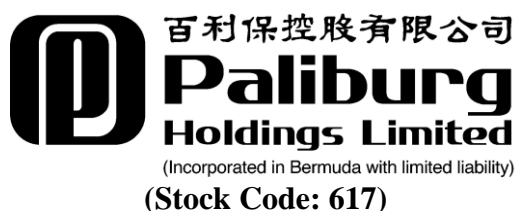


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ANNOUNCEMENT OF 2020 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2020	Year 2019	% Change
	HK\$'M	HK\$'M	
Revenue	1,442.8	2,899.5	-50.2%
Gross profit	390.3	1,294.2	-69.8%
Operating profit/(loss) before depreciation and amortisation, finance costs and tax	(225.8)	1,545.3	N/A
Profit/(Loss) for the year attributable to equity holders of the parent	(874.2)	282.6	N/A
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	HK(85.37) cents	HK18.33 cents	N/A
	As at 31st December,		
	2020	2019	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$11.76	HK\$12.38	-5.0%
*Adjusted	HK\$14.16	HK\$15.77	-10.2%

* compiled, for the purpose of reference, on an adjusted basis to restate the hotel property portfolio owned by the Regal group in Hong Kong at its market value at 31st December, 2019 and 2020, respectively, with the relevant deferred tax liabilities added back

- **The Group recorded a loss attributable to shareholders of HK\$874.2 million for the year under review, while for the preceding year, a profit of HK\$282.6 million was attained.**
- **As indicated in the profit warning announcement published by the Company on 16th March, 2021, the results attained by the Group in the second half of the year under review have improved, as compared with the first interim period, which was primarily attributable to the fair value gains on the Group's financial assets, as the global capital markets significantly rebounded during that period, as well as the reduction in the finance costs due to the lower interbank interest rates, on which the bank borrowing costs of the Group are based.**
- **The relatively adverse results of the Group for the year under review were mainly due to the fact that, although significant progress has been achieved in the unit sales of the Group's property projects undertaken by P&R Holdings Limited (a 50/50 joint venture with Regal Hotels International Holdings Limited, a listed subsidiary of the Company) in Kau To in Hong Kong and by Cosmopolitan International Holdings Limited (also a listed subsidiary of the Company) in Chengdu, the People's Republic of China, only a small portion of the profits to be derived from those secured sales was reflected in the financial statements for the year under review.**
- **Moreover, due to the impact of the coronavirus pandemic that began to spread globally in February 2020, the tourism industry as well as the overall economy of Hong Kong have been severely affected. Consequently, the revenues from the core hotel businesses undertaken by Regal have dropped drastically as compared with the prior years.**
- **As the gross profit from business operations was relatively small, the net loss for the year was mainly on account of the fair value losses on investment properties and impairment losses on other assets, depreciation charges on the Group's hotel portfolio, which is essentially a non-cash item, and the finance costs incurred.**
- **Depreciation charges in the amount of HK\$574.3 million were provided on the Group's hotel properties in Hong Kong for the year (2019 – HK\$567.9 million) which, although having no impact on the Group's cash flow, have nevertheless affected the Group's results.**
- **The property development and investment business of the Group is principally undertaken through P&R Holdings and, at appropriate times, by Regal itself.**

- **Up to this date, a total of 14 garden houses and 37 apartment units at Mount Regalia in Kau To, Sha Tin have been sold or contracted to be sold for an aggregate gross consideration of about HK\$3,004 million. A major part of these contracted sales are scheduled for completion at different dates within the current and the next one to two years and the profits to be derived will be accounted for when the sale transactions are completed.**
- **Recently, in February 2021, a refinancing for a 3-year term in an aggregate facility amount of HK\$4,125 million secured on the Mount Regalia properties was completed with a syndicate of bank lenders. The first tranche is a term loan to P&R Holdings in a facility amount of HK\$3,000 million. The other tranche is a revolving loan in a facility amount of HK\$1,125 million made directly available to Regal, which will serve to further strengthen Regal's financial resources.**
- **Apart from Mount Regalia, P&R Holdings also owns a mixed portfolio of properties and hotels in Hong Kong, including the We Go MALL, which is a shopping mall in Ma On Shan, Sha Tin held as an investment property, the iclub Mong Kok Hotel that it presently self-operates, a 50% interest in the iclub AMTD Sheung Wan Hotel that was officially opened for business in November 2020, a commercial/residential property development at Kam Wa Street in Shau Kei Wan, ownership interests of over 80% to 100% in the existing properties planned for a commercial/residential development at Castle Peak Road in Cheung Sha Wan and, in addition, some houses in Casa Regalia in Yuen Long.**
- **Detailed information on the business operations of Regal, Regal Real Estate Investment Trust (a listed subsidiary of Regal) and Cosmopolitan, the three listed subsidiaries of the Company, are contained in their separate results announcements released today.**
- **It is generally projected that Hong Kong will be able to regain positive growth in its GDP in 2021. With the expected increase in economic activities and the improvement in the overall market conditions, coupling with the continuing low interest rate environment, the prospects of the property market, in particular, the residential sector in Hong Kong should remain optimistic.**
- **It is worthwhile to note that the progress on the sale of the garden houses and apartment units at Mount Regalia over the past few weeks has been encouraging. It is expected that, when the borders with the Mainland reopen and the economy gradually recovers, the demand for this type of luxury properties will further step up.**

- **The Group believes that the most difficult times brought about by the pandemic should have been over and, having regard to the profits and cashflows anticipated to be derived from the Group's development projects in Hong Kong and China, the results of the Group will steadily improve in the coming years.**

FINANCIAL RESULTS

For the year ended 31st December, 2020, the Group recorded a consolidated loss attributable to shareholders of HK\$874.2 million, while for the preceding year, a profit of HK\$282.6 million was attained.

As indicated in the profit warning announcement published by the Company on 16th March, 2021, the results attained by the Group in the second half of the year under review have improved, as compared with the first interim period, which was primarily attributable to the fair value gains on the Group's financial assets, as the global capital markets significantly rebounded during that period, as well as the reduction in the finance costs due to the lower interbank interest rates, on which the bank borrowing costs of the Group are based.

The relatively adverse results of the Group for the year under review were mainly due to the fact that, although significant progress has been achieved in the unit sales of the Group's property projects undertaken by P&R Holdings Limited in Kau To in Hong Kong and by Cosmopolitan International Holdings Limited in Chengdu, the People's Republic of China, only a small portion of the profits to be derived from those secured sales was reflected in the financial statements for the year under review. The vast majority of such profits will be accounted for in the Group's financial statements in the current and the next one to two years, when the relevant sale transactions are completed and the property units handed over to the purchasers.

Moreover, due to the impact of the coronavirus pandemic that began to spread globally in February 2020, the tourism industry as well as the overall economy of Hong Kong have been severely affected. Consequently, the revenues from the core hotel businesses undertaken by Regal Hotels International Holdings Limited have dropped drastically as compared with the

prior years. Gross profit from the Group's hotel operations fell to HK\$35.0 million during the year under review, as compared to HK\$719.8 million in 2019 and HK\$1,051.6 million in 2018.

For the year 2020 as a whole, gross profit from business operations, including those from all of its subsidiary undertakings, only amounted to HK\$390.3 million (2019 – HK\$1,294.2 million). Moreover, there was an operating loss before depreciation and amortisation, finance costs and tax for the year of HK\$225.8 million, as compared to a profit of HK\$1,545.3 million in 2019. The net loss of HK\$874.2 million recorded by the Group for the year was mainly on account of the fair value losses on investment properties and impairment losses on other assets, depreciation charges on the Group's hotel portfolio, which is essentially a non-cash item, and the finance costs incurred. Depreciation charges in the amount of HK\$574.3 million were provided on the Group's hotel properties in Hong Kong for the year (2019 – HK\$567.9 million) which, although having no impact on the Group's cash flow, have nevertheless affected the Group's results.

Supplementary information showing the adjusted net asset value of the Company of HK\$14.16 per share as at 31st December, 2020, 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 31st December, 2020, the Group directly held a controlling shareholding interest of approximately 69.3% in Regal which, in turn, held approximately 74.6% of the outstanding units of Regal Real Estate Investment Trust, a listed subsidiary of Regal, which presently owns five Regal Hotels and four iclub Hotels in Hong Kong. Regal is the major listed subsidiary of the Company through which the core hotel operation businesses of the Group are undertaken.

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

Apart from its property business, P&R Holdings also holds an effective controlling shareholding interest in Cosmopolitan, comprising interests in the ordinary shares, convertible preference shares as well as convertible bonds of Cosmopolitan. Following the distribution of part of its holding of ordinary shares to its two shareholders in June 2020 by way of dividend, P&R Holdings held approximately 44.1% of the issued ordinary share capital of Cosmopolitan as at 31st December, 2020, but if all of its holdings in the convertible preference shares and the remaining convertible bonds of Cosmopolitan are converted, P&R Holdings' shareholding interest in Cosmopolitan will amount to approximately 65.1% of its enlarged capital, based on its existing capital structure. Cosmopolitan is effectively a listed member of the Group and is primarily engaged in property business in China and other investments.

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

PROPERTIES

As mentioned above, the coronavirus pandemic has severely impacted the economy of Hong Kong and, in particular, its tourism and retail sectors. Under this environment, the commercial and retail properties in Hong Kong have been facing downward pressure, both in terms of price levels as well as rental rates. Many investors have, in the meantime, been taking a wait-and-see attitude to look for bargains. However, benefiting from the strong basic demand, the persistently low interest rates and the ample liquidity under the global quantitative easing measures, the residential market in Hong Kong remained resilient. Total transaction volume on residential properties for 2020 was roughly on par with the level in 2019, while the overall residential prices were largely stable. In the recent land sales by the Hong Kong Government, the residential development sites offered for tender have been successfully awarded at high

price levels, which duly reflected the general confidence in the prospects of the residential property market in Hong Kong and, in particular, the luxury and upscale sector.

The Mount Regalia in Kau To, Sha Tin is a luxury residential project developed by P&R Holdings. The project comprises 24 garden houses and 136 apartment units, of which a total of 14 garden houses and 37 apartment units have been sold or contracted to be sold to date for an aggregate gross consideration of about HK\$3,004 million. Out of these contracted sales, the sales of 4 garden houses and 10 apartment units with an aggregate gross consideration of about HK\$788 million have been completed in 2019 and 2020. The revenue from the other contracted sales, which are mostly scheduled for completion at different dates within the current and the next one to two years, will be accounted for when the sale transactions are completed.

Recently, in February 2021, a refinancing for a 3-year term in an aggregate facility amount of HK\$4,125 million secured on the Mount Regalia properties was completed with a syndicate of bank lenders. The facility is divided into two separate tranches. The first tranche is a term loan to P&R Holdings in a facility amount of HK\$3,000 million, which is extendable for a further term of two years subject to certain conditions. The other tranche is a revolving loan in a facility amount of HK\$1,125 million made directly available to Regal, which will serve to further strengthen Regal's financial resources.

Apart from Mount Regalia, P&R Holdings also owns a mixed portfolio of properties and hotels in Hong Kong, including the We Go MALL, which is a shopping mall in Ma On Shan, Sha Tin held as an investment property, the iclub Mong Kok Hotel that it presently self-operates, a 50% interest in the iclub AMTD Sheung Wan Hotel that was officially opened for business in November 2020, a commercial/residential property development at Kam Wa Street in Shau Kei Wan, ownership interests of over 80% to 100% in the existing properties planned for a commercial/residential development at Castle Peak Road in Cheung Sha Wan and, in addition, some houses in Casa Regalia in Yuen Long.

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2020, Regal recorded a consolidated loss attributable to shareholders of HK\$885.9 million, while for the preceding year, a profit of HK\$454.6 million was attained.

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

REGAL REAL ESTATE INVESTMENT TRUST

For the year ended 31st December, 2020, Regal REIT recorded a consolidated loss before distributions to Unitholders of HK\$2,309.8 million, as compared to a loss of HK\$2,102.3 million for the financial year 2019.

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 year ended 31st December, 2020, Cosmopolitan recorded a loss attributable to shareholders of HK\$123.5 million, while for the preceding year, a loss of HK\$170.3 million was incurred.

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

It is generally projected that Hong Kong will be able to regain positive growth in its GDP in 2021. With the expected increase in economic activities and the improvement in the overall market conditions, coupling with the continuing low interest rate environment, the prospects of the property market, in particular, the residential sector in Hong Kong should remain optimistic.

It is worthwhile to note that the progress on the sale of the garden houses and apartment units at Mount Regalia over the past few weeks has been encouraging. It is expected that, when the borders with the Mainland reopen and the economy gradually recovers, the demand for this type of luxury properties will further step up.

The Group believes that the most difficult times brought about by the pandemic should have been over and, having regard to the profits and cashflows anticipated to be derived from the Group's development projects in Hong Kong and China, the results of the Group will steadily improve in the coming years.

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 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 Holdings, aircraft ownership and leasing and other investment businesses.

Cosmopolitan is a listed subsidiary of the Group held through P&R Holdings. 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 the principal businesses of Regal and Regal REIT as well as those of Cosmopolitan during the year under review, the commentary on the property and hotel sectors in which the Group operates and the changes in the general market conditions and the potential impact on their operating performances and future prospects are contained in the sections headed "Business Overview" and "Outlook" above and in this sub-section as well as in the separate interim results announcements for 2020 released by Regal, Regal REIT and Cosmopolitan.

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

P&R HOLDINGS LIMITED

P&R Holdings 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 in P&R Holdings. P&R Holdings is effectively a subsidiary of the Company and its 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 being undertaken and properties owned by the P&R Holdings group in Hong Kong is set out below:

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon (named as The Ascent) and the Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon (named as the iclub Mong Kok Hotel), both of which were undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong, all of the ongoing development projects and properties are wholly owned by P&R Holdings group (except as otherwise denoted).

Domus and Casa Regalia, Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project 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). The occupation permit for the project was issued in November 2015 and the certificate of compliance was obtained in April 2016.

With the exception of 1 unit, all the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. At present, nine houses in Casa Regalia are still being retained, which are planned to be disposed of on a gradual basis but some of them may in the meantime be retained for rental income.

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. Due to the adverse impact of the coronavirus pandemic, certain temporary rental concessions had been offered to tenants and, hence, the level of rental income contributed by this shopping mall during the year has been affected.

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

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 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 occupation permit for the project was issued in March 2018 and the certificate of compliance was obtained in July 2018. The residential units have all been sold. The commercial units were tendered for sale in the fourth quarter of 2020 but no sale transactions have been concluded from the offers received.

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 carparking 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.

The sale programme commenced in early 2019 and, up to this date, 14 garden houses and 37 apartment units together with 64 car parks have been sold or contracted to be sold for aggregate gross consideration of about HK\$3,004 million, at relatively attractive prices as compared to the development costs. Among these property sales, the transactions for 4 houses and 10 apartment units with an aggregate gross consideration of about HK\$788 million have been completed before 31st December, 2020. The other contracted sales are mostly scheduled for completion at different dates within the current and the next one to two years. The revenues from these property sales are accounted for as and when the relevant sale transactions are completed and the properties delivered to the buyers.

iclub Mong Kok Hotel, 2 Anchor Street, Tai Kok Tsui, Kowloon

This is a hotel development project awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 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. Its occupation permit was issued in October 2018 and the hotel was soft

opened for business in March 2019 after the issue of the hotel licence. The legal title to the property was formally conveyed to a wholly owned subsidiary of P&R Holdings in May 2019 under the terms of the development agreement. The hotel is presently self-operated by P&R Holdings, with the Regal group providing the hotel management services.

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 6,420 square metres (69,120 square feet). The occupation permit was obtained in November 2019.

P&R Holdings sold 50% beneficial interest in this property to AMTD Group in December 2019 and the property is now 50% owned by each of P&R Holdings and AMTD Properties (HK) Limited. This hotel was officially opened for business in November 2020 and is self-operated by the joint venture entity and managed by the management subsidiary of Regal.

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 80% 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 (5,260 square feet) and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

Certain 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 historical heritage within the new development, with compensatory bonus plot ratio.

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 the Regal group, which are all wholly owned by Regal (except for the property project in Portugal), is set out below:

Hong Kong

New hotel project at the Hong Kong International Airport, to be named as “Regala Skycity Hotel”

In February 2017, a wholly owned subsidiary of Regal was awarded by the Airport Authority in Hong Kong the development right for a 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 SkyPier. The hotel project is the first phase of the mega SKYCITY Project by the Airport Authority, which also contains large scale retail and office spaces as well as dining and entertainment facilities.

The hotel will have 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites and will be complemented with extensive banquet, meeting and food and beverage facilities. The hotel will be operated as a full service hotel targeting at commercial, airline related, leisure and meeting businesses. The occupation permit for this new hotel was recently issued in March 2021 and the hotel is planned to be opened for business in the latter part of this year after the hotel licence is obtained.

The Queens, Nos.150-162 Queen’s Road West, Hong Kong

The project has a combined site area of 682 square metres (7,342 square feet) and is being developed into a commercial/residential development with gross floor area of about 5,826 square metres (62,711 square feet). The project will have a total of 130 residential units with club house facilities on the second floor and commercial accommodations on the ground and first floors. The foundation works have been completed and the superstructure works are in

progress. The project is expected to be completed in 2022. Presale of the residential units in this development is planned to be launched shortly.

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

The properties presently comprise 100% ownership interests of Nos.227-227A of Hai Tan Street and interests in over 80% undivided shares of Nos.227B-227C of Hai Tan Street. The properties have a total site area of 444 square metres (4,776 square feet) and are intended for a commercial/residential development. Requisite process for the acquisition of the remaining undivided shares of the relevant properties is under preparation.

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

A total of 12 garden houses in Regalia Bay with total gross area of about 5,470 square metres (58,879 square feet) are still being retained, 6 of which are held as investment properties, 3 as held for sale and 3 as property, plant and equipment and right-of-use assets. The Regal group will continue to dispose of some of these houses if the price offered is considered satisfactory.

Overseas

Campus La Mola, Barcelona, Spain

This hotel property has a total of 186 rooms and was acquired by the Regal group in 2014. The hotel was formerly self-operated by the Regal group and was later leased to an independent third party under a lease agreement in September 2017. The lessee is in default on rental payments due to the COVID-19 situation and the Regal group is taking legal actions to enforce its rights under the lease agreement.

41 Kingsway, London WC2B 6TP, the United Kingdom

This is a freehold existing property located at a prime location in London, which the Regal group acquired in April 2019. This existing property has 9 storeys (including basement and ground floor) with gross floor area of approximately 2,150 square metres (23,140 square feet) and is presently vacant. The design development and planning works to renovate this property into a hotel with a restaurant are ongoing and the renovation works are anticipated to be commenced later this year. The hotel will be self-operated by the Regal group on completion of the renovation works.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

The Regal group has a 90% interest in this property project, which is a rehabilitation and renovation project for a historic building located in an area of vast historical heritage. The building has gross development area of about 1,836 square metres (19,768 square feet) comprising shops and apartments. The design for the renovation programme has been approved by the local government authorities and the renovation works are underway. There have been some delays due to the coronavirus pandemic and project completion is now expected to be in the third quarter of 2021. This property project is intended for sale.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects of the Cosmopolitan group in the PRC, all of which are wholly owned, and its other investments is set out below:

Property Development

Chengdu Project – Regal Cosmopolitan City

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

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed around mid-2021. Substantially all the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development. Total sales proceeds amount to approximately RMB2,029.2 million (HK\$2,423.1 million), of which approximately RMB1,951.8 million (HK\$2,330.6 million) have already been received by the Cosmopolitan group as deposits under the presale contracts.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Up to date, a total of 1,377 square meters (14,822 square feet) of shops have been presold under contracts, at aggregate sale considerations of approximately

RMB48.5 million (HK\$57.9 million). Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020. Up to date, a total of 235 car parking spaces have been presold under contracts, for aggregate sales proceeds of approximately RMB27.3 million (HK\$32.6 million).

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the third quarter of 2021 and the hotel is anticipated to open in phases from the third quarter of 2022.

The construction works of the remaining commercial components within the development, comprising a six-storey 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 in steady progress. The substructure and superstructure works are targeted to be completed in June 2021 and mid-2023, respectively. The market repositioning works of the six-storey commercial complex are in progress. Presale of one office tower consisting of 434 units with a total of about 20,000 square metres (215,200 square feet) is expected to be launched in the second quarter of 2021. The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases.

Tianjin Project – Regal Renaissance

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

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and sale contracts have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) is planned to be launched in the second quarter of 2021. The presale of the other office tower,

consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

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, land grant listing and tender procedures are completed.

The Cosmopolitan group continues to maintain the re-forested area and communicate with the relevant government authority to initiate appropriate measures to settle the disputes over certain portions of the land in the project site that have been illegally occupied. Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in the relevant re-forestation contract remain valid and effective.

Other Investments

Investment in shares of AMTD International Inc.

As previously disclosed, the Cosmopolitan group, through its wholly owned subsidiary incorporated in the PRC, entered into certain deposit agreements and loan agreements for the possible investment in a logistics services provider in the PRC, pursuant to which the Cosmopolitan group has paid deposits and granted loans to the vendor and the target investee group, which amounted to RMB372.1 million (including interest receivable and net of tax provision) in the books of the Cosmopolitan group as at 31st December, 2019.

On 31st December, 2019, the Cosmopolitan group entered into an agreement with an independent purchaser for the disposal of its entire interests in those companies directly and indirectly owning such deposits and loans for a consideration of HK\$400 million. The transaction was duly completed on 31st March, 2020 and the sale consideration received by the

Cosmopolitan group was applied to purchase 6,069,000 Class A ordinary shares of AMTD International Inc..

AMTD is a reputable financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. The Cosmopolitan group expects to be able to leverage on the strategic co-operative relationship with AMTD to explore and capture new business and investment opportunities through its intensive business network. The AMTD shares are being held by the Cosmopolitan group as equity investments at fair value through other comprehensive income.

PRC Real Estate Company

In July 2019, the Cosmopolitan group acquired an 80% equity interest in and also provided pro rata shareholder's loan to an investee company incorporated in the PRC. The investee company has purchased 10% equity interest in another PRC-incorporated real estate company that partners with various reputable real estate developers and undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. The Cosmopolitan group anticipates that, through its participation in the investee company, the Cosmopolitan group could have access to more business opportunities for property development in the PRC, either to be undertaken on its own or on a joint basis.

Carbon Assets

The Cosmopolitan group entered into a memorandum of understanding (MOU) with certain independent third parties in June 2019 for the possible investment by the Cosmopolitan group in an operating company principally engaged in the management and trading of tradable or transferable China Certified Emissions Reduction (Carbon Assets) in China.

Up to 31st July, 2020, the last extended date of the MOU, no formal agreement had been entered into among the parties. The MOU had accordingly lapsed and was terminated.

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 Holdings' hotel developments at Bonham Strand,

Sheung Wan (now operating as the iclub Sheung Wan Hotel), Merlin Street, Fortress Hill (now operating as the iclub Fortress Hill Hotel) and Ha Heung Road, To Kwa Wan (now operating as the iclub Ma Tau Wai Hotel), which were completed in January 2014, May 2014 and November 2016, respectively, as well as the residential project named Domus and Casa Regalia at Tan Kwai Tsuen Road, Yuen Long which was completed in November 2015. Chatwin was also the main contractor for P&R Holdings' iclub Mong Kok Hotel at Anchor Street/Fuk Tsun Street, Tai Kok Tsui that was completed in late 2018 and opened for business in March 2019.

Due to the increasing number of projects undertaken by the Group as a whole, the Group's development consultancy division, which provides professional services on project management, architectural, engineering and interior design aspects, is likewise principally supporting the needs of the Group's member companies.

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. The capital markets have been extremely volatile in the first six months of 2020, which had an adverse impact on the performance of the Group in the interim period. The capital markets globally significantly rebounded in the second half of the year under review and the gains from this business segment have contributed to the relatively improved results achieved by the Group for that period. The Group expects the capital markets will continue to be volatile and will be prudent in making new investments.

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 Ma Tau Wai 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 Ma Tau Wai 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 Holdings to Regal REIT, and are also subject to depreciation and impairment. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Regal group in Hong Kong is restated in the consolidated financial statements at market value as at 31st December, 2020, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$14.16 per share, computed as follows:

	As at 31st December, 2020	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	13,107.8	11.76
Adjustment to restate the Regal group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	2,674.1	2.40
Unaudited adjusted net assets attributable to equity holders of the parent	15,781.9	14.16

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 presently financed by internal resources and proceeds from the presale of the units. Project financing for the projects in the PRC may be arranged in local currency on appropriate terms to cover a part

of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates, while its senior unsecured notes are denominated in US dollar with fixed coupon interest 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 the Hong Kong dollar is pegged to the US dollar, the exchange risks are considered to be insignificant and no currency hedging has been deployed. As regards the Group's overseas investments and investments in the PRC which are based in currencies other than US dollar and Hong Kong dollar, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

Net cash flows generated from operating activities during the year under review amounted to HK\$2,295.2 million (2019 – HK\$728.7 million). Net interest payment for the year amounted to HK\$388.7 million (2019 – HK\$489.7 million).

Borrowings and Gearing

As at 31st December, 2020, the Group had cash and bank balances and deposits of HK\$3,117.3 million (2019 – HK\$2,738.4 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$17,196.8 million (2019 – HK\$17,826.0 million).

As at 31st December, 2020, the gearing ratio of the Group was 36.8% (2019 – 38.4%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$17,196.8 million (2019 – HK\$17,826.0 million), as compared to the total assets of the Group of HK\$46,789.9 million (2019 – HK\$46,466.6 million).

On the basis of the adjusted total assets as at 31st December, 2020 of HK\$51,963.7 million (2019 – HK\$53,748.1 million) with the hotel portfolio owned by the Regal group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 33.1% (2019 – 33.2%).

As at 31st December, 2020, the Group has net current liabilities of HK\$648.1 million (2019 – net current assets of HK\$10,239.2 million), as certain bank and other borrowings are due to mature or to be repaid in the financial year ending 31st December, 2021. As noted in the section headed “Business Overview” above, a refinancing for a 3-year term in an aggregate facility amount of HK\$4,125 million secured on the Mount Regalia properties was completed with a syndicate of bank lenders by the Group in February 2021. Management is confident that, taking into account the cash resources available and the value of the Group’s property portfolio, the Group will be able to secure refinancing arrangement for the maturing bank borrowings on customary terms.

Details of the maturity profile of the borrowings of the Group as of 31st December, 2020 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2020 (the “2020 Annual Report”) to be published on or before 30th April, 2021.

Lease Liabilities

As at 31st December, 2020, the Group had lease liabilities of HK\$29.1 million (2019 – HK\$54.4 million).

Pledge of Assets

As at 31st December, 2020, 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\$33,043.8 million (2019 – HK\$34,193.9 million) were pledged to secure general banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 31st December, 2020, certain ordinary shares in a listed subsidiary with a market value of HK\$237.8 million (2019 – HK\$376.8 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 31st December, 2020 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2020 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend to holders of ordinary shares for the year ended 31st December, 2020 (2019 – payment of a final dividend of HK3.0 cents per ordinary share). No interim dividend was paid for the year ended 31st December, 2020 (2019 – payment of an interim dividend of HK2.5 cents per ordinary share).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 8th June, 2021. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2020 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2021 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Thursday, 3rd June, 2021 to Tuesday, 8th June, 2021, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2021 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:30 p.m. on Wednesday, 2nd June, 2021.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	1,442.8	2,899.5
Cost of sales	(1,052.5)	(1,605.3)
Gross profit	390.3	1,294.2
Other income and gains, net (Note 3)	92.9	217.3
Fair value losses on investment properties, net	(153.5)	(78.8)
Fair value gains on financial assets at fair value through profit or loss, net	84.8	147.7
Gain on disposal of subsidiaries	68.9	491.4
Impairment loss of items of property, plant and equipment	(50.9)	–
Impairment loss on right-of-use assets	(123.7)	–
Impairment loss on properties held for sale	(18.6)	(13.5)
Impairment loss on investment in an associate	(97.0)	–
Property selling and marketing expenses	(98.3)	(80.1)
Administrative expenses	(320.7)	(432.9)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION	(225.8)	1,545.3
Depreciation and amortisation	(633.5)	(632.4)
OPERATING PROFIT/(LOSS) (Note 4)	(859.3)	912.9
Finance costs (Note 5)	(402.3)	(575.2)
Share of profits and losses of associates	4.9	16.9
PROFIT/(LOSS) BEFORE TAX	(1,256.7)	354.6
Income tax (Note 6)	9.3	(27.4)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(1,247.4)	327.2

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	(874.2)	282.6
Non-controlling interests	(373.2)	44.6
	<u>(1,247.4)</u>	<u>327.2</u>
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<u>HK(85.37) cents</u>	<u>HK18.33 cents</u>

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2020	Year ended 31st December, 2019
	HK\$'M	HK\$'M
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(1,247.4)	327.2
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	138.0	(60.7)
Share of other comprehensive income/(loss) of an associate	0.1	(0.1)
Reclassification adjustments of exchange equalisation reserve upon disposal of a foreign operation	71.1	–
	<u>209.2</u>	<u>(60.8)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	(650.3)	(457.7)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(441.1)</u>	<u>(518.5)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(1,688.5)</u>	<u>(191.3)</u>
Attributable to:		
Equity holders of the parent	(1,244.3)	(140.0)
Non-controlling interests	(444.2)	(51.3)
	<u>(1,688.5)</u>	<u>(191.3)</u>

Consolidated Statement of Financial Position

	31st December, 2020	31st December, 2019
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	9,289.4	8,680.1
Investment properties	3,357.7	3,577.6
Right-of-use assets	13,954.3	14,376.6
Properties under development	867.4	1,772.1
Investments in associates	480.1	580.7
Equity investments designated at fair value through other comprehensive income	1,132.4	–
Financial assets at fair value through profit or loss	777.1	836.6
Loans receivable	258.1	228.6
Debtors, deposits and prepayments	254.7	322.4
Deferred tax assets	50.1	47.5
Goodwill	261.0	261.0
Trademark	610.2	610.2
Other intangible asset	0.7	2.0
Total non-current assets	<u>31,293.2</u>	<u>31,295.4</u>
CURRENT ASSETS		
Properties under development	5,544.4	3,682.4
Properties held for sale	5,521.4	5,904.4
Inventories	42.1	74.2
Loans receivable (Note 10)	123.1	477.7
Debtors, deposits and prepayments (Notes 9 & 11)	750.2	692.7
Financial assets at fair value through profit or loss	390.5	1,588.8
Derivative financial instruments	–	3.1
Tax recoverable	7.7	9.5
Restricted cash	122.2	439.2
Pledged time deposits and bank balances	312.4	357.5
Time deposits	231.0	701.1
Cash and bank balances	2,451.7	1,240.6
Total current assets	<u>15,496.7</u>	<u>15,171.2</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2020	31st December, 2019
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors and accruals (Note 12)	(853.4)	(905.6)
Contract liabilities	(2,723.4)	(1,252.7)
Lease liabilities	(12.6)	(17.5)
Deposits received	(145.8)	(83.6)
Interest bearing bank borrowings	(9,527.6)	(2,482.5)
Other borrowings	(2,755.8)	–
Derivative financial instruments	(17.8)	–
Tax payable	(108.4)	(190.1)
Total current liabilities	<u>(16,144.8)</u>	<u>(4,932.0)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>(648.1)</u>	<u>10,239.2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>30,645.1</u>	<u>41,534.6</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(79.9)	(87.8)
Lease liabilities	(16.5)	(36.9)
Interest bearing bank borrowings	(8,030.7)	(15,365.2)
Other borrowing	–	(2,716.7)
Deferred tax liabilities	(1,843.3)	(1,913.1)
Total non-current liabilities	<u>(9,970.4)</u>	<u>(20,119.7)</u>
Net assets	<u>20,674.7</u>	<u>21,414.9</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	111.4	111.4
Reserves	12,996.4	13,683.8
	<u>13,107.8</u>	<u>13,795.2</u>
Perpetual securities	1,732.9	1,732.9
Non-controlling interests	5,834.0	5,886.8
Total equity	<u>20,674.7</u>	<u>21,414.9</u>

Notes:

1. Basis of Preparation and Accounting Policies

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

The Group had a net loss attributable to owners of the parent of HK\$874.2 million (2019 – net profit of HK\$282.6 million) for the year ended 31st December, 2020 and net current liabilities of HK\$648.1 million (2019 – net current assets of HK\$10,239.2 million) and net assets of HK\$20,674.7 million (2019 – HK\$21,414.9 million) as at 31st December, 2020. The Group also had non-pledged time deposits and cash and bank balances of HK\$2,682.7 million as at 31st December, 2020 and a positive net cash flows from operating activities of HK\$2,295.2 million for the year ended 31st December, 2020.

Nevertheless, the financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31st December, 2020 after taking into consideration the following:

- (i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
- (ii) the available unutilised banking facilities of the Group;
- (iii) the refinancing plan for certain interest bearing bank borrowings that are secured by certain properties; and

- (iv) borrowings refinanced after year end as disclosed in the section headed “Management Discussion and Analysis” above in this results announcement.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether

acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1st January, 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income;
- (d) the asset management segment engages in the provision of asset management services to Regal REIT;
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (f) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental and interest 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, 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 profit/(loss) before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

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

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

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

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2020 and 2019:

	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	
	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M
Segment revenue (Note 3):																		
Sales to external customers	731.1	630.0	10.2	14.1	668.9	1,970.9	-	-	(37.0)	205.1	36.4	44.2	33.2	35.2	-	-	1,442.8	2,899.5
Intersegment sales	7.2	7.4	38.4	65.3	4.5	5.5	93.9	104.9	-	-	-	-	71.7	106.8	(215.7)	(289.9)	-	-
Total	<u>738.3</u>	<u>637.4</u>	<u>48.6</u>	<u>79.4</u>	<u>673.4</u>	<u>1,976.4</u>	<u>93.9</u>	<u>104.9</u>	<u>(37.0)</u>	<u>205.1</u>	<u>36.4</u>	<u>44.2</u>	<u>104.9</u>	<u>142.0</u>	<u>(215.7)</u>	<u>(289.9)</u>	<u>1,442.8</u>	<u>2,899.5</u>
Segment results before depreciation and amortisation	6.3	608.3	(1.2)	1.2	(296.3)	637.6	(11.6)	(14.5)	69.3	365.8	(4.5)	33.9	17.2	(8.4)	-	-	(220.8)	1,623.9
Depreciation and amortisation	(15.5)	(14.9)	(0.4)	(0.4)	(591.6)	(587.3)	(0.4)	(2.2)	-	-	(11.8)	(15.0)	(13.6)	(11.5)	-	-	(633.3)	(631.3)
Segment results	<u>(9.2)</u>	<u>593.4</u>	<u>(1.6)</u>	<u>0.8</u>	<u>(887.9)</u>	<u>50.3</u>	<u>(12.0)</u>	<u>(16.7)</u>	<u>69.3</u>	<u>365.8</u>	<u>(16.3)</u>	<u>18.9</u>	<u>3.6</u>	<u>(19.9)</u>	<u>-</u>	<u>-</u>	<u>(854.1)</u>	<u>992.6</u>
Unallocated interest income and unallocated non-operating and corporate gains																	113.0	96.0
Unallocated non-operating and corporate expenses																	(119.2)	(177.2)
Finance costs (other than interest on lease liabilities)																	(401.3)	(573.7)
Share of profits and losses of associates	19.7	16.2	-	-	(14.6)	-	-	-	-	-	-	-	(0.2)	0.7	-	-	4.9	16.9
Profit/(Loss) before tax																	(1,256.7)	354.6
Income tax																	9.3	(27.4)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests																	<u>(1,247.4)</u>	<u>327.2</u>
Attributable to:																		
Equity holders of the parent																	(874.2)	282.6
Non-controlling interests																	<u>(373.2)</u>	<u>44.6</u>
																	<u>(1,247.4)</u>	<u>327.2</u>

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M	2020 HK\$'M	2019 HK\$'M
Segment assets	16,688.1	16,294.1	17.3	46.0	23,322.0	23,191.4	31.3	36.7	2,326.4	2,456.9	347.9	391.0	307.2	281.7	(32.2)	(40.7)	43,008.0	42,657.1
Investments in associates	1.2	0.7	-	-	472.2	573.2	-	-	-	-	-	-	6.7	6.8	-	-	480.1	580.7
Cash and unallocated assets																	3,301.8	3,228.8
Total assets																	<u>46,789.9</u>	<u>46,466.6</u>
Segment liabilities	(3,369.0)	(1,831.1)	(13.6)	(20.1)	(296.3)	(386.4)	(1.0)	(3.5)	(39.3)	(1.4)	(65.4)	(67.6)	(13.4)	(21.2)	32.2	40.7	(3,765.8)	(2,290.6)
Interest bearing bank borrowings and unallocated liabilities																	(22,349.4)	(22,761.1)
Total liabilities																	<u>(26,115.2)</u>	<u>(25,051.7)</u>
Other segment information:																		
Capital expenditure	777.6	1,361.0	-	0.5	855.4	1,033.2	-	-	-	-	-	0.1	6.4	13.4				
Gain on disposal of subsidiaries	-	(491.4)	-	-	-	-	-	-	-	-	-	-	-	-				
Loss/(Gain) on disposal of investment properties	0.7	(12.9)	-	-	-	-	-	-	-	-	-	-	-	-				
Reversal of impairment of loans receivable	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)				
Recovery of loans receivable	-	(73.7)	-	-	-	-	-	-	-	-	-	-	-	-				
Impairment loss of items of property, plant and equipment	-	-	-	-	20.9	-	-	-	-	-	30.0	-	-	-				
Impairment loss on right-of-use assets	-	-	-	-	123.7	-	-	-	-	-	-	-	-	-				
Impairment loss on properties held for sale	18.6	13.5	-	-	-	-	-	-	-	-	-	-	-	-				
Impairment of trade debtors	-	-	-	-	8.2	0.5	-	-	-	-	7.2	-	-	3.0				
Write back of impairment of trade debtors	-	-	-	-	-	-	-	-	-	-	-	-	(1.9)	-				
Write-off of trade debtors	-	6.2	-	-	-	-	-	-	-	-	-	-	-	-				
Fair value gains on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	-	-	(84.8)	(147.7)	-	-	-	-				
Fair value losses on investment properties, net	107.6	73.6	-	-	45.9	5.2	-	-	-	-	-	-	-	-				
Interest income	(1.4)	(6.6)	-	-	-	-	-	-	(43.0)	(95.3)	-	-	(8.9)	(4.0)				

Geographical information

(a) Revenue from external customers

	2020	2019
	HK\$'M	HK\$'M
Hong Kong	1,334.3	2,717.4
Mainland China	70.9	122.6
Other	37.6	59.5
	1,442.8	2,899.5

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

(b) Non-current assets

	2020	2019
	HK\$'M	HK\$'M
Hong Kong	27,739.0	27,821.2
Mainland China	483.4	1,412.6
Other	712.7	765.5
	28,935.1	29,999.3

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

Information about major customer

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

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

	2020	2019
	HK\$'M	HK\$'M
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	682.8	553.8
Proceeds from disposal of aircraft held for sale	–	5.9
Hotel operations and management services	607.6	1,893.2
Construction and construction-related income	3.4	8.0
Estate management fees	6.8	6.1
Other operations	32.3	32.3
	1,332.9	2,499.3
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	56.8	57.0
Investment properties	48.9	90.9
Aircraft	36.4	38.3
Others	3.9	6.1
Net gain/(loss) from sale of financial assets at fair value through profit or loss	(89.2)	95.7
Net gain on settlement of derivative financial instruments	0.5	0.6
Interest income from financial assets at fair value through profit or loss	41.4	89.1
Dividend income from listed investments	10.3	19.7
Other operations	0.9	2.8
	1,442.8	2,899.5

	2020	2019
	HK\$'M	HK\$'M
<u>Other income and gains, net</u>		
Bank interest income	35.1	25.8
Other interest income	20.1	81.6
Dividend income from unlisted investments	40.7	8.3
Gain/(Loss) on disposal of investment properties	(0.7)	12.9
Loss on settlement of derivative financial instrument	(0.1)	–
Gain/(Loss) on disposal of unlisted investments included in financial assets at fair value through profit or loss	(12.6)	6.0
Recovery of loans receivable	–	73.7
Others	10.4	9.0
	92.9	217.3

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

	2020	2019
	HK\$'M	HK\$'M
Profit on disposal of properties	281.4	254.3
Depreciation of property, plant and equipment	332.7	333.3
Depreciation of right-of-use assets	299.4	298.4
Amortisation of intangible asset	1.4	0.7
	633.5	632.4

5. Finance costs of the Group are as follows:

	2020	2019
	HK\$'M	HK\$'M
Interest on bank loans	375.6	520.7
Interest on other borrowings	107.2	108.2
Interest expenses arising from revenue contracts	86.5	29.0
Interest on lease liabilities	1.0	1.5
Amortisation of debt establishment costs	44.1	49.7
Total interest expenses on financial liabilities not at fair value through profit or loss	614.4	709.1
Other loan costs	9.1	10.5
	623.5	719.6
Less: Finance costs capitalised	(221.2)	(144.4)
	402.3	575.2

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

	2020	2019
	HK\$'M	HK\$'M
Current – Hong Kong		
Charge for the year	56.0	63.9
Overprovision in prior years	(0.3)	(0.3)
Current – Overseas		
Charge for the year	6.5	19.9
Underprovision in prior years	2.5	7.0
PRC land appreciation tax	0.7	1.1
Deferred	(74.7)	(64.2)
Total tax charge/(credit) for the year	(9.3)	27.4

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2019 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Taxes on the profits of subsidiaries operating 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.

The share of tax attributable to associates amounting to HK\$3.8 million (2019 – HK\$1.1 million), is included in “Share of profits and losses of associates” in the consolidated statement of profit or loss.

7. Dividends:

	2020	2019
	HK\$'M	HK\$'M
Interim – Nil (2019 – HK2.5 cents per ordinary share)	–	27.9
Proposed final – Nil (2019 – HK3.0 cents per ordinary share)	–	33.4
	<hr/>	<hr/>
	–	61.3
	<hr/>	<hr/>

8. The calculation of the basic earnings/(loss) per ordinary share for the year ended 31st December, 2020 is based on the loss for the year attributable to equity holders of the parent of HK\$874.2 million (2019 – profit of HK\$282.6 million), adjusted for the share of distribution related to perpetual securities of the Regal group of HK\$77.4 million (2019 – HK\$78.3 million), and on the weighted average of 1,114.6 million (2019 – 1,114.6 million) ordinary shares of the Company in issue during the year.

No adjustment was made to the basic earnings/(loss) per ordinary share for the years ended 31st December, 2020 and 2019 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the years.

9. Included in debtors, deposits and prepayments as at 31st December, 2019 were the deposits in an aggregate amount of RMB170 million (HK\$189.6 million) paid in relation to a possible investment by the Cosmopolitan group in a sizeable logistics services provider in the PRC. As further explained in Note 10(a) below, the Cosmopolitan group completed the disposal of its entire interests in the wholly owned subsidiaries that directly and indirectly own the investment deposits on 31st March, 2020.
10. Loans receivable included in current assets are analysed as follows:

	2020	2019
	HK\$'M	HK\$'M
Short term secured loans (Note (a))	–	167.3
Loan note receivable (Note (b))	110.4	210.4
Other secured loans	12.7	100.0
	<hr/> 123.1 <hr/>	<hr/> 477.7 <hr/>

Notes:

- (a) On 16th August, 2018, the Cosmopolitan group entered into a deposit agreement (the “Deposit Agreement”) in relation to the possible investment by the Cosmopolitan group in a sizeable logistics services provider that is principally operating logistics and express delivery services and the development and operation of logistics parks in the PRC. Pursuant to the Deposit Agreement, the Cosmopolitan group paid a deposit of RMB70 million (HK\$78.1 million) to the vendor and was granted an exclusivity period of 18 months to conduct bona fide negotiations to settle the terms of the possible investment. Following further negotiations with the vendor, the Cosmopolitan group agreed to increase the deposit under the Deposit Agreement from RMB70 million (HK\$78.1 million) to RMB170 million (HK\$189.6 million). The Cosmopolitan group also granted loan facilities to the target investee group in an aggregate loan amount of RMB150 million (HK\$167.3 million) which were fully utilised as at 31st December, 2019.

The short term secured loans bore interest at 18% to 24% per annum. The deposits and the loan amounts outstanding under the loan facilities were primarily secured by equity pledges over certain PRC companies associated with the vendor, guarantees provided by the vendor and certain of his associates, and pledges over the receivables of the target investee group and certain associates of the vendor. The short term secured loans were overdue as at 31st December, 2019.

On 31st December, 2019, the Cosmopolitan group entered into an agreement with another independent purchaser for the disposal of its entire interests in certain wholly owned subsidiaries that directly and indirectly own the investment deposits and loans for a consideration of HK\$400 million, which was determined with reference to the total outstanding amount of those deposits and loans, together with the interest accrued on the loans up to 31st December, 2019. The disposal was completed on 31st March, 2020 and a disposal gain of HK\$68.9 million was recognised for the year ended 31st December, 2020.

- (b) Loan note receivable represents the balance of the outstanding consideration in the original amount of HK\$210.4 million in respect of the Group's disposal of 50% equity interest in a subsidiary ("Subsidiary"), which beneficially holds a hotel development project, to an independent third party (the "Hotel Purchaser") in 2019. The loan note receivable is secured by the shares of the Subsidiary held by the Hotel Purchaser and was originally interest-free and repayable on 31st March, 2020. The obligations under the loan note receivable were subsequently novated to a wholly-owned subsidiary of the Hotel Purchaser and the maturity date of such loan note was also subsequently extended to 15th July, 2020.

On 15th July, 2020, the terms of repayment of the loan note were further amended as follows: (i) a sum of HK\$100 million shall be repaid on or before 15th July, 2020; (ii) a sum of HK\$35 million, together with the interest accrued at the rate of 4% per annum shall be repaid on or before 30th April, 2021; and (iii) the remaining balance, together with the interest accrued at the rate of 4% per annum shall be repaid on or before 15th July, 2021 provided that the interest specified in (ii) and (iii) above shall not be payable if the entire amount of the loan note is repaid on or before 30th April, 2021. On 15th July, 2020, HK\$100 million was received by the Group.

11. Included in debtors, deposits and prepayments is an amount of HK\$38.7 million (2019 – HK\$83.0 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:

	2020	2019
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	29.3	63.9
4 to 6 months	4.5	3.7
7 to 12 months	7.0	7.5
Over 1 year	18.1	16.1
	<hr/> 58.9	<hr/> 91.2
Impairment	(20.2)	(8.2)
	<hr/> 38.7 <hr/>	<hr/> 83.0 <hr/>

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

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

Also included in debtors, deposits and prepayments is an amount of HK\$32.2 million (2019 – HK\$13.6 million) in relation to the prepaid commission for sales of properties which is classified as contract costs in accordance with HKFRS 15.

12. Included in creditors and accruals is an amount of HK\$33.2 million (2019 – HK\$53.9 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:

	2020	2019
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	33.2	53.6
4 to 6 months	–	0.3
	<hr/> 33.2 <hr/>	<hr/> 53.9 <hr/>

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 year ended 31st December, 2020.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2020, 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 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2020, except that:

- (1) 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.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Bye-laws of the Company, all Directors (including the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

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. Donald FAN Tung

(Chief Operating Officer)

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

Hon Abraham SHEK Lai Him, GBS, JP

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 23rd March, 2021