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富豪酒店國際控股有限公司
Regal Hotels
International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 78)

ANNOUNCEMENT OF 2020 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2020 HK$'M	Year 2019 HK$'M	% Change
Revenue	**678.7**	2,226.2	**-69.5%**
Gross profit	**85.8**	1,015.7	**-91.6%**
Operating profit before depreciation, finance costs and tax	**165.5**	1,318.9	**-87.4%**
Profit/(Loss) for the year attributable to equity holders of the parent	**(885.9)**	454.6	**N/A**
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	**HK$(1.11)**	HK$0.38	**N/A**

	As at 31st December, 2020 (Unaudited)	 2019 (Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	**HK$14.25**	HK$14.46	**-1.5%**
★Adjusted	**HK$20.82**	HK$22.96	**-9.3%**

★ 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, 2019 and 2020, respectively, with the relevant deferred tax liabilities added back

- **The Group recorded a loss attributable to shareholders of HK$885.9 million for the year under review, while for the preceding year, a profit of HK$454.6 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 substantially 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 loss recorded by the Group for the year was primarily due to the fair value losses on investment properties and impairment losses on other assets, the depreciation charges on its hotel portfolio, which is essentially a non-cash item, and the finance costs incurred.**

- **Total depreciation charges on the Group's hotel portfolio in Hong Kong for the year amounted to HK$483.1 million (2019 – HK$484.7 million) which, although not affecting cash flow, have nevertheless impacted the Group's results.**

- **Due to the lockdown of the borders with the Mainland and the enforcement of stringent quarantine measures to combat the spread of the COVID-19 pandemic, the revenues from the Group's core hotel businesses during the year have dropped drastically as compared with the prior years.**

- **The enforcement of the lockdown and stringent social distancing measures have not only severely affected the Group's hotel room businesses but also the Group's food and beverage businesses, which used to contribute an important portion of the Group's overall hotel revenues.**

- **Through the implementation of measures to streamline the operating structure and to reduce operating costs, the Group was nevertheless able to achieve a modest gross operating profit in the overall operation of its hotels in Hong Kong.**

- **Gross profit from hotel operations fell to HK$52.8 million during the year under review, as compared to HK$716.7 million in 2019 and HK$1,060.6 million in 2018.**

- **In December 2020, the Regal Airport Hotel, the Regal Oriental Hotel and the iclub Ma Tau Wai Hotel enrolled in the Designated Quarantine Hotel Scheme organised by the Department of Health of the Hong Kong Government for use as quarantine hotels on a short term basis. Apart from fulfilling the corporate social responsibilities, the temporary use of these hotels as quarantine hotels can also serve to generate some steady revenues.**

- **The occupation permit for the Regala Skycity Hotel, the Group's second hotel at the Hong Kong International Airport, 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. This new hotel has a total of 1,208 guestrooms and suites, complemented with extensive food and beverage, banqueting and meeting facilities.**

- **The Group has a 50% joint venture interest in P&R Holdings Limited which owns, apart from other developments and properties, the Mount Regalia in Kau To, Sha Tin. Up to this date, a total of 14 garden houses and 37 apartment units 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 the Group, which will serve to further strengthen the Group's financial resources.**

- **The Group is developing, through one of its wholly owned subsidiaries, a commercial/residential project named as "The Queens" at No. 160, Queen's Road West, Hong Kong. The project will have a total of 130 residential units with club house facilities and commercial accommodations. The presale of the residential units is planned to be launched shortly.**

- **Hong Kong has always been a vibrant and resilient community and it is believed that Hong Kong's tourism industry and its economy as a whole will be able to regain recovery momentum soon after the pandemic subsides.**

- **Apart from its solid asset base, the Group has substantial financial resources available for deployment and is well placed to undertake new investments as and when appropriate opportunities arise.**

FINANCIAL RESULTS

For the year ended 31st December, 2020, the Group 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.

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 substantially 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.

Due to the lockdown of the borders with the Mainland and the enforcement of stringent quarantine measures to combat the spread of the COVID-19 pandemic, there were virtually minimal visitors to Hong Kong since March 2020 and the tourism industry as well as the overall economy of Hong Kong have been severely affected. Consequently, the revenues from the Group's core hotel businesses during the year have dropped drastically as compared with the prior years. Through the implementation of measures to streamline the operating structure and to reduce operating costs, the Group was nevertheless able to achieve a modest gross operating profit in the overall operation of its hotels in Hong Kong. The loss recorded by the Group for the year was primarily due to the fair value losses on investment properties and impairment losses on other assets, the depreciation charges on its hotel portfolio, which is essentially a non-cash item, and the finance costs incurred.

Gross profit from business operations for the year amounted to HK$85.8 million (2019 – HK$1,015.7 million). Operating profit before depreciation, finance costs and tax for the year was HK$165.5 million (2019 – HK$1,318.9 million). As the Group's hotel properties in Hong Kong are all owned and self-operated by subsidiaries of the Company, they are subject to depreciation charges to conform to the applicable accounting standards. Total depreciation charges on the Group's hotel portfolio in Hong Kong for the year amounted to HK$483.1

million (2019 – HK$484.7 million) which, although not affecting cash flow, have nevertheless impacted the Group's results.

Although there have been some downward adjustments in the market values of the Group's hotel portfolio in Hong Kong in the past two years due to the changes in the market environment, there is still a material difference between their aggregate carrying value reflected in the Group's financial statements, which are subject to accumulated depreciation charges, and their aggregate fair value as at 31st December, 2020 based on market valuations. Accordingly, an Adjusted Net Asset Statement is presented in the section headed "Management Discussion and Analysis" in this announcement, which illustrated for the purpose of reference that, if all such hotel properties were to be stated in the Group's financial statements at their independent professional market valuations as at 31st December, 2020, the underlying adjusted net asset value of the Company would amount to HK$20.8 per share.

BUSINESS OVERVIEW

HOTELS
MARKET OVERVIEW

According to a recent publication by the World Bank Group, although the global economy is emerging from the collapse triggered by the COVID-19 pandemic, the recovery is projected to be subdued. For 2020 as a whole, output in the United States is estimated to have fallen by 3.6%. In China, through the effective control of the pandemic and the support from infrastructure spending and public investment-led stimulus, its economy has rebounded at a faster-than-expected pace. Despite the growth in its Gross Domestic Product (GDP) decelerating from 6.0% in 2019 to 2.3% in 2020, China is the only major economy in the world that was able to achieve positive economic growth under the impact of the pandemic crisis. In Hong Kong, the local economy was also hard hit by the pandemic, with its GDP for the year having contracted by 6.1% as compared to 2019, which is the largest deterioration on record for Hong Kong.

Due to the stringent travel restrictions under the pandemic, visitor arrivals to Hong Kong for the whole year of 2020 plummeted to 3.6 million, including 2.7 million visitors from Mainland China, which was a decline of 93.8% year-on-year. Total overnight visitors were only 1.4 million and represented a decrease of 94.3% year-on-year. As a matter of record, the vast majority of those visitors came into Hong Kong in January and February of 2020, before the enforcement of the pandemic lockdown measures. To cope with this adverse market environment, hotel operators in Hong Kong had to shift their business focuses from incoming overseas visitors to domestic staycation and long stay customers. Although this helps hotel occupancy levels to a certain extent, it has a significant downward impact on the room rates.

Based on a hotel survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories in 2020 was 46.0%, a decrease of 33.0 percentage points from 2019, while the industry-wide average room rate dropped by 26.5%, resulting in a year-on-year decrease of 57.2% in Revenue per Available Room (RevPAR).

HOTEL OWNERSHIP

The Group is developing through a wholly owned subsidiary its second hotel, the Regala Skycity Hotel, at the Hong Kong International Airport. 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. This new hotel has a total of 1,208 guestrooms and suites, complemented with extensive food and beverage, banqueting and meeting facilities.

The Group acquired in 2019 an existing property located at a prime location in London, the United Kingdom, for renovation into a hotel with a restaurant. Planning works for the renovation scheme are ongoing and the renovation works are anticipated to be commenced later this year. This new hotel will be self-operated by the Group on completion of the renovation works.

Due to the impact of the pandemic, the lessee of the hotel that the Group owns in Barcelona, Spain is in default on the payment of rentals. The Group is taking legal actions to enforce its rights under the lease agreement.

REGAL REAL ESTATE INVESTMENT TRUST

As at 31st December, 2020, the Group held approximately 74.6% of the total outstanding issued units of Regal REIT, while Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager.

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. The loss recorded for the year under review included a fair value loss of HK$2,748.0 million arising from the decrease in the appraised values of Regal REIT's investment property portfolio, after accounting for the additional capital expenditures incurred, while for the comparative year in 2019, a fair value loss of HK$2,522.6 million was recorded. If the effects of the fair value changes are excluded, the core profit before distributions to Unitholders for 2020 would amount to HK$438.2 million, which represents an increase of 4.3% as compared to HK$420.3 million for the preceding year.

Total distributable income for the year attributable to the Unitholders amounted to HK$491.4 million, which was 10.4% higher than the HK$445.2 million reported in 2019. The increase in the total distributable income was mainly attributable to the reduction in the finance costs incurred, benefiting from the drop in the Hong Kong Interbank Offered Rates during the year, on which the bank borrowing costs of Regal REIT are based.

Regal REIT presently owns a portfolio of nine operating hotels in Hong Kong, comprising five Regal Hotels and four iclub Hotels. Except for the iclub Wan Chai Hotel which is self-operated by Regal REIT, all the other eight hotels have been leased by Regal REIT to a wholly owned subsidiary of the Company for hotel operations.

HOTEL OPERATIONS

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

As mentioned above, the Group's core hotel businesses have been operating under an extremely difficult environment during the year. The enforcement of the lockdown and stringent social distancing measures have not only severely affected the Group's hotel room businesses but also the Group's food and beverage businesses, which used to contribute an important portion of the Group's overall hotel revenues.

Faced with this completely changed operating environment, the Group has been promoting, since March 2020, competitively-priced packages to attract local long staying and staycation guests. Moreover, the Regal Oriental Hotel was leased to the Hong Kong Government in April 2020 for use as a holding facility for incoming visitors to Hong Kong while waiting for their COVID-19 test results, which lasted until August 2020.

Through these adjusted business strategies and the implementation of cost saving measures, the Group has managed to achieve during the year a modest gross operating profit in the overall business operations of its hotels in Hong Kong, though the quantum was far short of those in the prior years when the Group's hotels were operating under normal market conditions. Gross profit from hotel operations fell to HK$52.8 million during the year under review, as compared to HK$716.7 million in 2019 and HK$1,060.6 million in 2018.

For the year 2020 as a whole, the five Regal Hotels only maintained a combined average occupancy rate of 37.2%, as compared to 77.9% in 2019. Their combined average room rate also decreased by 41.6%, with Revenue Per Available Room consequently declining by 72.1% year-on-year.

The market rental review for the five Regal Hotels for 2021 was completed in November 2020. The aggregate annual base rent for the five hotels for 2021 was determined by the jointly appointed independent professional valuer to be HK$460.0 million, which was HK$250.0 million below the aggregate base rent of HK$710.0 million for 2020. Variable rent will continue to be based on 50% sharing of the excess of the aggregate net property income of the hotels over their aggregate base rent.

Three iclub Hotels owned by Regal REIT, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub Ma Tau Wai Hotel, are under lease to Favour Link for hotel operations. Like the Regal Hotels, the businesses of the iclub Hotels during the year have also been adversely affected by the pandemic restrictions, albeit to a lesser extent, as the iclub Hotels typically have smaller room counts and without food and beverage facilities.

The combined average occupancy rate for the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel for 2020 was 72.1%, 9.3 percentage points below the level in 2019, while their combined average room rate decreased by 48.5%, resulting in a reduction of 54.4% in their average combined RevPAR year-on-year.

Same as for the Regal Hotels, the rental packages for the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel are determined annually by a jointly appointed independent professional property valuer. Under the market rental reviews also concluded in November 2020, the base rent for 2021 for each of these two hotels was determined to be HK$26.0 million, which is a reduction of HK$15.0 million below their respective annual base rents of HK$41.0 million for 2020. Variable rent will continue to be based on 50% sharing of the excess of the net property income over the base rent of each hotel.

The iclub Ma Tau Wai Hotel is still under the fixed rental term within the initial 5-year lease term, which will end in September 2022. The lease will be extendable to 31st December, 2027 at the option of Regal REIT, with rentals to be based on annual market rental reviews.

In December 2020, the Regal Airport Hotel, the Regal Oriental Hotel and the iclub Ma Tau Wai Hotel enrolled in the Designated Quarantine Hotel Scheme organised by the Department of Health of the Hong Kong Government for use as quarantine hotels on a short term basis. Apart from fulfilling the corporate social responsibilities, the temporary use of these hotels as quarantine hotels can also serve to generate some steady revenues.

HOTEL MANAGEMENT

Regal Hotels International Limited, the wholly owned management arm of the Group, is the hotel manager managing all the five Regal Hotels and six iclub Hotels operating in Hong Kong, including the iclub AMTD Sheung Wan Hotel which was officially opened in November 2020. The Regala Skycity Hotel, which is planned to be opened for business in the latter part of this year, will be the next addition to the management portfolio of Regal Hotels International.

In Mainland China, Regal Hotels International is presently managing a total of five Regal Hotels, including two in Shanghai, two in Dezhou and one in Xian. The Regal Shanghai East Asia Hotel was officially closed in December 2020 under the new mega scale Shanghai Stadium Redevelopment Project. The Group is also managing one hotel in Zhengzhou which is operating under the iclub by Regal brand. Three other hotels to be managed by the Group are under development, which are separately located in Chengdu, Jiangmen and Kunshan.

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 Limited, a 50/50 joint venture between the Group and Paliburg Holdings Limited, the immediate listed parent of the Company. 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 the Group, which will serve to further strengthen the Group's financial resources.

The Group is developing, through one of its wholly owned subsidiaries, a commercial/residential project named as "The Queens" at No. 160, Queen's Road West, Hong Kong. The project will have a total of 130 residential units with club house facilities and commercial accommodations. The superstructure works have commenced and the project is expected to the completed in 2022. The presale of the residential units is planned to be launched shortly.

The Group is also undertaking in Hong Kong another commercial/residential development at Hai Tan Street in Sham Shui Po. In the meanwhile, a residential project to be renovated for strata sale is being undertaken in Lisbon, Portugal. The Group still owns a total of 12 garden houses in Regalia Bay in Stanley, 6 of which are held as investment properties.

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

AIRCRAFT OWNERSHIP AND LEASING

At present, the Group owns a fleet of 3 Airbus passenger aircraft, which are on operating leases with 2 different airline operators in Europe. The global coronavirus pandemic has severely affected air passenger traffic, which put some airline operators under financial pressures. The leases for two aircraft leased to a major airline operator continue to be running on normal terms but there has been payment defaults on the lease for the other aircraft. The Group is monitoring the situation and working closely with the professional aircraft manager for remedial solutions.

OUTLOOK

The COVID-19 pandemic has significantly changed and reshaped the global business environment. According to the World Bank Group, global economic output is expected to expand by 4% in 2021 but remains below its pre-pandemic projections. There is also a material risk that setbacks in containing the pandemic may derail the recovery process. While governments around the world are continuing to introduce various stimulus packages to stabilise their economies, the prospects of the China-US trade relations remain uncertain and the global financial markets can be volatile under the large-scale quantitative easing environment. There are still high levels of uncertainties in the global economic outlook.

On a brighter note, several vaccines have now been authorised and distributed to many countries around the globe to rollout the vaccination programmes for their citizens. It is hoped that when the effective vaccines can be widely used and the coronavirus thereby brought under control, the global economy will begin to ramp up in its recovery.

Hong Kong will continue to benefit from its key position as an international financial and commercial hub. There will be plenty of opportunities and development space for Hong Kong in different business sectors under the development plan of the Guangdong-Hong Kong-Macao Greater Bay Area and the "Belt and Road" initiative. These business activities will, in turn, promote the demand from business travellers and leisure visitors to Hong Kong.

For the first two months of 2021, the performance of the tourist market in Hong Kong remained weak. It is hoped, however, that with the successful implementation of vaccination programmes, it will not be long for the borders with the Mainland to be re-opened and normal business and travelling activities in and out of Hong Kong to be resumed. Hong Kong has a wide range of competitive advantages that have made the city one of the world's most attractive destinations for tourism, shopping, investing and doing business. Hong Kong has always been a vibrant and resilient community and it is believed that Hong Kong's tourism industry and its economy as a whole will be able to regain recovery momentum soon after the pandemic subsides.

Apart from its solid asset base, the Group has substantial financial resources available for deployment and is well placed to undertake new investments as and when appropriate opportunities arise.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The performance of the Group's hotel, property and other investment businesses as well as that of Regal REIT during the year under review, the commentary on the hotel and property sectors and the changes in the general market conditions and the potential impact on their operating performances and future prospects are contained in the above sections headed "Financial Results", "Business Overview" and "Outlook" as well as in this sub-section.

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

A brief review on the development projects and properties of the Group, which are all wholly owned by the Group (except for the property project in Portugal), and those undertaken by P&R Holdings and its listed subsidiary, Cosmopolitan, and on the Group's financial assets and other investments 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 the Company 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 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 Group in 2014. The hotel was formerly self-operated by the 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 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 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 Group on completion of the renovation works.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

The 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.

JOINT VENTURE – P&R HOLDINGS LIMITED

P&R Holdings is a 50/50 owned joint venture established with Paliburg, with capital contributions provided by the Company and Paliburg on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. P&R Holdings' 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 carparks. 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 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 Regal Hotels International.

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.

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.

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

The Group's hotel properties in Hong Kong owned by Regal REIT, with the exception of the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub Ma Tau Wai Hotel, were stated in the financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially but have not been reflected in the Group's financial statements. Moreover, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub Ma Tau Wai Hotel were stated in the Group's financial statements at their fair values at the time of acquisition net of the unrealised gain attributable to the Group and are also subject to depreciation and impairment. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio 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$20.82 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	**12,806.2**	**14.25**
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back the relevant deferred tax liabilities	**5,907.3**	**6.57**
Unaudited adjusted net assets attributable to equity holders of the parent	**18,713.5**	**20.82**

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.

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 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

During the year under review, there were net cash flows generated from operating activities of HK$1,089.7 million (2019 – HK$793.3 million). Net interest payment for the year amounted to HK$171.6 million (2019 – HK$242.1 million).

Borrowings and Gearing

As at 31st December, 2020, the Group had cash and bank balances and deposits of HK$2,748.8 million (2019 – HK$1,866.1 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK$13,264.7 million (2019 – HK$13,907.1 million).

As at 31st December, 2020, the gearing ratio of the Group was 40.9% (2019 – 42.5%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK$13,264.7 million (2019 – HK$13,907.1 million), as compared to the total assets of the Group of HK$32,459.3 million (2019 – HK$32,702.0 million).

On the basis of the adjusted total assets as at 31st December, 2020 of HK$40,176.7 million (2019 – HK$42,674.9 million) with the Group's hotel portfolio in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 33.0% (2019 – 32.6%).

As at 31st December, 2020, the Group has net current liabilities of HK$3,792.7 million (2019 – net current assets of HK$3,884.0 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 in February 2021, of which HK$1,125 million was made directly available to the Group as a revolving loan facility. 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$27.8 million (2019 – HK$53.1 million).

Pledge of Assets

As at 31st December, 2020, the Group's properties held for sale and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties under development, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK$21,288.1 million (2019 – HK$21,849.7 million) were pledged to secure banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT.

Capital Commitments

Details of the capital commitments of the Group as at 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 HK6.0 cents per ordinary share). No interim dividend was paid for the year ended 31st December, 2020 (2019 – payment of an interim dividend of HK4.5 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, Computershare Hong Kong Investor Services 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)	**678.7**	2,226.2
Cost of sales	**(592.9)**	(1,210.5)
Gross profit	**85.8**	1,015.7
Other income and gains, net (Note 3)	**270.0**	268.7
Fair value gains on financial assets at fair value through profit or loss, net	**159.8**	300.0
Fair value losses on investment properties	**(72.9)**	(5.2)
Impairment loss on items of property, plant and equipment	**(90.1)**	–
Property selling and marketing expenses	**(14.0)**	(9.2)
Administrative expenses	**(173.1)**	(251.1)
OPERATING PROFIT BEFORE DEPRECIATION	**165.5**	1,318.9
Depreciation	**(522.5)**	(530.2)
OPERATING PROFIT/(LOSS) (Note 4)	**(357.0)**	788.7
Finance costs (Note 5)	**(290.1)**	(412.5)
Share of profits and losses of:		
Joint ventures	**(236.1)**	57.5
Associates	**(0.7)**	36.4
PROFIT/(LOSS) BEFORE TAX	**(883.9)**	470.1
Income tax (Note 6)	**(12.9)**	(10.5)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(896.8)**	459.6

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2020 HK$'M	Year ended 31st December, 2019 HK$'M
Attributable to:		
Equity holders of the parent	**(885.9)**	454.6
Non-controlling interests	**(10.9)**	5.0
	(896.8)	459.6
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK$(1.11)**	HK$0.38

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2020 HK$'M	Year ended 31st December, 2019 HK$'M
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(896.8)**	459.6
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	**54.8**	(23.7)
Share of other comprehensive income/(loss) of:		
A joint venture	**47.9**	211.9
An associate	**0.1**	(0.1)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**102.8**	188.1
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of:		
A joint venture	**758.0**	–
Fair value loss on equity investments designated at fair value through other comprehensive income	**–**	(228.9)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**758.0**	(228.9)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**860.8**	(40.8)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(36.0)**	418.8
Attributable to:		
Equity holders of the parent	**(25.6)**	414.0
Non-controlling interests	**(10.4)**	4.8
	(36.0)	418.8

Consolidated Statement of Financial Position

	31st December, 2020	31st December, 2019
	HK$'M	HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**8,596.5**	7,962.4
Investment properties	**900.6**	1,052.1
Right-of-use assets	**10,917.3**	11,197.7
Properties under development	**444.3**	443.2
Investments in joint ventures	**4,010.1**	3,967.2
Investments in associates	**11.3**	52.9
Financial assets at fair value through profit or loss	**743.6**	755.8
Other loan	–	1,062.0
Debtors and deposits (Note 9)	**77.3**	78.4
Deferred tax assets	**50.1**	47.5
Total non-current assets	**25,751.1**	26,619.2
CURRENT ASSETS		
Properties under development	**927.2**	868.7
Properties held for sale	**240.2**	237.7
Inventories	**25.2**	29.6
Debtors, deposits and prepayments (Note 9)	**282.1**	226.6
Financial assets at fair value through profit or loss	**1,941.1**	2,455.7
Other loans	**535.9**	390.8
Derivative financial instruments	–	3.1
Tax recoverable	**7.7**	4.5
Restricted cash	**88.5**	76.0
Pledged time deposits and bank balances	**311.3**	357.0
Time deposits	**81.9**	631.5
Cash and bank balances	**2,267.1**	801.6
Total current assets	**6,708.2**	6,082.8

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2020	31st December, 2019
	HK$'M	HK$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	**(274.7)**	(332.1)
Contract liabilities	**(53.6)**	(43.3)
Lease liabilities	**(12.0)**	(16.6)
Interest bearing bank borrowings	**(7,426.3)**	(1,747.0)
Other borrowing	**(2,707.0)**	–
Tax payable	**(27.3)**	(59.8)
Total current liabilities	**(10,500.9)**	(2,198.8)
NET CURRENT ASSETS/(LIABILITIES)	**(3,792.7)**	3,884.0
TOTAL ASSETS LESS CURRENT LIABILITIES	**21,958.4**	30,503.2
NON-CURRENT LIABILITIES		
Creditors and deposits received (Note 10)	**(104.5)**	(145.0)
Lease liabilities	**(15.8)**	(36.5)
Interest bearing bank borrowings	**(5,880.2)**	(11,309.5)
Other borrowing	**–**	(2,716.7)
Deferred tax liabilities	**(801.8)**	(839.7)
Total non-current liabilities	**(6,802.3)**	(15,047.4)
Net assets	**15,156.1**	15,455.8
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**89.9**	89.9
Reserves	**12,716.3**	12,908.8
	12,806.2	12,998.7
Perpetual securities	**1,732.9**	1,732.9
Non-controlling interests	**617.0**	724.2
Total equity	**15,156.1**	15,455.8

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 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$885.9 million (2019 – net profit of HK$454.6 million) for the year ended 31st December, 2020 and net current liabilities of HK$3,792.7 million (2019 – net current assets of HK$3,884.0 million) and net assets of HK$15,156.1 million (2019 – HK$15,455.8 million) as at 31st December, 2020. The Group had total non-pledged time deposits, cash and bank balances of HK$2,349.0 million as at 31st December, 2020. The Group also had a positive net cash flows from operating activities of HK$1,089.7 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	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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 six reportable operating segments as follows:

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

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's 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 borrowing, 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:

	Hotel operation and management and hotel ownership		**Asset management**		**Property development and investment**		**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**
Segment revenue (Note 3):																
Sales to external customers	646.6	1,945.6	-	-	10.3	13.8	(37.8)	201.8	36.4	44.2	23.2	20.8	-	-	678.7	2,226.2
Intersegment sales	4.5	5.5	93.9	104.9	4.9	4.9	-	-	-	-	71.7	106.8	(175.0)	(222.1)	-	-
Total	651.1	1,951.1	93.9	104.9	15.2	18.7	(37.8)	201.8	36.4	44.2	94.9	127.6	(175.0)	(222.1)	678.7	2,226.2
Segment results before depreciation	(65.9)	662.0	(11.6)	(14.5)	118.5	187.7	149.3	517.0	(4.5)	33.9	7.6	(9.5)	-	-	193.4	1,376.6
Depreciation	(500.4)	(502.8)	(0.4)	(2.2)	(6.4)	(6.6)	-	-	(11.8)	(15.0)	(3.5)	(3.6)	-	-	(522.5)	(530.2)
Segment operating results	(566.3)	159.2	(12.0)	(16.7)	112.1	181.1	149.3	517.0	(16.3)	18.9	4.1	(13.1)	-	-	(329.1)	846.4
Unallocated interest income and unallocated non-operating and corporate gains															20.8	22.4
Unallocated non-operating and corporate expenses, net															(49.5)	(81.5)
Finance costs (other than interest on lease liabilities)															(289.3)	(411.1)
Share of profits and losses of:																
Joint ventures	-	-	-	-	(236.1)	57.5	-	-	-	-	-	-	-	-	(236.1)	57.5
Associates	-	-	-	-	(0.5)	35.7	-	-	-	-	(0.2)	0.7	-	-	(0.7)	36.4
Profit/(Loss) before tax															(883.9)	470.1
Income tax															(12.9)	(10.5)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests															(896.8)	459.6
Attributable to:																
Equity holders of the parent															(885.9)	454.6
Non-controlling interests															(10.9)	5.0
															(896.8)	459.6

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		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**
Segment assets	19,227.4	18,874.6	31.3	36.7	3,269.6	4,226.3	2,755.4	3,240.7	347.9	391.0	19.8	25.5	(32.2)	(40.7)	25,619.2	26,754.1
Investments in joint ventures	-	-	-	-	4,010.1	3,967.2	-	-	-	-	-	-	-	-	4,010.1	3,967.2
Investments in associates	-	-	-	-	4.6	46.1	-	-	-	-	6.7	6.8	-	-	11.3	52.9
Cash and unallocated assets															2,818.7	1,927.8
Total assets															32,459.3	32,702.0
Segment liabilities	(288.8)	(382.6)	(1.0)	(3.5)	(46.0)	(85.6)	(21.5)	(1.4)	(65.4)	(67.6)	(9.7)	(14.6)	32.2	40.7	(400.2)	(514.6)
Interest bearing bank borrowings and unallocated liabilities															(16,903.0)	(16,731.6)
Total liabilities															(17,303.2)	(17,246.2)
Other segment information:																
Interest income	-	-	-	-	(146.1)	(177.0)	(43.0)	(95.3)	-	-	-	-				
Reimbursement of lease payments in connection with undertaking provided by a joint venture	(57.1)	(28.3)	-	-	-	-	-	-	-	-	-	-				
Impairment of trade debtors, net	8.2	0.5	-	-	-	-	-	-	7.2	-	(1.9)	3.0				
Fair value gains on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	(159.8)	(300.0)	-	-	-	-				
Fair value losses on investment properties	45.9	5.2	-	-	27.0	-	-	-	-	-	-	-				
Gain on disposal of an investment property	-	-	-	-	-	(9.0)	-	-	-	-	-	-				
Impairment loss on items of property, plant and equipment	60.1	-	-	-	-	-	-	-	30.0	-	-	-				
Capital expenditure	835.5	1,019.2	-	-	11.0	-	-	-	-	0.1	0.4	2.7				

Geographical information

(a) Revenue from external customers

	2020	2019
	HK$'M	HK$'M
Hong Kong	**636.4**	2,156.5
Mainland China	**4.7**	10.2
Other	**37.6**	59.5
	678.7	2,226.2

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	**23,152.9**	21,954.9
Mainland China	**1,014.5**	1,955.1
Other	**712.7**	765.5
	24,880.1	24,675.5

The non-current assets information above is based on the locations of the 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**
Revenue		
Revenue from contracts with customers		
Hotel operations and management services	**585.3**	1,867.8
Sale of aircraft	**–**	5.9
Other operations	**27.3**	22.6
	612.6	1,896.3
Revenue from other sources		
Rental income:		
Hotel properties	**56.8**	57.0
Investment properties	**7.1**	27.1
Aircraft	**36.4**	38.3
Others	**2.7**	2.9
Gain/(loss) from sale of financial assets at fair value through profit or loss, net	**(87.9)**	95.7
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	**8.2**	16.4
Other operations	**0.9**	2.8
	678.7	2,226.2

	2020	2019
	HK$'M	**HK$'M**
Other income and gains, net		
Bank interest income	**19.5**	19.8
Other interest income	**148.0**	183.4
Gain on disposal of an investment property	**–**	9.0
Gain/(Loss) on disposal of unlisted investments included in financial assets at fair value through profit or loss	**(12.6)**	6.0
Dividend income from unlisted investments	**40.7**	8.3
Reimbursement of lease payments in connection with undertaking provided by a joint venture	**57.1**	28.3
Others	**17.3**	13.9
	270.0	268.7

4. An analysis of profit on sale of a property and depreciation of the Group included in the operating profit is as follows:

	2020	2019
	HK$'M	**HK$'M**
Profit on disposal of a property	**–**	9.0
Depreciation of property, plant and equipment	**289.0**	294.9
Depreciation of right-of-use assets	**233.5**	235.3
	522.5	530.2

5. Finance costs of the Group are as follows:

	2020 HK$'M	2019 HK$'M
Interest on bank loans	**263.6**	365.5
Interest on other borrowings	**107.1**	108.2
Interest on lease liabilities	**0.9**	1.4
Amortisation of debt establishment costs	**32.5**	31.3
Total interest expenses on financial liabilities not at fair value through profit or loss	**404.1**	506.4
Other loan costs	**8.5**	10.2
	412.6	516.6
Less: Finance costs capitalised	**(122.5)**	(104.1)
	290.1	412.5

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

	2020 HK$'M	2019 HK$'M
Current – Hong Kong		
Charge for the year	**53.5**	57.9
Overprovision in prior years	**(0.2)**	(0.3)
Current – Overseas		
Charge for the year	**1.2**	0.9
Underprovision in prior years	**0.5**	0.2
Deferred	**(42.1)**	(48.2)
Total tax charge for the year	**12.9**	10.5

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 share of tax attributable to a joint venture amounting to HK$5.4 million (2019 – HK$19.8 million) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

7. Dividends:

	2020	**2019**
	HK$'M	**HK$'M**
Interim – Nil (2019 – HK4.5 cents per ordinary share)	–	40.4
Proposed final – Nil (2019 – HK6.0 cents per ordinary share)	–	53.9
	–	94.3

8. The calculation of the basic earnings/(loss) per ordinary share is based on the loss for the year attributable to equity holders of the parent of HK$885.9 million (2019 – profit of HK$454.6 million), adjusted for the distribution related to perpetual securities of HK$113.4 million (2019 – HK$114.5 million), and on the weighted average of 898.8 million (2019 – 898.8 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 is an amount of HK$37.2 million (2019 – HK$81.0 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	**29.0**	62.5
Between 4 to 6 months	**4.2**	3.6
Between 7 to 12 months	**6.7**	7.0
Over 1 year	**17.5**	16.1
	57.4	89.2
Impairment	**(20.2)**	(8.2)
	37.2	81.0

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

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

10. Included in creditors, deposits received and accruals is an amount of HK$31.7 million (2019 – HK$52.9 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	**31.7**	52.6
Between 4 to 6 months	**–**	0.3
	31.7	52.9

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 Non-Executive Director and 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 Non-Executive Director and 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)
Miss LO Po Man
(Vice Chairman and Managing Director)
Ms. Belinda YEUNG Bik Yiu, JP
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Mr. Kenneth NG Kwai Kai
Mr. Allen WAN Tze Wai

Non-Executive Director:
Dr. Francis CHOI Chee Ming, GBS, JP
(Vice Chairman)

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

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 23rd March, 2021