



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)



2024
INTERIM REPORT

CONTENTS

2	Corporate Information
3	Directors' Profile
7	Chairman's Statement
13	Management Discussion and Analysis
22	Condensed Consolidated Financial Statements
22	Condensed Consolidated Statement of Profit or Loss
23	Condensed Consolidated Statement of Comprehensive Income
24	Condensed Consolidated Statement of Financial Position
26	Condensed Consolidated Statement of Changes in Equity
28	Condensed Consolidated Statement of Cash Flows
30	Notes to Condensed Consolidated Financial Statements
55	Other Information
64	Report on Review of Interim Financial Information

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lo Yuk Sui

(Chairman and Chief Executive Officer)

Lo Po Man

(Vice Chairman and Managing Director)

Kelvin Leung So Po

Jimmy Lo Chun To

Kenneth Ng Kwai Kai

Allen Wan Tze Wai

Non-Executive Directors

Francis Choi Chee Ming, GBS, JP

(Vice Chairman)

Belinda Yeung Bik Yiu, JP

Independent Non-Executive Directors

Alice Kan Lai Kuen

Japhet Sebastian Law

Winnie Ng, JP

Wong Chi Keung

AUDIT COMMITTEE

Wong Chi Keung (Chairman)

Francis Choi Chee Ming, GBS, JP

Alice Kan Lai Kuen

Japhet Sebastian Law

Winnie Ng, JP

REMUNERATION COMMITTEE

Wong Chi Keung (Chairman)

Lo Yuk Sui

Alice Kan Lai Kuen

Winnie Ng, JP

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)

Alice Kan Lai Kuen

Winnie Ng, JP

Wong Chi Keung

SECRETARY

Eliza Lam Sau Fun

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited

Bank SinoPac, Hong Kong Branch

Bank of Communications (Hong Kong) Limited

The Bank of East Asia, Limited

Cathay United Bank Company, Limited, Hong Kong Branch

China CITIC Bank International Limited

China Construction Bank Corporation, Hong Kong Branch

China Everbright Bank Co., Ltd., Hong Kong Branch

Chiyu Banking Corporation Limited

Chong Hing Bank Limited

Dah Sing Bank, Limited

Hang Seng Bank Limited

Hua Xia Bank Co., Ltd., Hong Kong Branch

Industrial and Commercial Bank of China (Asia) Limited

Nanyang Commercial Bank, Limited

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

United Overseas Bank Limited, Hong Kong Branch

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited

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Hamilton HM 12, Bermuda

BRANCH REGISTRAR IN HONG KONG

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Hong Kong

REGISTERED OFFICE

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Hamilton HM 12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Causeway Bay, Hong Kong

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Mr. Lo Yuk Sui, aged 79; *Chairman and Chief Executive Officer* – Chairman and Managing Director since 1989 when the Company was established in Bermuda as the holding company of the Group. Mr. Lo has been the managing director and the chairman of the predecessor listed company of the Group since 1984 and 1987 respectively. He was designated as the Chief Executive Officer of the Company in 2007. He is also an executive director, the chairman and the chief executive officer of Century City International Holdings Limited (“CCIHL”) (the ultimate listed holding company of the Company), Paliburg Holdings Limited (“PHL”) (the immediate listed holding company of the Company) and Cosmopolitan International Holdings Limited (“Cosmopolitan”) (the listed fellow subsidiary of the Company), and a non-executive director and the chairman of Regal Portfolio Management Limited (“RPML”), the manager of Regal Real Estate Investment Trust (the listed subsidiary of the Company). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Ms. Lo Po Man and Mr. Jimmy Lo Chun To.

Ms. Lo Po Man, aged 44; *Vice Chairman and Managing Director* – Joined the Group in 2000 and appointed to the Board in 2004. Ms. Lo has been a Vice Chairman and the Managing Director of the Company since 2013. She is also an executive director and a vice chairman of CCIHL, an executive director of PHL, an executive director and a vice chairman of Cosmopolitan, and a non-executive director and the vice chairman of RPML. Ms. Lo graduated from Duke University with a Bachelor’s Degree in Psychology and The University of Hong Kong with a Master’s Degree in Buddhist Studies. Ms. Lo serves as an Adjunct Professor teaching sustainable business management and impact investing at The Hong Kong University of Science and Technology and The University of Hong Kong. Ms. Lo has been officially appointed as Member of the Green Technology and Finance Development Committee, Council Member of Hong Kong University of Science and Technology, and serves on Hong Kong’s Chief Executive’s Policy Unit Expert Group and the Green Technology and Finance Development Committee. She chairs the UNESCAP ESNB Finance Task Force and the Asia Pacific Green Deal for Business Committee. She primarily oversees the operation of the Group’s hotel business and, in addition, oversees corporate investments and business development of the Century City Group. Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Dr. Choi Chee Ming (Alias: Francis), *GBS, JP*, aged 78; *Vice Chairman and Non-Executive Director* – Invited to the Board as Non-Executive Director and elected Vice Chairman in 2004. Dr. Francis Choi holds a Master’s Degree in Business Administration from the Newport University in the United States of America. He also holds a Ph.D. in Business Management from Harbin Institute of Technology, the People’s Republic of China (the “PRC”) and an Honorary Degree of Doctor of Business Administration from The Hong Kong Polytechnic University. Dr. Choi is the chairman of Early Light International (Holdings) Limited and has extensive business interests in the manufacturing industry and the property sector. He is the Honorary President of the Toys Manufacturers’ Association of Hong Kong, Honorary President of the Hong Kong Young Industrialists Council and the Court Member of The Hong Kong Polytechnic University, a member of Sun Yat-sen University Advisory Board, the PRC and the Honorary Chairman of the Board of Trustees of Shaoguan University, the PRC.

Ms. Kan Lai Kuen, Alice, aged 69; *Independent Non-Executive Director* – Invited to the Board as Independent Non-Executive Director in 2004. Ms. Alice Kan is also an independent non-executive director of Cosmopolitan. Ms. Kan is a shareholder and a director of BLS Capital Limited. She is a licensed responsible officer of BLS Capital Limited for asset management under the Securities and Futures Ordinance of Hong Kong (the “SFO”). She has over 20 years of experience in corporate finance and is well experienced in both the equity and debt markets. She held various senior positions in international and local banks and financial institutions. Ms. Kan is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Kan is also an independent non-executive director of Jolimark Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS' PROFILE (Cont'd)

Professor Japhet Sebastian Law, aged 72; *Independent Non-Executive Director* – Invited to the Board as Independent Non-Executive Director in 2012. Professor Law obtained his Ph.D. in Mechanical/Industrial Engineering from The University of Texas at Austin in 1976. He joined The Chinese University of Hong Kong in 1986 and was a professor in the Department of Decision Sciences and Managerial Economics and the director of the Aviation Policy and Research Center until his retirement since August 2012. He was also the associate dean and subsequently the dean of the Faculty of Business Administration of The Chinese University of Hong Kong from 1993 to 2002. Prior to returning to Hong Kong, Professor Law was the director of operations research at the Cullen College of Engineering and director of graduate studies in Industrial Engineering at the University of Houston, and he was also involved with the United States Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Professor Law has acted as a consultant for various corporations in Hong Kong and overseas. He is active in public services, having served as a member of the Provisional Regional Council of the Government of the Hong Kong Special Administrative Region and various other government advisory committees, and he is also active in serving on the boards of for-profit, non-profit, public and charitable organisations in Hong Kong and overseas. Professor Law is currently a honorary advisor of Global Digital Creations Holdings Limited, an independent non-executive director of Binhai Investment Company Limited, Gome Finance Technology Co., Ltd., Tianjin Binhai Teda Logistics (Group) Corporation Limited and Tianjin Port Development Holdings Limited, all of which are companies listed on the Stock Exchange. He was also an independent non-executive director of Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange, and is currently an independent member of the Supervisory Board. Professor Law has also served on various committees and boards of international organisations, including The Association to Advance Collegiate Schools of Business, Graduate Management Admission Council and Oxfam International.

Mr. Leung So Po (Alias: Kelvin), aged 52; *Executive Director* – Appointed to the Board in 2023. Mr. Kelvin Leung is also an executive director of CCIHL and PHL, and an executive director and the chief financial officer of Cosmopolitan. Mr. Leung has been with the Century City Group since 1997, and he is involved in the corporate finance function as well as in the China business division of the Century City Group. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. Mr. Leung has over 29 years of experience in accounting and corporate finance field.

Mr. Lo Chun To (Alias: Jimmy), aged 50; *Executive Director* – Appointed to the Board in 1999. Mr. Jimmy Lo is also an executive director and a vice chairman of CCIHL, an executive director, the vice chairman and the managing director of PHL, an executive director, a vice chairman and the managing director of Cosmopolitan, and a non-executive director of RPML. Mr. Lo graduated from Cornell University, New York, the United States, with a Degree in Architecture. Mr. Lo joined the Century City Group in 1998. He is primarily involved in overseeing the property projects of the PHL Group and, in addition, undertakes responsibilities in the business development of the Century City Group. Mr. Lo is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

Mr. Ng Kwai Kai (Alias: Kenneth), aged 70; *Executive Director* – Joined the Group in 1985 and appointed to the Board in 1998. Mr. Kenneth Ng is also an executive director and the chief operating officer of CCIHL, an executive director of PHL and Cosmopolitan, and a non-executive director of RPML. Mr. Ng is a Chartered Secretary and is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group.

Ms. Winnie Ng, JP, aged 60; *Independent Non-Executive Director* – Invited to the Board as Independent Non-Executive Director in 2018. Ms. Ng is also an independent non-executive director of CCIHL and PHL. Ms. Ng holds an MBA (Master of Business Administration) from University of Chicago and an MPA (Master of Public Administration) from Harvard University. Ms. Ng has received numerous awards and recognition. In 2019, she received the Outstanding Businesswomen Award and in 2017, she was appointed a Justice of the Peace. In 2016, she won Nobel Laureate Series: Asian Chinese Leadership Award and China Top Ten Outstanding Women Entrepreneurs. In previous years, she received recognitions as a Woman of Excellence in Hong Kong, one of 60 Meritorious Chinese Entrepreneurs with Achievement and National Contribution, Yazhou Zhoukan Young Chinese Entrepreneur Award and was Mason Fellow of Harvard University. Active in public service, Ms. Ng is Director of Po Leung Kuk, Member of Women's Commission and Co-Convenor of Women Empowerment Fund, Director of CUHK Medical Centre, Director of HKBU Chinese Medicine Hospital, Council Member of The Education University of Hong Kong, Advisor of Our Hong Kong Foundation, and Council Member of The Better Hong Kong Foundation. She was Chairman of Hospital Governing Committee of Prince of Wales Hospital from 2014 to 2020, Member of Hong Kong Tourism Board and its Marketing & Business Development Committee Chairman, Member of Hospital Authority and its Supporting Services Development Committee Chairman from 2010 to 2016, Member of Employees Retraining Board and its Course Vetting Committee Convenor, and Member of Vocational Training Council from 2011 to 2017. Ms. Ng is also a non-executive director of Transport International Holdings Limited, and she was the founder, deputy chairman and a non-executive director of RoadShow Holdings Limited (now known as Bison Finance Group Limited). Both companies are listed on the Stock Exchange.

Mr. Wan Tze Wai, Allen, aged 65; *Executive Director* – Appointed to the Board in 2010. Mr. Allen Wan is also an executive director of CCIHL. He has been with the Century City Group for over 30 years and is the Group Financial Controller of the Century City Group. Mr. Wan holds a Bachelor's Degree in Commerce from the University of New South Wales in Australia. He is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Wan has over 42 years of experience in finance and accounting field.

Mr. Wong Chi Keung, aged 69; *Independent Non-Executive Director* – Invited to the Board as Independent Non-Executive Director in 2004. Mr. Wong is also an independent non-executive director of CCIHL and PHL. Mr. Wong holds a Master's Degree in Business Administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia and an associate member of The Chartered Governance Institute and The Chartered Institute of Management Accountants. Mr. Wong is a responsible officer for asset management and advising on securities under the SFO. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard Hotel Group Limited, Asia Standard International Group Limited, Changyou Alliance Group Limited, China Ting Group Holdings Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of which are companies listed on the Stock Exchange. Mr. Wong has over 41 years of experience in finance, accounting and management.

DIRECTORS' PROFILE (Cont'd)

Ms. Yeung Bik Yiu, Belinda, JP, aged 66; Non-Executive Director – Appointed to the Board in 2002 as an Executive Director, designated as the Chief Operating Officer in 2007 and re-designated as a Non-Executive Director on 16th July, 2024. Ms. Belinda Yeung had been with the Group since 1987 until her retirement in July 2024. Ms. Yeung was in charge of the Group's hotel operations in Hong Kong and Mainland China when she acted as the Chief Operating Officer. In addition to her hotel management responsibilities, she was also responsible for the human resources management of the Century City Group. Graduated from Barron Hilton School of Hotel Management, University of Houston, U.S.A., Ms. Yeung had devoted her career in the hospitality industry in U.S.A., Mainland China and Hong Kong - on both multi-unit corporate and single-unit hotel property management levels. Ms. Yeung is a member of the Tourism Strategy Committee of the Government of Hong Kong, a non-official member of the Business Facilitation Advisory Committee of the Government of Hong Kong, Honorary Life Vice President of The Federation of Hong Kong Hotel Owners, Fellow of The Hong Kong Polytechnic University and Honorary Fellow of the Vocational Training Council.

Dear shareholders,

I am presenting herewith the Interim Report of the Company for the six months ended 30th June, 2024.

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 Interim Report. 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 Interim Report.

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 divestiture 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 Interim Report.

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.

CHAIRMAN'S STATEMENT (Cont'd)

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.

LO YUK SUI

Chairman

Hong Kong
28th August, 2024

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise hotel ownership business which is principally undertaken through Regal Real Estate Investment Trust ("Regal REIT"), hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings Limited ("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 sections headed "Financial Results", "Business Overview" and "Outlook", respectively, in the preceding Chairman's Statement as well as in this section.

The Group has no immediate plans for material investments or capital assets, other than those disclosed in the sections headed "Business Overview" and "Outlook" in the preceding Chairman's Statement and in this 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 International Holdings Limited ("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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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 Holdings Limited (“PHL”), the immediate listed holding company of the Company, with capital contributions provided by the Company and PHL 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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 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 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 PHL 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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\$'million	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 note 11 to the condensed consolidated financial statements.

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 note 16 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2024 are shown in note 15 to the condensed consolidated financial statements.

Share Capital

During the period under review, there was no change in the share capital of the Company.

DIVIDEND

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

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 18 to the condensed consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the period under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company.

STAFF AND REMUNERATION POLICY

The Group employs approximately 1,450 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical and life insurance for staff in Hong Kong, and the social security fund and the housing provident fund for staff in the PRC.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	Notes	HK\$'million	HK\$'million
REVENUE	2, 3	863.4	776.4
Cost of sales		(552.4)	(541.5)
Gross profit		311.0	234.9
Other income and gains	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	4	(302.2)	(311.1)
OPERATING LOSS		(1,037.0)	(412.1)
Finance costs	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	4	(1,666.8)	(833.2)
Income tax	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)
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	8		
Basic and diluted		HK\$(1.84)	HK\$(0.91)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
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)	–
	<u>6.6</u>	<u>–</u>
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)
	<u>(26.3)</u>	<u>(10.9)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
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)
	<u>(30.9)</u>	<u>(67.7)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,695.9)</u>	<u>(890.9)</u>
Attributable to:		
Equity holders of the parent	(1,631.7)	(830.3)
Non-controlling interests	(64.2)	(60.6)
	<u>(1,695.9)</u>	<u>(890.9)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th June, 2024 (Unaudited)	31st December, 2023 (Restated)
	Notes	HK\$'million	HK\$'million
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	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	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
CURRENT LIABILITIES			
Creditors, deposits received and accruals	10	(328.2)	(391.6)
Contract liabilities		(67.2)	(54.9)
Lease liabilities		(9.7)	(11.7)
Interest bearing bank borrowings	11	(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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		30th June, 2024 (Unaudited)	31st December, 2023 (Restated)
	Notes	HK\$'million	HK\$'million
NON-CURRENT LIABILITIES			
Creditors and deposits received	10	(106.3)	(108.1)
Lease liabilities		(3.1)	(6.5)
Interest bearing bank borrowings	11	(14,864.2)	(14,065.9)
Deferred tax liabilities		(634.9)	(647.1)
Total non-current liabilities		<u>(15,608.5)</u>	<u>(14,827.6)</u>
Net assets		<u>9,357.4</u>	<u>11,110.5</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		89.9	89.9
Reserves		7,414.8	9,103.7
		<u>7,504.7</u>	9,193.6
Perpetual securities		1,732.9	1,732.9
Non-controlling interests		119.8	184.0
Total equity		<u>9,357.4</u>	<u>11,110.5</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2024

	Attributable to equity holders of the parent													
	Issued capital (Unaudited) HK\$'m	Share premium account (Unaudited) HK\$'m	Capital redemption reserve (Unaudited) HK\$'m	Equity component of convertible notes of a joint venture (Unaudited) HK\$'m	Hedging reserve (Unaudited) HK\$'m	Capital reserve (Unaudited) HK\$'m	Property revaluation reserve (Unaudited) HK\$'m	Fair value reserve (Unaudited) HK\$'m	Exchange equalisation reserve (Unaudited) HK\$'m	Retained profits (Unaudited) HK\$'m	Total (Unaudited) HK\$'m	Perpetual securities (Unaudited) HK\$'m	Non-controlling interests (Unaudited) HK\$'m	Total equity (Unaudited) HK\$'m
At 1st January, 2024	89.9	404.7	17.7	434.5	-	745.9	10.3	(396.3)	(61.2)	7,948.1	9,193.6	1,732.9	184.0	11,110.5
Loss for the period	-	-	-	-	-	-	-	-	-	(1,599.2)	(1,599.2)	-	(65.8)	(1,665.0)
Other comprehensive income/(loss) for the period:														
Cash flow hedges	-	-	-	-	5.0	-	-	-	-	-	5.0	-	1.6	6.6
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(19.8)	-	(19.8)	-	-	(19.8)
Share of other comprehensive loss of a joint venture	-	-	-	-	-	(5.3)	-	300.0	(13.1)	(299.3)	(17.7)	-	-	(17.7)
Total comprehensive loss for the period	-	-	-	-	5.0	(5.3)	-	300.0	(32.9)	(1,898.5)	(1,631.7)	-	(64.2)	(1,695.9)
Distribution to holders of perpetual securities	-	-	-	-	-	-	-	-	-	(57.2)	(57.2)	-	-	(57.2)
At 30th June, 2024	89.9	404.7	17.7	434.5	5.0	740.6	10.3	(96.3)	(94.1)	5,992.4	7,504.7	1,732.9	119.8	9,357.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June, 2024

	Attributable to equity holders of the parent											
	Issued capital (Unaudited) HK\$'m	Share premium account (Unaudited) HK\$'m	Capital redemption reserve (Unaudited) HK\$'m	Capital reserve (Unaudited) HK\$'m	Property revaluation reserve (Unaudited) HK\$'m	Fair value reserve (Unaudited) HK\$'m	Exchange equalisation reserve (Unaudited) HK\$'m	Retained profits (Unaudited) HK\$'m	Total (Unaudited) HK\$'m	Perpetual securities (Unaudited) HK\$'m	Non-controlling interests (Unaudited) HK\$'m	Total equity (Unaudited) HK\$'m
At 1st January, 2023	89.9	404.7	17.7	1,228.7	8.1	(581.9)	(62.5)	10,221.9	11,326.6	1,732.9	331.9	13,391.4
Loss for the period	-	-	-	-	-	-	-	(762.6)	(762.6)	-	(60.6)	(823.2)
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	13.5	-	13.5	-	-	13.5
Share of other comprehensive loss of:												
A joint venture	-	-	-	(4.7)	-	(52.1)	(24.3)	-	(81.1)	-	-	(81.1)
An associate	-	-	-	-	-	-	(0.1)	-	(0.1)	-	-	(0.1)
Total comprehensive loss for the period	-	-	-	(4.7)	-	(52.1)	(10.9)	(762.6)	(830.3)	-	(60.6)	(890.9)
Distribution to non-controlling interests of a listed subsidiary	-	-	-	-	-	-	-	-	-	-	(8.2)	(8.2)
Distribution to holders of perpetual securities	-	-	-	-	-	-	-	(57.4)	(57.4)	-	-	(57.4)
At 30th June, 2023	89.9	404.7	17.7	1,224.0	8.1	(634.0)	(73.4)	9,401.9	10,438.9	1,732.9	263.1	12,434.9

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
Net cash flows from operating activities	124.3	201.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	(1.8)	(1.8)
Purchases of items of property, plant and equipment	(59.0)	(30.5)
Proceeds from disposal of items of property, plant and equipment	348.0	–
Proceeds from disposal of financial assets at fair value through profit or loss	–	1.2
Purchases of financial assets at fair value through profit or loss	(0.6)	(18.3)
Distribution from financial assets at fair value through profit or loss	1.8	0.7
Purchases of financial assets at amortised cost	–	(30.0)
Proceeds from redemption of financial assets at amortised cost	–	10.0
Advances to a joint venture	(150.3)	(93.2)
Repayment from a joint venture	282.1	76.6
Interest received	42.7	30.1
Dividend received from unlisted investments	8.5	4.7
Decrease/(increase) in other loan	(9.8)	43.9
Decrease/(increase) in pledged time deposits and bank balances	(22.7)	2.0
Decrease in restricted cash	0.3	1.3
Net cash flows from/(used in) investing activities	439.2	(3.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of new bank loans	760.8	1,056.7
Repayment of bank loans	(1,323.9)	(847.1)
Interest paid	(493.4)	(398.9)
Payment of loan and other costs	(8.5)	(2.4)
Principal portion of lease payments	(5.9)	(5.5)
Distributions to non-controlling interests of a listed subsidiary	–	(8.2)
Distribution to holders of perpetual securities	(57.2)	(57.4)
Increase in restricted cash	(19.5)	(215.7)
Net cash flows used in financing activities	(1,147.6)	(478.5)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

		Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	Note	HK\$'million	HK\$'million
NET DECREASE IN CASH AND CASH EQUIVALENTS		(584.1)	(280.7)
Cash and cash equivalents at beginning of period		987.1	1,429.2
Effect of foreign exchange rate changes, net		(2.6)	(23.8)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>400.4</u>	<u>1,124.7</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and cash and cash equivalents as stated in the condensed consolidated statement of cash flows	12	<u>400.4</u>	<u>1,124.7</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies and Basis of Preparation

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 condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st December, 2023. 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	<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 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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.

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

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 Real Estate Investment Trust ("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 Group owns two aircraft engines with a net carrying amount of HK\$57.6 million and average lease rental yield at 7.0%.

The following table presents 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, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024	Six months ended 30th June, 2023	Six months ended 30th June, 2024
	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m
Segment revenue:																
Sales to external customers	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	-	-	-	-	(19.4)	(8.3)	-	-	-	-	-	-	-	-	(19.4)	(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)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. Revenue, Other Income and Gains

Revenue, other income and gains are analysed as follows:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Hotel operations and management services	782.3	681.2
Other operations	28.9	36.4
<i>Revenue from other sources</i>		
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
Total	<u>863.4</u>	<u>776.4</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation with the operating segment information:

For the six months ended 30th June, 2024				
Segments	Hotel operation and management and hotel ownership (Unaudited) HK\$'million	Property development and investment (Unaudited) HK\$'million	Others (Unaudited) HK\$'million	Total (Unaudited) HK\$'million
Types of goods or services				
Hotel operations and management services				
Hotel operations	778.6	–	–	778.6
Management services	3.7	–	–	3.7
Other operations	–	2.3	26.6	28.9
Total revenue from contracts with customers	<u>782.3</u>	<u>2.3</u>	<u>26.6</u>	<u>811.2</u>
Geographical markets				
Hong Kong	780.1	2.3	26.6	809.0
Mainland China	2.2	–	–	2.2
Total revenue from contracts with customers	<u>782.3</u>	<u>2.3</u>	<u>26.6</u>	<u>811.2</u>
Timing of revenue recognition				
At a point in time	158.1	–	0.1	158.2
Over time	624.2	2.3	26.5	653.0
Total revenue from contracts with customers	<u>782.3</u>	<u>2.3</u>	<u>26.6</u>	<u>811.2</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30th June, 2023

Segments	Hotel operation and management and hotel ownership (Unaudited) HK\$'million	Property development and investment (Unaudited) HK\$'million	Others (Unaudited) HK\$'million	Total (Unaudited) HK\$'million
Types of goods or services				
Hotel operations and management services				
Hotel operations	678.3	–	–	678.3
Management services	2.9	–	–	2.9
Other operations	–	3.3	33.1	36.4
Total revenue from contracts with customers	<u>681.2</u>	<u>3.3</u>	<u>33.1</u>	<u>717.6</u>
Geographical markets				
Hong Kong				
	679.6	3.3	33.1	716.0
Mainland China				
	1.6	–	–	1.6
Total revenue from contracts with customers	<u>681.2</u>	<u>3.3</u>	<u>33.1</u>	<u>717.6</u>
Timing of revenue recognition				
At a point in time				
	155.2	–	1.9	157.1
Over time				
	526.0	3.3	31.2	560.5
Total revenue from contracts with customers	<u>681.2</u>	<u>3.3</u>	<u>33.1</u>	<u>717.6</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30th June, 2024				
Segments	Hotel operation and management and hotel ownership (Unaudited) HK\$'million	Property development and investment (Unaudited) HK\$'million	Others (Unaudited) HK\$'million	Total (Unaudited) HK\$'million
Revenue from contracts with customers				
External customers	782.3	2.3	26.6	811.2
Intersegment sales	–	–	87.1	87.1
	782.3	2.3	113.7	898.3
Intersegment adjustments and eliminations	–	–	(87.1)	(87.1)
Total revenue from contracts with customers	782.3	2.3	26.6	811.2

For the six months ended 30th June, 2023				
Segments	Hotel operation and management and hotel ownership (Unaudited) HK\$'million	Property development and investment (Unaudited) HK\$'million	Others (Unaudited) HK\$'million	Total (Unaudited) HK\$'million
Revenue from contracts with customers				
External customers	681.2	3.3	33.1	717.6
Intersegment sales	–	–	90.6	90.6
	681.2	3.3	123.7	808.2
Intersegment adjustments and eliminations	–	–	(90.6)	(90.6)
Total revenue from contracts with customers	681.2	3.3	33.1	717.6

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
<u>Other income and gains</u>		
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
	<hr/>	<hr/>
Total	157.6	86.3
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

4. Loss Before Tax

The Group's loss before tax includes the following items:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
Depreciation of property, plant and equipment	161.6	170.6
Depreciation of right-of-use assets	140.6	140.5
	<u>302.2</u>	<u>311.1</u>

5. Finance Costs

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
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	<u>514.2</u>	<u>411.3</u>
Fair value changes on derivative financial instruments – cash flow hedges (transfer from hedging reserve)	(3.9)	–
Other loan costs	1.6	1.9
Subtotal	<u>511.9</u>	<u>413.2</u>
Less: Finance costs capitalised	(0.1)	(0.1)
Total	<u>511.8</u>	<u>413.1</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

6. Income Tax

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
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	<u>(11.5)</u>	<u>(18.8)</u>
Total tax credit for the period	<u><u>(1.8)</u></u>	<u><u>(10.0)</u></u>

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 an associate" 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. Loss Per Ordinary Share Attributable to Equity Holders of the Parent

(a) Basic loss per ordinary share

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.

(b) Diluted loss per ordinary share

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. Debtors, Deposits and Prepayments

Included in the balance 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 (Unaudited)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
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)
Total	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.

Included in the Group's debtors, deposits and prepayments are amounts due from fellow subsidiaries of HK\$14.0 million (31st December, 2023 - HK\$15.8 million) and as at 31st December, 2023, an amount due from an associate of a joint venture of HK\$1.6 million, which are repayable on credit terms similar to those offered to the major customers of the Group.

10. Creditors, Deposits Received and Accruals

Included in the balance 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)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	44.6	79.7
7 to 12 months	0.3	–
Over 1 year	0.1	0.1
Total	<u>45.0</u>	<u>79.8</u>

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

Included in creditors, deposits received and accruals are amounts due to associates, a joint venture, fellow subsidiaries and an amount due to an associate of a joint venture of HK\$13.2 million (31st December, 2023 - HK\$13.3 million), HK\$22.7 million (31st December, 2023 - HK\$22.7 million), HK\$12.6 million (31st December, 2023 - HK\$11.0 million) and HK\$3.6 million (31st December, 2023 - Nil), respectively, which are unsecured, non-interest bearing and repayable on demand.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. Interest Bearing Bank Borrowings

	30th June, 2024 (Unaudited)		31st December, 2023 (Restated)	
	Maturity	HK\$'million	Maturity	HK\$'million
Current				
Bank loans – secured	2024 - 2025	754.9	2024	2,102.3
Non-current				
Bank loans – secured	2025 - 2028	14,864.2	2025 - 2028	14,065.9
Total		<u>15,619.1</u>		<u>16,168.2</u>

	30th June, 2024 (Unaudited)	31st December, 2023 (Restated)
	HK\$'million	HK\$'million
Analysed into:		
Bank loans repayable:		
Within one year	754.9	2,102.3
In the second year	4,870.3	4,702.3
In the third to fifth years, inclusive	9,993.9	9,363.6
Total	<u>15,619.1</u>	<u>16,168.2</u>

On 10th August, 2021, Regal REIT group, through its wholly-owned subsidiaries, Bauhinia Hotels Limited and Rich Day Investments Limited, entered into a 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"), for a term of five years. The 2021 IH Facilities are 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. As at 30th June, 2024, the 2021 IH Facilities had an outstanding amount of HK\$4,996.8 million, representing the full amount of the term loan facility and an amount of HK\$496.8 million under the revolving loan facility.

On 8th March, 2018, Regal REIT group arranged, through its wholly-owned subsidiary, Ricobem Limited, a bilateral term loan facility of HK\$3,000.0 million (the "2018 RKH Facility"), secured by a mortgage over the Regal Kowloon Hotel. This facility had a term of five years to March 2023. In late June 2022, Regal REIT group concluded a 5-year term loan facility of HK\$2,950.0 million (the "2022 RKH Facility") with a new lender, similarly secured by the Regal Kowloon Hotel, which was used to refinance the 2018 RKH Facility. The 2022 RKH Facility has repayment obligations of HK\$50.0 million on each of its anniversary date to maturity. As at 30th June, 2024, the outstanding amount of the 2022 RKH Facility was HK\$2,850.0 million, after instalment repayment of HK\$50.0 million each in June 2023 and June 2024, respectively, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2022 RKH Facility for a notional amount of HK\$600.0 million.

On 19th July, 2019, Regal REIT group, through its wholly-owned subsidiary, Sonnix Limited, entered into a facility agreement for a term loan facility of HK\$440.0 million (the "2019 WC Facility"), for a term of five years to July 2024. The 2019 WC Facility was secured by the iclub Wan Chai Hotel and its principal amount was revised to HK\$405.0 million on 22nd June, 2020 for compliance with the terms of the facility agreement. As at 30th June, 2024, the outstanding facility amount of the 2019 WC Facility was HK\$405.0 million.

On 17th October, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, a new bilateral term loan facility of HK\$749.5 million and secured by the iclub Sheung Wan Hotel (the "2023 SW Facility") to replace the then term and revolving loan facilities of HK\$790.0 million. The 2023 SW Facility bears Hong Kong Interbank Offered Rate ("HIBOR")-based interest with a four-year term to October 2027. As at 30th June, 2024, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 SW Facility for a notional amount of HK\$500.0 million.

On 27th November, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, another new bilateral term loan facility of HK\$755.0 million and secured by the iclub Fortress Hill Hotel (the "2023 FH Facility") to replace the then term and revolving loan facilities of HK\$825.0 million. The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 30th June, 2024, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan.

On 15th November, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, a new 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, to replace the then term loan facility of HK\$621.0 million. As at 30th June, 2024, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan.

As at 30th June, 2024, the outstanding loan facilities bore interest at the HIBOR plus an interest margin ranging from 1.05% per annum to 1.80% per annum (31st December, 2023 - ranging from 1.05% per annum to 1.80% per annum).

Bank borrowings under the 2021 IH Facilities, the 2022 RKH Facility, the 2019 WC Facility, the 2023 SW Facility, the 2023 FH Facility and the 2023 TKW Facility are guaranteed by Regal REIT and/or certain individual companies of the Regal REIT group on a joint and several basis.

The Regal REIT group's interest bearing bank borrowings are also secured by, amongst others:

- (i) legal charges and debentures over the corresponding properties;
- (ii) an assignment of rental income and all other proceeds arising from and including all rights, titles and interests under all hotel management agreements and lease agreements, where appropriate, relating to the relevant properties;
- (iii) charges over each relevant rental account, sales proceeds account and other control accounts of the Regal REIT group, if any;
- (iv) a floating charge over all of the undertakings, properties, assets and rights of each of the relevant companies of the Regal REIT group; and
- (v) an equitable charge over the shares in the relevant companies of the Regal REIT group.

As at 30th June, 2024, the Group's other bank borrowings bore interest at HIBOR plus an interest margin ranging from 1.55% per annum to 2.35% per annum. All interest bearing bank borrowings were denominated in Hong Kong dollars.

As at 31st December, 2023, the Group's other bank borrowings bore interest at HIBOR plus an interest margin ranging from 1.15% per annum to 2.75% per annum except for a bank loan of HK\$5.0 million, which bore interest at Euro Interbank Offered Rate plus 2.5% per annum. All interest bearing bank borrowings were denominated in Hong Kong dollars except for a bank loan of HK\$5.0 million which was denominated in Euro.

The Group's bank borrowings are secured by a pledge over certain assets of the Group as further detailed in note 14 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

12. Notes to the Condensed Consolidated Statement of Cash Flows

Cash and cash equivalent balances

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
Cash and bank balances	228.6	524.9
Non-pledged time deposits with an original maturity of less than three months when acquired	<u>171.8</u>	<u>599.8</u>
Cash and cash equivalents	<u><u>400.4</u></u>	<u><u>1,124.7</u></u>

13. Related Party Transactions

(a) Transactions with related parties

The Group had the following material related party transactions during the period:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
Fellow subsidiaries:		
Management fees	19.9	20.5
Service fees in respect of security systems and products and other software	0.2	0.2
Repairs and maintenance fees and construction fees	11.0	7.1
An associate:		
Advertising and promotion fees (including cost reimbursements)	1.5	1.4
A joint venture:		
Gross interest income	42.8	41.9
Estate management fee income	0.3	1.2
	<u>42.8</u>	<u>41.9</u>

The nature and terms of other related party transactions above have not changed and were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2023.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

(b) Outstanding balances, before impairment, with related parties:

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
Due from fellow subsidiaries	14.0	15.8
Due to a joint venture	(22.7)	(22.7)
Due to associates	(13.2)	(13.3)
Due to fellow subsidiaries	(12.6)	(11.0)
Due to an associate of a joint venture	(3.6)	–
Loans to a joint venture	2,317.1	2,448.8
Due from a joint venture	65.8	69.6
Due from associates	83.7	83.6
Due from an associate of a joint venture	–	1.6
Other loan	857.0	847.2
	<u>857.0</u>	<u>847.2</u>

(c) Compensation of key management personnel of the Group:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$'million	HK\$'million
Short term employee benefits	14.5	14.4
Staff retirement scheme contributions	1.0	1.0
Total compensation paid to key management personnel	<u>15.5</u>	<u>15.4</u>

14. 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.

15. Contingent Liabilities

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
Corporate guarantees provided in respect of attributable share of banking facilities granted to certain subsidiaries of a joint venture	1,957.5	2,657.5
Corporate guarantee provided in respect of a banking facility granted to an associate of a joint venture	200.0	200.0

At 30th June, 2024, the banking facilities granted to certain subsidiaries and an associate of a joint venture subject to corporate guarantees given on a several basis to banks by the Group were utilised to the extent of HK\$1,881.4 million (31st December, 2023 - HK\$1,703.1 million) and HK\$196.5 million (31st December, 2023 - HK\$198.3 million), respectively.

In addition, corporate guarantee has been given to a bank by the Group for a performance bond issued by the bank in relation to a property development contract undertaken by the Group amounting to HK\$15.0 million (31st December, 2023 - HK\$15.0 million).

Furthermore, a subsidiary of the Group is currently in the process of appealing a notice of stamp duty assessment in the amount of HK\$93.0 million (31st December, 2023 - HK\$93.0 million) issued by the Inland Revenue Department of Hong Kong SAR in relation to the sub-lease agreement entered into between the Airport Authority and the Group. Based on the opinion of legal advisors, the Directors consider there is a reasonable chance of success in the appeal and accordingly no provision has been made in the condensed consolidated financial statements.

As at 30th June, 2024, the owner of Regala Skycity Hotel is a defendant of a claim lodged by a contractor in relation to certain outstanding construction costs of the hotel amounting to approximately HK\$38.0 million. The Group has engaged its lawyers and is currently preparing the defence and a counterclaim which is estimated at an amount well in excess of the amount being claimed by the plaintiff. Based on a legal advice obtained, the Directors consider there is an arguable case with reasonable ground for such defence and accordingly no provision is required.

16. Capital Commitments

At 30th June, 2024, the Group's share of maximum capital commitment as agreed for P&R in respect of its property development projects amounted to HK\$4,200.0 million (31st December, 2023 - HK\$4,200.0 million) (the "P&R Capital Commitment"). At 30th June, 2024, shareholder's loans in an aggregate amount of HK\$1,694.0 million (31st December, 2023 - HK\$2,064.0 million) have been contributed, of which HK\$1,192.6 million has been provided under the P&R Capital Commitment, which was interest free except for an amount of HK\$106.2 million bearing interest at 3.5% per annum (31st December, 2023 - HK\$900.0 million bearing interest at 3.3%). The balance of the shareholders loans of HK\$501.4 million (31st December, 2023 - HK\$501.4 million) was interest-free. In addition, a total amount of HK\$2,077.9 million (31st December, 2023 - HK\$1,901.3 million) has been provided as guarantees, on a several basis, for banking facilities granted to certain subsidiaries and an associate of P&R, of which HK\$1,881.4 million (31st December, 2023 - HK\$1,703.0 million) and HK\$196.5 million (31st December, 2023 - HK\$198.3 million), respectively, have been provided under the P&R Capital Commitment.

In addition, two (31st December, 2023 - two) loan facilities totalling HK\$1,550.0 million (31st December, 2023 - HK\$1,550.0 million) have been granted to P&R, of which HK\$623.2 million (31st December, 2023 - HK\$384.9 million) has been utilised, which bore interest at rate of 5.875% per annum (2023 - ranging from 5.625% to 5.875% per annum).

At the end of the reporting period, the Group's share of the P&R group's own capital commitments in respect of property development projects was as follows:

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
Contracted, but not provided for	<u>67.0</u>	<u>86.4</u>

In addition to the above share of a joint venture's own capital commitments, the Group had the following capital commitments at the end of the reporting period:

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$'million	HK\$'million
Contracted, but not provided for: Property development projects	<u>10.9</u>	<u>10.7</u>

17. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values at the end of the reporting period.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. Independent professional valuers are engaged for the valuation as appropriate. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 30th June, 2024

	Fair value measurement using			Total (Unaudited) HK\$'million
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'million	Significant observable inputs (Level 2) (Unaudited) HK\$'million	Significant unobservable inputs (Level 3) (Unaudited) HK\$'million	
Financial assets at fair value through profit or loss:				
Listed equity investments	82.8	–	–	82.8
Listed debt investments	–	5.5	–	5.5
Unlisted equity investments	–	–	116.2	116.2
Unlisted fund investments	–	–	405.8	405.8
Unlisted debt investments	–	75.6	1.7	77.3
Derivative financial instruments	–	101.9	–	101.9
Total	82.8	183.0	523.7	789.5

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Assets measured at fair value as at 31st December, 2023

	Fair value measurement using			Total (Audited) HK\$'million
	Quoted prices in active markets (Level 1) (Audited) HK\$'million	Significant observable inputs (Level 2) (Audited) HK\$'million	Significant unobservable inputs (Level 3) (Audited) HK\$'million	
Financial assets at fair value through profit or loss:				
Listed equity investments	383.5	–	–	383.5
Listed debt investments	–	6.6	–	6.6
Unlisted equity investments	–	–	117.7	117.7
Unlisted fund investments	–	–	463.1	463.1
Unlisted debt investments	–	649.8	1.7	651.5
Derivative financial instruments	–	93.9	–	93.9
Total	383.5	750.3	582.5	1,716.3

The movements in fair value measurements in Level 3 during the period are as follows:

	2024 (Unaudited) HK\$'million	2023 (Unaudited) HK\$'million
Financial assets at fair value through profit or loss – unlisted investments:		
At 1st January	582.5	757.6
Purchases	0.6	18.3
Distributions	(1.8)	(0.7)
Total losses recognised in profit or loss, net	–	(40.0)
Disposals	(57.6)	(0.7)
At 30th June	523.7	734.5

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2023 - Nil).

Liabilities measured at fair value as at 30th June, 2024

The Group did not have any financial liabilities measured at fair value as at 30th June, 2024 (31st December, 2023 - Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31st December, 2023 - Nil).

Valuation techniques

The fair values of listed equity investments are based on quoted market prices.

The fair values of listed debt investments are determined based on the market values provided by financial institutions.

The fair values of unlisted equity investments, unlisted debt investments and certain unlisted fund investments are determined by reference to recent transaction prices of the investments or carried at valuations provided by financial institutions or related administrators. The fair values of certain unlisted fund investments are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair values of the underlying assets held under the investments. For unlisted fund investments classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases, the fair value will increase/decrease accordingly. Given there is a diverse portfolio of unlisted equity investments, unlisted debt investments and unlisted fund investments, each of which of insignificant value, there is no separate disclosure on the fair value measurement using significant unobservable inputs (Level 3).

The fair values of the derivative financial instruments, including put option and interest rate swap contracts, are determined based on the market values provided by financial institutions.

18. Event After the Reporting Period

Subsequent to the end of the reporting period, a wholly-owned subsidiary of the Group entered into a letter of intent for the proposed disposal of two aircraft engines for a total consideration of US\$10.55 million (approximately HK\$82.3 million) and a definitive sale and purchase agreement is being finalised with the prospective third party purchaser.

19. Approval of the Unaudited Condensed Consolidated Financial Statements

These unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28th August, 2024.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2024)
				Personal interests	Corporate interests	Family/Other interests	
1.	The Company	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Ms. Lo Po Man	Ordinary (issued)	569,169	–	–	569,169 (0.06%)
		Dr. Francis Choi Chee Ming	Ordinary (issued)	50,240,000	–	–	50,240,000 (5.59%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
		Mr. Allen Wan Tze Wai	Ordinary (issued)	10,200	–	–	10,200 (0.001%)
2.	Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
		Ms. Lo Po Man	Ordinary (issued)	112,298	–	–	112,298 (0.004%)
		Ms. Belinda Yeung Bik Yiu	Ordinary (issued)	200	–	–	200 (0.000%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
		Mr. Allen Wan Tze Wai	Ordinary (issued)	24,000	–	–	24,000 (0.001%)

OTHER INFORMATION (Cont'd)

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2024)	
				Personal interests	Corporate interests	Family/Other interests		
3.	Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)	
		Ms. Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)	
		Mr. Kelvin Leung So Po	Ordinary (issued)	50,185	–	–	50,185 (0.005%)	
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)	
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)	
		Mr. Allen Wan Tze Wai	Ordinary (issued)	200	–	–	200 (0.000%)	
4.	Cosmopolitan International Holdings Limited ("Cosmopolitan")	Mr. Lo Yuk Sui	Ordinary (i) (issued)	–	871,504,279 (Note d)	–	871,504,279	
			(ii) (unissued)	–	1,591,775,147 (Note e)	–	1,591,775,147	
							Total: 2,463,279,426 (198.71%)	
				Preference (issued)	–	229,548,733 (Note e)	–	229,548,733 (99.99%)
		Ms. Lo Po Man	Ordinary (issued)	414,000	–	–	414,000 (0.03%)	
	Mr. Jimmy Lo Chun To	Ordinary (issued)	680,730	–	–	680,730 (0.05%)		

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2024)
				Personal interests	Corporate interests	Family/Other interests	
5.	Regal Real Estate Investment Trust ("Regal REIT")	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (74.99%)
6.	8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	1,000 (Note g)	–	1,000 (100%)

Notes:

- (a) (i) The interests in 1,973,420,928 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo").
- (ii) The interests in the other 58,894,398 issued ordinary shares of CCIHL were derivative interests held by YSL International Holdings Limited ("YSL Int'l"), a company wholly owned by Mr. Lo, under the right of first refusal to purchase such shares granted by the Dalton Group (comprising Dalton Investments LLC and its two affiliates).
- (b) The interests in 694,124,547 issued ordinary shares of PHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests.

The interests in 16,271,685 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (c) The interests in 421,400 issued ordinary shares of the Company were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests. The interests in 622,433,861 issued ordinary shares of the Company were held through companies wholly owned by PHL, in which CCIHL held 62.28% shareholding interests. PHL held 69.25% shareholding interests in the Company.

OTHER INFORMATION (Cont'd)

- (d) The interests in 706,851,215 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R"), which is owned as to 50% each by PHL and the Company through their respective wholly owned subsidiaries. The interests in the other 111,319,732 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The interests in the other 53,333,332 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in the Company. Mr. Lo held 67.43% shareholding interests in CCIHL.
- (e) The interests in 1,272,070,219 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R, which is owned as to 50% each by PHL and the Company through their respective wholly owned subsidiaries. The interests in the other 213,038,264 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The interests in the other 106,666,664 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in the Company. Mr. Lo held 67.43% shareholding interests in CCIHL.

The interests in 229,548,733 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 229,548,733 convertible preference shares of Cosmopolitan, convertible into new ordinary shares of Cosmopolitan on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,362,226,414 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 2 per cent. convertible notes due 2053 in a principal amount of HK\$136,222,641.4 issued by Cosmopolitan. The convertible notes are convertible into new ordinary shares of Cosmopolitan at a conversion price of HK\$0.10 per ordinary share (subject to adjustments in accordance with the terms of the convertible notes).

- (f) The interests in 2,439,613,739 issued units of Regal REIT were held through wholly owned subsidiaries of the Company. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of PHL. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of CCIHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in the Company. Mr. Lo held 67.43% shareholding interests in CCIHL.
- (g) 400 shares were held through companies controlled by CCIHL, in which Mr. Lo held 67.43% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

Save as disclosed herein, as at 30th June, 2024, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2024, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held	Total number of ordinary shares (issued and underlying) held	Approximate percentage of issued ordinary shares as at 30th June, 2024
YSL Int'l (Note i)	622,855,261	–	622,855,261	69.30%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	622,855,261	–	622,855,261	69.30%
CCIHL (Note iii)	622,855,261	–	622,855,261	69.30%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	622,855,261	–	622,855,261	69.30%
PHL (Note v)	622,433,861	–	622,433,861	69.25%
Paliburg Development BVI Holdings Limited (Note vi)	622,433,861	–	622,433,861	69.25%
Guo Yui Investments Limited (Note vi)	271,140,466	–	271,140,466	30.17%
Paliburg BVI Holdings Limited (Note vi)	230,870,324	–	230,870,324	25.69%
Taylor Investments Ltd. (Note vi)	154,232,305	–	154,232,305	17.16%
Glaser Holdings Limited (Note vi)	58,682,832	–	58,682,832	6.53%
H.P. Nominees Limited (Note vi)	55,480,885	–	55,480,885	6.17%

Notes:

- (i) The interests in the ordinary shares of the Company held by YSL Int'l were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.
- (ii) Grand Modern is a wholly owned subsidiary of YSL Int'l and its interests in the ordinary shares of the Company were included in the interests held by YSL Int'l.
- (iii) CCIHL is owned as to 52.72% by Grand Modern and its interests in the ordinary shares of the Company were included in the interests held by Grand Modern.
- (iv) CCBVI is a wholly owned subsidiary of CCIHL and its interests in the ordinary shares of the Company were included in the interests held by CCIHL.
- (v) PHL is a listed subsidiary of CCIHL, which held 62.28% shareholding interests in PHL, and PHL's interests in the ordinary shares of the Company were included in the interests held by CCIHL.
- (vi) These companies are wholly owned subsidiaries of PHL and their interests in the ordinary shares of the Company were included in the interests held by PHL.

OTHER INFORMATION (Cont'd)

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2024, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30th June, 2024 are set out as follows:

- (1) Mr. Lo Yuk Sui is a director of YSL Int'l.
- (2) Mr. Lo Yuk Sui, Ms. Lo Po Man and Mr. Jimmy Lo Chun To are directors of Grand Modern.
- (3) Mr. Lo Yuk Sui, Ms. Lo Po Man, Mr. Kelvin Leung So Po, Mr. Jimmy Lo Chun To, Mr. Kenneth Ng Kwai Kai, Ms. Winnie Ng and Mr. Wong Chi Keung are directors of CCIHL and PHL.
- (4) Mr. Allen Wan Tze Wai is a director of CCIHL.
- (5) Mr. Lo Yuk Sui, Ms. Lo Po Man, Mr. Jimmy Lo Chun To and Mr. Kenneth Ng Kwai Kai are directors of all the above-mentioned wholly owned subsidiaries of CCIHL and PHL.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the annual report of the Company for the financial year ended 31st December, 2023 is set out below:

Name of Director	Details of changes
<i>Independent Non-Executive Director:</i>	
Professor Japhet Sebastian Law	<ul style="list-style-type: none">• Retired as an independent non-executive director and appointed as the Honorary Advisor of Global Digital Creations Holdings Limited ("Global Digital"), a company listed on the Stock Exchange, at the conclusion of the annual general meeting of Global Digital held on 24th May, 2024.• Retired as an independent non-executive director of Shougang Fushan Resources Group Limited ("Shougang Fushan"), a company listed on the Stock Exchange, at the conclusion of the annual general meeting of Shougang Fushan held on 30th May, 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

DISCLOSURE PURSUANT TO RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rule 13.22 of Chapter 13 of the Listing Rules relating to the information required to be disclosed under Rule 13.16:

Financial Assistance provided to and Guarantees given for Affiliated Companies (Rule 13.16 of Chapter 13)

Details of the financial assistance provided to affiliated companies by the Group as at 30th June, 2024 are set out below:

Name of Affiliated Companies		Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Banking Facilities	
				(i) Principal Amount of Banking Facilities (HK\$'million)	(ii) Amount of Banking Facilities Drawdown (HK\$'million)
8D International (BVI) Limited	(A)	13.7	–	Nil	Nil
8D Matrix Limited	(B)	68.9	–	Nil	Nil
P&R Holdings Limited	(C)	<u>2,317.1</u>	<u>(D) 65.8</u>	<u>(E)(i) 2,157.5</u>	<u>(E)(ii) 2,077.9</u>
				Total: (A) to (E)(i)	<u>4,623.0</u>
				(A) to (D) & (E)(ii)	<u>4,543.4</u>

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which was principally involved in the development and distribution of technologically advanced security and building related systems and software development and promotions businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by Mr. Lo through his close associates (as defined in the Listing Rules). The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest-free and repayable on demand.

8D Matrix Limited ("8D Matrix") is a 30% owned associate of the Company, which owns two wholly owned subsidiaries, Century Innovative Technology Limited and 深圳市世紀創意科技有限公司 (collectively, "Century Innovative Technology"), which are principally engaged in the online education, entertainment and technology business based on the "Bodhi and Friends" characters. 8D Matrix also owns a wholly owned subsidiary involved in advertising and promotion business. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by CCIHL and 60% indirectly by Mr. Lo through his close associates (as defined in the Listing Rules). The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix and Century Innovative Technology. The advances are unsecured, interest-free and repayable on demand.

OTHER INFORMATION (Cont'd)

P&R principally engages in the development of real estate projects for sale and/or leasing and the undertaking of related investment and financing activities. P&R group holds, through its wholly owned subsidiaries, interests in a number of property development projects in Hong Kong and also holds, through Cosmopolitan (the listed subsidiary of P&R), interests in certain property development projects in Mainland China. Information relating to the investment of P&R group in such property development projects are disclosed in the preceding Management Discussion and Analysis. The advances to P&R were provided by a wholly owned subsidiary of the Company in the form of shareholder's loans in proportion to its shareholding interest in P&R. The advances to P&R are unsecured and have no fixed terms of repayment and except for an aggregate amount of HK\$623.2 million which bears interest at rate of 5.875% per annum, the balance of the advances is interest free. The guarantees were provided by the Company on a several basis in proportion to its shareholding interests in P&R and were given in respect of the respective bank loan facilities of, in aggregate, HK\$2,077.9 million made available to six wholly owned subsidiaries and an associate of P&R for financing their development projects in Hong Kong. Further information relating to the Group's share of the maximum capital commitment to P&R, the shareholder's loans provided by the Group under such commitment and the several guarantees provided by the Company for securing banking facilities granted to certain wholly owned subsidiaries of P&R is set out in note 16 to the condensed consolidated financial statements.

Calculated on the basis shown above, as at 30th June, 2024, the aggregate amount of financial assistance provided to and bank guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$4,623.0 million (based on the total available amount of the banking facilities) and (b) HK\$4,543.4 million (based on the total amount of banking facilities drawdown) represented (a) 17.7% and (b) 17.4% of the consolidated total assets of the Group of HK\$26,149.4 million, calculated by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2024.

Save as disclosed above, there were no other financial assistance provided to or guarantees given for affiliated companies by the Group as at 30th June, 2024, which were discloseable pursuant to Rule 13.16 of Chapter 13 of the Listing Rules.

A combined statement of financial position of the abovenamed affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

	Combined statement of financial position (HK\$'million)	The Group's attributable interest (HK\$'million)
Non-current assets	4,856.6	2,425.0
Current assets	7,497.8	3,743.5
Current liabilities	(4,986.3)	(2,492.5)
Non-current liabilities	(6,651.0)	(3,187.8)
	<u>717.1</u>	<u>488.2</u>
Non-controlling interests	(385.4)	(192.6)
Net assets attributable to equity holders of the parent	<u><u>331.7</u></u>	<u><u>295.6</u></u>

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules 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.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the "Code for Securities Transactions by Directors of Regal Hotels International Holdings Limited" (the "Regal Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code and the Regal Code during the six months ended 30th June, 2024.

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 Audit Committee of the Company currently comprises the following members:

Mr. Wong Chi Keung (Chairman of the Committee) *(Independent Non-Executive Director)*

Dr. Francis Choi Chee Ming, GBS, JP *(Vice Chairman and Non-Executive Director)*

Ms. Alice Kan Lai Kuen *(Independent Non-Executive Director)*

Professor Japhet Sebastian Law *(Independent Non-Executive Director)*

Ms. Winnie Ng, JP *(Independent Non-Executive Director)*

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2024, in conjunction with the external auditor. The review report of the external auditor is set out on page 64 of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the Board of Directors of
Regal Hotels International Holdings Limited**
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 22 to 54, which comprises the condensed consolidated statement of financial position of Regal Hotels International Holdings Limited (the "Company") and its subsidiaries as at 30th June, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

28th August, 2024



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