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百利保控股有限公司
Paliburg Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 617)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M	% Change
Revenue	**1,392.0**	1,602.0	**-13.1%**
Gross profit	**414.2**	641.8	**-35.5%**
Operating profit before depreciation, finance costs and tax	**78.0**	284.6	**-72.6%**
Loss from core business operations*	**(347.4)**	(122.4)	**+183.8%**
Loss attributable to equity holders of the parent	**(676.3)**	(383.1)	**+76.5%**
Basic loss per ordinary share attributable to equity holders of the parent	**HK(64.23) cents**	HK(37.94) cents	**+69.3%**
	As at 30th June, 2024 (Unaudited)	**As at 31st Dec., 2023 (Unaudited)**	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$8.53**	HK$9.21	**-7.4%**
Adjusted**	**HK$14.00**	HK$14.65	**-4.4%**

* compiled on the basis that the fair value changes related to investment properties and financial assets and the depreciation charges, all being non-cash items, are excluded and after non-controlling interests

** compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio in Hong Kong at its market value at 31st December, 2023 and 30th June, 2024, respectively, with the relevant deferred tax liabilities added back

- **For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$676.3 million, while for the corresponding period in 2023, a loss of HK$383.1 million was recorded.**

- **During the period under review, the Group's overall business operations continued to maintain positive results. But due to the downturn in the real estate markets in Hong Kong and Mainland China, the profit contribution from property sales during this period was substantially lower than that attained in the first six months in 2023.**

- **As regards the Group's hotel business segment, which is principally undertaken through Regal Hotels International Holdings Limited, a listed subsidiary of the Company, it has operated steadily and, despite the challenging operating environment, managed to achieve a year-on-year growth of close to 60% in its operating profit before depreciation.**

- **For the first half of 2024, the Group's gross profit amounted to HK$414.2 million and its operating profit before depreciation, finance costs and tax (EBITDA) amounted to HK$78.0 million.**

- **However, on account of the increase in finance costs, as the level of interest rates in Hong Kong has remained at a relatively high level during the period, and the increase in the taxation charges levied on the property projects in China undertaken by Cosmopolitan International Holdings Limited, another listed subsidiary of the Company, the Company has incurred an increased consolidated loss for the six months under review.**

- **Depreciation charges provided on the Group's hotel properties in Hong Kong amounted to HK$338.4 million which, although not affecting the Group's cash flow, have nevertheless adversely impacted on the Group's reported results.**

- **The Mount Regalia in Kau To, Sha Tin is a major luxury residential development undertaken by P&R Holdings Limited, a 50/50 held joint venture with Regal. 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. These include the We Go MALL in Ma On Shan, Sha Tin, the iclub Mong Kok Hotel and a 50% interest in the iclub AMTD Sheung Wan Hotel, which are all being held for their recurring or operating income, two commercial/residential development projects located at Kam Wa Street in Shau Kei Wan and Castle Peak Road in Sham Shui Po and, in addition, certain retained houses in Casa Regalia in Yuen Long and some remaining shop units and car parks in The Ascent in Sham Shui Po, both being development projects completed by P&R in earlier years.**

- **The Group directly holds a controlling shareholding interest in Regal which, in turn, holds a controlling interest in the issued units of Regal Real Estate Investment Trust, a listed subsidiary of Regal that owns nine Regal and iclub Hotels operating in Hong Kong. Moreover, the Group also holds through P&R, an effective controlling shareholding interest in Cosmopolitan, which is primarily engaged in property business in China.**

- **Detailed information on the business operations of Regal, Regal REIT and Cosmopolitan, the three listed subsidiaries of the Company, are contained in their separate results announcements released today.**

- **The economic environments in Hong Kong and globally are becoming increasingly volatile. The Directors are closely monitoring changes in the overall market conditions, particularly with respect to the property sectors in Hong Kong and Mainland China, with a view to formulating and implementing plans to strengthen the Group's financial position through the sale or monetisation of some of the Group's assets.**

FINANCIAL RESULTS

For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$676.3 million, while for the corresponding period in 2023, a loss of HK$383.1 million was recorded.

During the period under review, the Group's overall business operations continued to maintain positive results. But due to the downturn in the real estate markets in Hong Kong and Mainland China, the profit contribution from property sales during this period was substantially lower than that attained in the first six months in 2023. As regards the Group's hotel business segment, which is principally undertaken through Regal Hotels International Holdings Limited, a listed subsidiary of the Company, it has operated steadily and, despite the challenging operating environment, managed to achieve a year-on-year growth of close to 60% in its operating profit before depreciation.

For the first half of 2024, the Group's gross profit amounted to HK$414.2 million (2023 – HK$641.8 million) and its operating profit before depreciation, finance costs and tax (EBITDA) amounted to HK$78.0 million (2023 – HK$284.6 million).

However, on account of the increase in finance costs, as the level of interest rates in Hong Kong has remained at a relatively high level during the period, and the increase in the taxation charges levied on the property projects in China undertaken by Cosmopolitan International Holdings Limited, another listed subsidiary of the Company, the Company has incurred an increased consolidated loss for the six months under review.

Moreover, as the Group's hotel properties in Hong Kong are all owned and operated within the Group, they are subject to depreciation charges to conform to applicable accounting standards. Accordingly, depreciation charges in the amount of HK$338.4 million were provided on the Group's hotel properties in Hong Kong (2023 – HK$344.7 million) which, although not affecting the Group's cash flow, have nevertheless adversely impacted on the Group's reported results.

Supplementary information showing the adjusted net asset value of the Company of HK$14.00 per share as at 30th June, 2024, after adjusting for the market value of the hotel properties in Hong Kong on the basis therein presented, is contained in the paragraph headed "Assets Value" in the section headed "Management Discussion and Analysis" in this announcement.

BUSINESS OVERVIEW

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

As at 30th June, 2024, the Group directly held, through its wholly owned subsidiaries, a controlling shareholding interest of approximately 69.3% in Regal. Regal, in turn, held approximately 74.9% of the outstanding units of Regal Real Estate Investment Trust, the listed subsidiary of Regal that presently owns five Regal Hotels and four iclub Hotels in Hong Kong. Regal Portfolio Management Limited, a wholly owned subsidiary of Regal, acts as the REIT Manager of Regal REIT.

The Group's property development and investment businesses in Hong Kong are principally conducted through P&R Holdings Limited, a joint venture 50/50 held by each of Regal and the Company and, effectively, a subsidiary of the Group. Regal also undertakes on its own some property projects at appropriate times.

Apart from its property business, P&R also holds an effective controlling shareholding interest in Cosmopolitan, which is primarily engaged in property business in China and other investments. As at 30th June, 2024, P&R held 57.0% of the issued ordinary share capital of Cosmopolitan and, in addition, existing convertible preference shares as well as convertible notes of Cosmopolitan which are convertible into an aggregate of 1,272.1 million new ordinary shares of Cosmopolitan. Moreover, the Company and Regal also hold, through their respective wholly owned subsidiaries, ordinary shares and convertible notes of Cosmopolitan.

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

PROPERTIES

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

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.

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

On the property development front, P&R owns a commercial/residential project at Kam Wah Street in Shau Kei Wan as well as another composite commercial/residential redevelopment at

Castle Peak Road, for which the Land Compulsory Sale process through the Lands Tribunal has recently been concluded. In addition, P&R also owns 7 retained houses in Casa Regalia in Yuen Long and some remaining shop units and carparks in the Ascent in Sham Shui Po, both being property developments completed by P&R in earlier years, which will continue to be disposed of.

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2024, Regal 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.

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

REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 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.

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

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2024, Cosmopolitan incurred a consolidated loss attributable to shareholders of HK$169.0 million, as compared to a loss of HK$98.3 million recorded in the corresponding period in 2023.

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

OUTLOOK

The economic environments in Hong Kong and globally are becoming increasingly volatile. The Directors are closely monitoring changes in the overall market conditions, particularly with respect to the property sectors in Hong Kong and Mainland China, with a view to formulating and implementing plans to strengthen the Group's financial position through the sale or monetisation of some of the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing and other investments including financial assets investments.

The significant investments and business interests of Regal, the principal listed subsidiary of the Group, comprise hotel ownership business, which is principally undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R, aircraft ownership and leasing and other investment businesses.

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

The performance of the Group's property, construction and building related and other investment businesses, and those of the principal businesses of Regal, Regal REIT and Cosmopolitan for the 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 the Group's operating performance and future prospects, is contained in the sections headed "Business Overview" and "Outlook" above and in this sub-section as well as in the respective interim results announcements for 2024 released by Regal, Regal REIT and Cosmopolitan.

The Group has no immediate plans for material investments or capital assets, other than those disclosed in the above sections headed "Business Overview" and "Outlook" and in this sub-section.

P&R HOLDINGS LIMITED

P&R is a 50/50 owned joint venture established with Regal, with capital contributions provided by the Company and Regal on a pro-rata basis in accordance with their respective shareholdings. As the Company owns a controlling shareholding interest in Regal, P&R is, effectively, a subsidiary of the Company. P&R's business scope encompasses the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects undertaken and properties owned by the P&R group in Hong Kong (which, unless otherwise denoted, are all wholly owned by the P&R group) is set out below:

Domus and Casa Regalia, Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories
This residential project, which was completed in 2016, has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet).

All the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. One house was contracted to be sold in July 2024 and the sale transaction recently completed in August. 7 houses in Casa Regalia are still being retained and will continue to be disposed of.

We Go MALL, No.16 Po Tai Street, Ma On Shan, Sha Tin, New Territories
This development has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site has been developed into a shopping mall with 5 storeys above ground level and 1 storey of basement floor. This shopping mall was opened for business in 2018 and is held for rental income. The leasing status of this shopping mall remained steady during the period.

The Ascent, No.83 Shun Ning Road, Sham Shui Po, Kowloon
This is a project undertaken pursuant to a tender award from the Urban Renewal Authority of Hong Kong in 2014. The land has a site area of 824.9 square metres (8,879 square feet) and has been developed into a 28-storey commercial/residential building (including 1 basement floor) with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement car parks. The project was completed in 2018. All the residential units as well as certain shops and car parks have already been disposed of. The remaining 2 shops and 5 car parks will continue to be sold.

Mount Regalia, 23 Lai Ping Road, Kau To, Sha Tin, New Territories
The project has a site area of 17,476 square metres (188,100 square feet) which has been developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136

units, 24 detached garden houses and 197 car parking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The occupation permit was issued in September 2018 and the certificate of compliance in February 2019.

This development received eight international awards including winner of Luxury Lifestyle Awards as Best Luxury Residential Development and Best Luxury Sustainable Residential Development in Hong Kong in 2021 as well as for the superb interior designs of certain of its show houses and apartment units.

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

iclub Mong Kok Hotel, 2 Anchor Street, Mong Kok, Kowloon
This is a hotel development project undertaken through a tender award from the Urban Renewal Authority of Hong Kong in 2015. The project has a site area of 725.5 square metres (7,809 square feet), with total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and covered floor area of approximately 9,355 square metres (100,697 square feet).

The project has been developed into a 20-storey hotel, comprising 288 guestrooms with ancillary facilities, which commenced business in March 2019. The hotel is presently self-operated by P&R and managed by the Regal group.

iclub AMTD Sheung Wan Hotel, No.5 Bonham Strand West, Sheung Wan, Hong Kong
The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and has been developed into a hotel with 98 guestrooms and suites (total 162 room bays), with

total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 7,118 square metres (76,618 square feet).

Following the divesture by P&R of a 50% beneficial interest in December 2019, the property is presently 50% owned by each of P&R and AMTD Properties (HK) Limited. This hotel was officially opened for business in November 2020 and has since been self-operated by the joint venture entity and managed by the Regal group.

Nos.9-19 Kam Wa Street, Shau Kei Wan, Hong Kong
The subject properties, which were acquired through private treaty transactions, have a total site area of 518 square metres (5,580 square feet). The demolition works for this project have been completed and the scheme for a commercial/residential development is being finalised.

Nos.291-293 and 301-303 Castle Peak Road, Cheung Sha Wan, Kowloon
The properties presently comprise interests in over 92% undivided shares of Nos.291-293 Castle Peak Road and 100% ownership interests of Nos.301-303 Castle Peak Road. The properties have a total site area of 488 square metres (5,257 square feet) and are intended for a composite commercial/residential redevelopment. The process for Land Compulsory Sale through the Lands Tribunal to consolidate 100% ownership interests in the relevant properties has recently been concluded.

Certain parts of the existing properties are presently classified as a Grade 2 Historic Building. A conservation proposal in conjunction with the proposed development is being discussed with the relevant government authorities, which would involve conserving the verandah portion of historical heritage within the new development, thus preserving its unique iconic image in the vicinity.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

Regal is a listed subsidiary of the Company. Further information relating to the property projects undertaken and the principal properties owned by Regal group (other than those owned by Regal REIT), which are all wholly owned by Regal, is set out below:

Hong Kong

Regala Skycity Hotel, the Hong Kong International Airport
In February 2017, a wholly owned subsidiary of Regal secured the award from the Airport Authority in Hong Kong of the development right for this new hotel project at the Hong Kong International Airport.

The hotel project has a site area of approximately 6,650 square metres (71,580 square feet) and permissible gross floor area of 33,700 square metres (362,750 square feet) and is situated at a site surrounded by Terminal 2 of the Hong Kong International Airport, the Asia World-Expo and the SkyPier Terminal. The hotel project is the first phase of the mega SKYCITY Project of the Airport Authority, which also contains large scale retail and office spaces as well as dining and entertainment facilities.

The hotel has 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites, complemented with extensive banquet, meeting and food and beverage facilities. This new hotel embraces a wide range of sustainable features in its building design, construction and operation and was awarded Gold Rating under BEAM Plus Certification and EarthCheck Design Certified Gold Rating. The hotel also received a number of international design awards including the Muse Design Gold Award, Build4Asia Silver Award, A'Design Silver Award and International Property Award. The hotel licence was issued in November 2021 and the hotel grand opened in April 2023.

The Queens, No.160 Queen's Road West, Hong Kong
The project has a combined site area of 682 square metres (7,342 square feet) and has been developed into a commercial/residential building with gross floor area of about 5,826 square metres (62,711 square feet). The building has a total of 130 residential units with club house

facilities on the second floor and commercial accommodations on the ground and first floors. The occupation permit was obtained in August 2022.

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

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

100% ownership interests in the subject redevelopment properties have been acquired through the judicial proceedings for Land Compulsory Sale. The project has a total site area of 431 square metres (4,644 square feet) and is intended for a commercial/residential development with gross floor area of about 3,691 square metres (39,733 square feet). Development works are planned to commence after the process for the recovery of vacant possession of 1 remaining unit is completed.

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

During the period under review, an agreement was entered into for the sale of a garden house in Regalia Bay for a consideration of HK$105 million, which transaction has subsequently been completed in July. The Regal 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 Regal 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 Regal 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 Regal 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 Regal group. This building has a total gross floor area of about 1,836 square metres (19,768 square feet), comprising residential apartments as well as shops on ground floor. The renovation works have been completed and the relevant usage permits were obtained in August 2024. The apartment units and shops are intended to be marketed for sale.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

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

Property Development

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

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK$2,243.1 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK$102.1 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 470 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.2 million (HK$56.1 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The interior construction works of the 325-room hotel have been completed and the Completion Certificate obtained in January 2024. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are being planned and the hotel is scheduled to open in phases after the completion of the respective fitting-out works.

The construction works of the remaining commercial components also within the third stage of the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet), are proceeding steadily. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain office towers are also in progress.

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), commenced in 2021. Up to date, 297 office units with a total of about 13,241 square metres (142,526 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB113.9 million (HK$124.7 million). Meanwhile, the presale of another office tower has been approved, but the timing for the launching of the presale programme will depend on the property market environment in Chengdu.

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been contracted for sale, for aggregate sale considerations of approximately RMB8.1 million (HK$8.9 million).

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

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Apart from the few units the sale transactions for which were scheduled for completion in 2024, all the other residential units in this development have also been sold in prior years. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex was ongoing. During the period under review, shops with a total area of 9,744 square metres (104,884 square feet) have been sold for aggregate sale considerations of approximately RMB185.4 million (HK$200.6 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The Cosmopolitan group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection of the required re-forestation area, land grant listing and tender procedures are completed.

The Cosmopolitan group continues to maintain the overall re-forested area. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in the relevant re-forestation contract remain valid and effective.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

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

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

FINANCIAL ASSETS AND OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, private equities, bonds as well as treasury and yield enhancement products. Due to the weakness in the local stock market, the Group's performance in this business segment has been adversely affected and recorded a net loss in its financial assets investments business during the period under review.

FINANCIAL REVIEW

ASSETS VALUE

All the hotel properties of the Group in Hong Kong owned by Regal REIT, with the exception of the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, were stated in the financial statements at their fair values as at 7th May, 2012 when Regal, together with Regal REIT, became subsidiaries of the Group, plus subsequent capital additions and deducting accumulated depreciation. Moreover, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel were stated in the Group's financial statements at cost after full elimination of the unrealised gain arising from the disposal of the hotels by P&R to Regal REIT, while the iclub Mong Kok Hotel owned by P&R and the Regala Skycity Hotel owned by the Regal group, completed in 2019 and 2021 respectively, are stated at cost, and they are all also subject to depreciation. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Group in Hong Kong is restated in the 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$14.00 per share, computed as follows:

	As at 30th June, 2024	
	HK$'M	**HK$ per ordinary share**
Book net assets attributable to equity holders of the parent	**9,508.5**	**8.53**
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	**6,092.7**	**5.47**
Unaudited adjusted net assets attributable to equity holders of the parent	**15,601.2**	**14.00**

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects in Hong Kong are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date. Property development projects in the PRC are substantially financed by internal resources and proceeds from the presale of the units. Project financings for the projects in the PRC and overseas are arranged, if terms are considered appropriate, to cover a part of the land costs and/or construction costs, and with the loan maturities aligning with the estimated project completion dates.

The Group's banking facilities are mostly denominated in Hong Kong dollars with interest primarily determined by reference to the interbank offered rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As regards the Group's investments in the PRC and overseas, which are denominated in currencies other than US dollars and Hong Kong dollars, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollars or Hong Kong dollars to contain the Group's exposure to currency fluctuations.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK$21.0 million (2023 – HK$368.1 million). Net interest payment for the period amounted to HK$593.5 million (2023 – HK$471.1 million).

Borrowings and Gearing

As at 30th June, 2024, the Group had cash and bank balances and deposits of HK$1,623.2 million (31st December, 2023 – HK$2,180.5 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK$18,287.4 million (31st December, 2023 – HK$17,937.9 million).

As at 30th June, 2024, the gearing ratio of the Group was 48.1% (31st December, 2023 – 45.0%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK$18,287.4 million (31st December, 2023 – HK$17,937.9 million), as compared to the total assets of the Group of HK$37,992.3 million (31st December, 2023 – HK$39,824.5 million).

On the basis of the adjusted total assets as at 30th June, 2024 of HK$48,875.5 million (31st December, 2023 – HK$50,588.1 million) with the hotel portfolio owned by the Group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 37.4% (31st December, 2023 – 35.5%).

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

Lease Liabilities

As at 30th June, 2024, the Group had lease liabilities of HK$12.9 million (31st December, 2023 – HK$19.7 million).

Pledge of Assets

As at 30th June, 2024, certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties under development, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK$29,891.1 million (31st December, 2023 – HK$30,373.0 million) were pledged to secure general banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2024, certain ordinary shares in a listed subsidiary with a market value of HK$248.3 million (31st December, 2023 – HK$251.8 million) were also pledged to secure general banking facilities granted to the Group.

Capital Commitments

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

Contingent Liabilities

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

DIVIDEND

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

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
REVENUE (Notes 2 & 3)	**1,392.0**	1,602.0
Cost of sales	**(977.8)**	(960.2)
Gross profit	**414.2**	641.8
Other income and gains (Note 3)	**112.2**	39.0
Fair value losses on investment properties, net	**(101.7)**	(15.1)
Fair value losses on financial assets at fair value through profit or loss, net	**(70.5)**	(47.9)
Loss on disposal of investment properties	–	(1.0)
Impairment loss on properties under development	**(41.8)**	(18.3)
Impairment loss on properties held for sale	**(1.1)**	(13.2)
Reversal of impairment loss/(Impairment loss) on investment in associates	**(0.3)**	0.2
Property selling and marketing expenses	**(24.7)**	(97.1)
Administrative expenses	**(208.3)**	(203.8)
OPERATING PROFIT BEFORE DEPRECIATION	**78.0**	284.6
Depreciation (Note 4)	**(356.6)**	(363.9)
OPERATING LOSS (Note 4)	**(278.6)**	(79.3)
Finance costs (Note 5)	**(651.9)**	(523.0)
Share of profits and losses of associates	**(3.0)**	(7.8)
LOSS BEFORE TAX	**(933.5)**	(610.1)
Income tax (Note 6)	**(87.8)**	(36.4)
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(1,021.3)**	(646.5)

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

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Attributable to:		
Equity holders of the parent	**(676.3)**	(383.1)
Non-controlling interests	**(345.0)**	(263.4)
	(1,021.3)	(646.5)
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK(64.23) cents**	HK(37.94) cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(1,021.3)**	(646.5)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of cash flow hedges	**10.5**	–
Transfer from hedging reserve to profit or loss	**(3.9)**	–
	6.6	–
Exchange differences on translation of foreign operations	**(61.6)**	(65.1)
Share of other comprehensive loss of an associate	**–**	(0.1)
	(55.0)	(65.2)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets designated at fair value through other comprehensive income	**2.7**	(106.0)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(52.3)**	(171.2)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,073.6)**	(817.7)
Attributable to:		
Equity holders of the parent	**(711.6)**	(516.3)
Non-controlling interests	**(362.0)**	(301.4)
	(1,073.6)	(817.7)

Condensed Consolidated Statement of Financial Position

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Restated) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**5,955.3**	6,361.4
Investment properties	**3,746.4**	3,868.8
Right-of-use assets	**15,201.3**	15,374.2
Properties under development	**879.7**	892.0
Investments in associates	**398.1**	401.3
Financial assets designated at fair value through other comprehensive income	**6.7**	28.1
Financial assets at fair value through profit or loss	**533.1**	592.9
Derivative financial instruments	**7.1**	–
Loans receivable	**160.0**	163.4
Finance lease receivable	**93.7**	101.7
Debtors, deposits and prepayments	**290.4**	286.5
Deferred tax assets	**47.7**	47.7
Trademark	**610.2**	610.2
Other intangible asset	**3.6**	3.6
Total non-current assets	**27,933.3**	28,731.8
CURRENT ASSETS		
Properties under development	**2,127.8**	2,437.4
Properties held for sale	**5,528.1**	5,635.8
Inventories	**59.6**	55.4
Loans receivable	**33.3**	32.7
Finance lease receivable	**5.5**	5.4
Debtors, deposits and prepayments (Note 9)	**369.9**	426.5
Financial assets at fair value through profit or loss	**208.5**	221.5
Derivative financial instruments	**94.8**	93.9
Tax recoverable	**8.3**	3.6
Restricted cash	**593.8**	577.2
Pledged time deposits and bank balances	**239.6**	212.4
Time deposits	**319.8**	567.2
Cash and bank balances	**470.0**	823.7
Total current assets	**10,059.0**	11,092.7

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Restated) HK$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 10)	**(746.9)**	(934.5)
Contract liabilities	**(193.8)**	(484.3)
Lease liabilities	**(9.8)**	(12.5)
Deposits received	**(147.8)**	(151.1)
Interest bearing bank borrowings	**(2,537.4)**	(4,928.2)
Tax payable	**(469.4)**	(449.8)
Total current liabilities	**(4,105.1)**	(6,960.4)
NET CURRENT ASSETS	**5,953.9**	4,132.3
TOTAL ASSETS LESS CURRENT LIABILITIES	**33,887.2**	32,864.1
NON-CURRENT LIABILITIES		
Creditors and deposits received	**(90.2)**	(90.1)
Lease liabilities	**(3.1)**	(7.2)
Interest bearing bank borrowings	**(16,905.2)**	(14,722.2)
Other borrowings	**(468.0)**	(468.0)
Deferred tax liabilities	**(1,436.6)**	(1,445.9)
Total non-current liabilities	**(18,903.1)**	(16,733.4)
Net assets	**14,984.1**	16,130.7
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**111.4**	111.4
Reserves	**9,397.1**	10,157.2
	9,508.5	10,268.6
Perpetual securities	**1,732.9**	1,732.9
Non-controlling interests	**3,742.7**	4,129.2
Total equity	**14,984.1**	16,130.7

Notes:

1. Accounting Policies

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

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

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

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

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

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

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

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

The adoption of the amendments did not have any impact on the basic and diluted loss per share attributable to equity holders of the parent, profit or loss, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30th June, 2024 and 2023.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. Operating Segment Information

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

(a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;

(b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;

(c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income;

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

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

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

(g) the others segment mainly comprises the provision of financing services, sale of food products, operation and management of restaurants, operation of security storage lounge and retail shops, the provision of housekeeping and related services and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

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

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

The following table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Segment revenue:																		
Sales to external customers	491.0	795.6	8.8	6.9	841.2	744.2	-	-	2.4	7.9	11.8	13.0	36.8	34.4	-	-	1,392.0	1,602.0
Intersegment sales	13.1	2.4	13.1	8.7	0.4	2.2	46.7	44.3	-	-	-	-	87.1	90.6	(160.4)	(148.2)	-	-
Total	504.1	798.0	21.9	15.6	841.6	746.4	46.7	44.3	2.4	7.9	11.8	13.0	123.9	125.0	(160.4)	(148.2)	1,392.0	1,602.0
Segment results before depreciation	(117.1)	220.1	(4.3)	(5.0)	251.2	157.7	(6.5)	(6.9)	(65.4)	(35.1)	78.2	10.6	2.3	7.0	-	-	138.4	348.4
Depreciation	(8.7)	(7.8)	(0.3)	(0.3)	(344.0)	(350.5)	-	-	-	-	(2.2)	(3.4)	(1.4)	(1.9)	-	-	(356.6)	(363.9)
Segment results	(125.8)	212.3	(4.6)	(5.3)	(92.8)	(192.8)	(6.5)	(6.9)	(65.4)	(35.1)	76.0	7.2	0.9	5.1	-	-	(218.2)	(15.5)
Unallocated interest income and unallocated non-operating and corporate gains																	19.4	23.4
Unallocated non-operating and corporate expenses																	(80.1)	(87.5)
Finance costs (other than interest on lease liabilities)																	(651.6)	(522.7)
Share of profits and losses of associates	0.1	0.1	-	-	(3.1)	(7.9)	-	-	-	-	-	-	-	-	-	-	(3.0)	(7.8)
Loss before tax																	(933.5)	(610.1)
Income tax																	(87.8)	(36.4)
Loss for the period before allocation between equity holders of the parent and non-controlling interests																	(1,021.3)	(646.5)
Attributable to:																		
Equity holders of the parent																	(676.3)	(383.1)
Non-controlling interests																	(345.0)	(263.4)
																	(1,021.3)	(646.5)

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

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
Revenue		
Revenue from contracts with customers		
Proceeds from sale of properties	**455.7**	764.7
Hotel operations and management services	**808.7**	708.1
Construction and construction-related income	**4.5**	2.0
Estate management fees	**4.3**	4.9
Other operations	**36.8**	34.1
	1,310.0	1,513.8
Revenue from other sources		
Rental income:		
Hotel properties	**24.8**	23.6
Investment properties	**37.8**	40.0
Aircraft	**11.8**	13.0
Others	**2.7**	2.6
Interest income from financial assets at fair value through profit or loss	**0.8**	6.7
Interest income from finance lease	**2.5**	0.8
Dividend income from listed investments	**1.6**	1.2
Other operations	–	0.3
	82.0	88.2
	1,392.0	1,602.0

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Other income and gains		
Bank interest income	**12.7**	13.4
Other interest income	**11.2**	14.7
Dividend income from unlisted investments	**9.6**	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	**9.5**	5.5
	112.2	39.0

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

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Profit on disposal of properties, net	**77.0**	384.2
Depreciation of property, plant and equipment	**184.1**	192.3
Depreciation of right-of-use assets	**172.5**	171.6
	356.6	363.9

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest on bank loans	**608.6**	481.4
Interest on other borrowings	**15.9**	7.7
Interest expenses arising from revenue contracts	**2.5**	5.0
Interest on lease liabilities	**0.3**	0.3
Amortisation of debt establishment costs	**25.8**	27.3
Total interest expenses on financial liabilities not at fair value through profit or loss	**653.1**	521.7
Fair value changes on derivative financial instruments – cash flow hedges (transfer from hedging reserve)	**(3.9)**	–
Other loan costs	**2.8**	2.5
	652.0	524.2
Less: Finance costs capitalised	**(0.1)**	(1.2)
	651.9	523.0

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

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Current – Hong Kong		
Charge for the period	**11.3**	36.9
Overprovision in prior years	**–**	(0.9)
Current – PRC and overseas		
Charge for the period	**7.6**	0.1
Overprovision in prior years	**–**	(5.9)
PRC land appreciation tax	**78.6**	34.4
Deferred	**(9.7)**	(28.2)
Total tax charge for the period	**87.8**	36.4

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 in the PRC and overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax is required for the associates as no assessable profits were earned by the associates during the period (2023 – Nil).

7. Dividend:

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

8. The calculation of the 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$676.3 million (2023 – HK$383.1 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK$39.6 million (2023 – HK$39.7 million), and on 1,114.6 million (2023 – 1,114.6 million) ordinary shares of the Company in issue during the period.

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

9. Included in debtors, deposits and prepayments is an amount of HK$101.7 million (31st December, 2023 – HK$102.3 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2024	**31st December, 2023**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**79.7**	83.8
4 to 6 months	**7.0**	5.8
7 to 12 months	**4.2**	5.0
Over 1 year	**27.8**	23.4
	118.7	118.0
Impairment	**(17.0)**	(15.7)
	101.7	102.3

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

Also included in debtors, deposits and prepayments is an amount of HK$4.7 million (31st December, 2023 – HK$7.7 million) in relation to the prepaid commission for sales of properties which is classified as contract costs in accordance with HKFRS 15.

10. Included in creditors and accruals is an amount of HK$48.1 million (31st December, 2023 – HK$81.5 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2024	**31st December, 2023**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**47.5**	81.3
4 to 6 months	**0.1**	–
7 to 12 months	**0.3**	0.1
Over 1 year	**0.2**	0.1
	48.1	81.5

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

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

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

REVIEW OF RESULTS

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

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

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2024, except that:

- The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Mr. Jimmy LO Chun To
(Vice Chairman and Managing Director)
Mr. Kelvin LEUNG So Po
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP
Ms. Winnie NG, JP
Mr. Abraham SHEK Lai Him, GBS, JP
Mr. WONG Chi Keung

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 28th August, 2024