenue		
Revenue from contracts with customers		
Hotel operations and management services	**782.3**	681.2
Other operations	**28.9**	36.4
Revenue from other sources		
Rental income:		
Hotel properties	**21.1**	23.5
Investment properties	**16.6**	13.5
Aircraft	**11.8**	13.0
Others	**1.4**	1.4
Interest income from financial assets at fair value through profit or loss	**0.8**	6.7
Dividend income from listed investments	**0.5**	0.4
Other operations	**–**	0.3
	863.4	776.4

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Other income and gains		
Bank interest income	**9.6**	9.9
Other interest income	**69.3**	49.6
Dividend income from unlisted investments	**8.5**	4.7
Gain on disposal of unlisted investments included in financial assets at fair value through profit or loss	**–**	0.7
Gain on disposal of items of property, plant and equipment	**69.2**	–
Others	**1.0**	21.4
	157.6	86.3

4. An analysis of depreciation of the Group is as follows:

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Depreciation of property, plant and equipment	**161.6**	170.6
Depreciation of right-of-use assets	**140.6**	140.5
	302.2	311.1

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest on bank loans	**493.2**	390.4
Interest on lease liabilities	**0.3**	0.3
Amortisation of debt establishment costs	**20.7**	20.6
Total interest expenses on financial liabilities not at fair value through profit or loss	**514.2**	411.3
Fair value changes on derivative financial instruments – cash flow hedges (transfer from hedging reserve)	**(3.9)**	–
Other loan costs	**1.6**	1.9
	511.9	413.2
Less: Finance costs capitalised	**(0.1)**	(0.1)
	511.8	413.1

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

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Current – Hong Kong		
Charge for the period	**8.5**	9.6
Overprovision in prior years	**–**	(0.8)
Current – Overseas		
Charge for the period	**1.2**	–
Deferred	**(11.5)**	(18.8)
Total tax credit for the period	**(1.8)**	(10.0)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2023 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The share of tax attributable to a joint venture amounting to HK$46.8 million (2023 – HK$25.9 million) is included in "Share of profits and losses of a joint venture and associates" in the condensed consolidated statement of profit or loss.

7. Dividend:

No dividend was paid or proposed during the six months ended 30th June, 2024, nor has any dividend been proposed since the end of the reporting period (2023 – Nil).

8. The calculation of basic loss per ordinary share for the period ended 30th June, 2024 is based on the loss for the period attributable to equity holders of the parent of HK$1,599.2 million (2023 – HK$762.6 million), adjusted for the distribution related to perpetual securities of HK$57.2 million (2023 – HK$57.4 million), and on the weighted average of 898.8 million (2023 – 898.8 million) ordinary shares of the Company in issue during the period.

No adjustment was made to the basic loss per ordinary share for the periods ended 30th June, 2024 and 2023 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the periods.

9. Included in debtors, deposits and prepayments is an amount of HK$92.8 million (31st December, 2023 – HK$95.5 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2024	31st December, 2023
	(Unaudited)	(Audited)
	HK$'M	HK$'M
Outstanding balances with ages:		
Within 3 months	**72.8**	78.5
4 to 6 months	**5.1**	4.5
7 to 12 months	**4.2**	4.9
Over 1 year	**27.2**	22.7
	109.3	110.6
Impairment	**(16.5)**	(15.1)
	92.8	95.5

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.

10. Included in creditors, deposits received and accruals is an amount of HK$45.0 million (31st December, 2023 – HK$79.8 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**44.6**	79.7
7 to 12 months	**0.3**	–
Over 1 year	**0.1**	0.1
	45.0	79.8

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2024.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2024 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditor, whose review report is contained in the Company's interim report for the six months ended 30th June, 2024 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2024, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

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 The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2024, 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)
Miss LO Po Man
(Vice Chairman and Managing Director)
Mr. Kelvin LEUNG So Po
Mr. Jimmy LO Chun To
Mr. Kenneth NG Kwai Kai
Mr. Allen WAN Tze Wai

Non-Executive Directors:
Dr. Francis CHOI Chee Ming, GBS, JP
(Vice Chairman)
Ms. Belinda YEUNG Bik Yiu, JP

Independent Non-Executive Directors:
Ms. Alice KAN Lai Kuen
Professor Japhet Sebastian LAW
Ms. Winnie NG, JP
Mr. WONG Chi Keung

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 28th August, 2024