



百利保控股有限公司

Paliburg
Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 617)



2025

INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lo Yuk Sui

(Chairman and Chief Executive Officer)

Jimmy Lo Chun To

(Vice Chairman and Managing Director)

Kelvin Leung So Po

Lo Po Man

Kenneth Ng Kwai Kai

Kenneth Wong Po Man

Independent Non-Executive Directors

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

Wong Chi Keung

AUDIT COMMITTEE

Wong Chi Keung (Chairman)

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

REMUNERATION COMMITTEE

Wong Chi Keung (Chairman)

Lo Yuk Sui

Winnie Ng, JP

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

Wong Chi Keung

SECRETARY

Eliza Lam Sau Fun

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited

The Bank of East Asia, Limited

China CITIC Bank International Limited

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

Chong Hing Bank Limited

Hang Seng Bank Limited

Hua Xia Bank Co., Limited, Hong Kong Branch

Industrial and Commercial Bank of China (Asia) Limited

Nanyang Commercial Bank, Limited

United Overseas Bank Limited, Hong Kong Branch

PRINCIPAL REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Clarendon House, 2 Church Street

Hamilton HM 11, Bermuda

BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

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DIRECTORS' PROFILE

Mr. Lo Yuk Sui, aged 80; *Chairman and Chief Executive Officer* — Chairman and Managing Director since 1993 and designated as the Chief Executive Officer in 2007. Mr. Lo has been the managing director and the chairman of the predecessor listed companies of the Group since 1984 and 1986, respectively. He is also an executive director, the chairman and the chief executive officer of Century City International Holdings Limited ("CCIHL"), the ultimate listed holding company of the Company, Regal Hotels International Holdings Limited ("RHIHL") and Cosmopolitan International Holdings Limited ("Cosmopolitan"), both listed subsidiaries of the Company, and a non-executive director and the chairman of Regal Portfolio Management Limited ("RPML"), the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Ms. Lo Po Man.

Mr. Lo Chun To (Alias: Jimmy), aged 51; *Vice Chairman and Managing Director* — Appointed to the Board in 1999. Mr. Jimmy Lo has been a Vice Chairman and Managing Director of the Company since 2013. He is also an executive director and a vice chairman of CCIHL, an executive director of RHIHL, an executive director, a vice chairman and the managing director of Cosmopolitan, and a non-executive director of RPML. Mr. Lo graduated from Cornell University, New York, the United States, with a Degree in Architecture. Mr. Lo joined the Century City Group in 1998. He is primarily involved in overseeing the property projects of the Group and, in addition, undertakes responsibilities in the business development of the Century City Group. Mr. Lo is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

Mr. Leung Po Wing, Bowen Joseph, GBS, JP, aged 75; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 2008. Mr. Leung is also an independent non-executive director of RPML. Mr. Leung previously served the Hong Kong Government for over 32 years until his retirement as the Director of the Office of the Government of the Hong Kong Special Administrative Region in Beijing ("Beijing Office") in November 2005. He joined the Administrative Service in June 1973 and rose to the rank of Administrative Officer Staff Grade A1 in June 1996. During his service in the Administrative Service, Mr. Leung had served in various policy bureaux and departments. Senior positions held by Mr. Leung included: Deputy Secretary for District Administration (later retitled as Deputy Secretary for Home Affairs); Deputy Secretary for Planning, Environment and Lands; Private Secretary, Government House, Secretary for Planning, Environment and Lands and Director of the Beijing Office. Mr. Leung has extensive experience in corporate leadership and public administration. During his tenure as the Director of the Beijing Office, he had made commendable efforts in promoting Hong Kong in the Mainland, as well as fostering closer links and co-operation between Hong Kong and the Mainland. Mr. Leung is an independent non-executive director and a member of the audit committee of Quali-Smart Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Leung So Po (Alias: Kelvin), aged 53; *Executive Director* — Appointed to the Board in 2023. Mr. Kelvin Leung is also an executive director of CCIHL and RHIHL, and an executive director and the chief financial officer of Cosmopolitan. Mr. Leung has been with the Century City Group since 1997, and he is involved in the corporate finance function as well as in the China business division of the Century City Group. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. Mr. Leung has over 29 years of experience in accounting and corporate finance field.

DIRECTORS' PROFILE (Cont'd)

Ms. Lo Po Man, aged 45; *Executive Director* — Appointed to the Board in 2007. Ms. Lo is also an executive director and a vice chairman of CCIHL, an executive director, a vice chairman and the managing director of RHIHL, an executive director and a vice chairman of Cosmopolitan, and a non-executive director and the vice chairman of RPML. She joined the RHIHL Group in 2000. Ms. Lo graduated from Duke University with a Bachelor's Degree in Psychology and The University of Hong Kong with a Master's Degree in Buddhist Studies. Ms. Lo serves as an Adjunct Professor teaching sustainable business management and impact investing at The Hong Kong University of Science and Technology and The University of Hong Kong. She has been officially appointed as Member of the Green Technology and Finance Development Committee, Council Member of Hong Kong University of Science and Technology, and serves on Hong Kong's Chief Executive's Policy Unit Expert Group and the Green Technology and Finance Development Committee. She is appointed as Chair of the UNESCAP ESNB Finance Task Force and a member of the Executive Committee of ESNB, and she serves as Chair of the Asia Pacific Green Deal for Business Committee. Ms. Lo primarily oversees the operation of the Group's hotel business and, in addition, oversees corporate investments and business development of the Century City Group. Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Mr. Ng Kwai Kai (Alias: Kenneth), aged 71; *Executive Director* — Appointed to the Board in 1995. Mr. Kenneth Ng is also an executive director and the chief operating officer of CCIHL, an executive director of RHIHL and Cosmopolitan, and a non-executive director of RPML. Mr. Ng has been with the Group since 1985 and is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is a Chartered Secretary.

Ms. Winnie Ng, JP, aged 61; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 2018. Ms. Ng is also an independent non-executive director of CCIHL and RHIHL. Ms. Ng holds an MBA (Master of Business Administration) from University of Chicago and an MPA (Master of Public Administration) from Harvard University. Ms. Ng has received numerous awards and recognition. In 2019, she received the Outstanding Businesswomen Award and in 2017, she was appointed a Justice of the Peace. In 2016, she won Nobel Laureate Series: Asian Chinese Leadership Award and China Top Ten Outstanding Women Entrepreneurs. In previous years, she received recognitions as a Woman of Excellence in Hong Kong, one of 60 Meritorious Chinese Entrepreneurs with Achievement and National Contribution, Yazhou Zhoukan Young Chinese Entrepreneur Award and was Mason Fellow of Harvard University. Active in public service, Ms. Ng is Director of Po Leung Kuk, Member of Women's Commission and Co-Convenor of Women Empowerment Fund, Director of CUHK Medical Centre, Director of HKBU Chinese Medicine Hospital, Council Member of The Education University of Hong Kong, Advisor of Our Hong Kong Foundation, and Council Member of The Better Hong Kong Foundation. She was Chairman of Hospital Governing Committee of Prince of Wales Hospital from 2014 to 2020, Member of Hong Kong Tourism Board and its Marketing & Business Development Committee Chairman, Member of Hospital Authority and its Supporting Services Development Committee Chairman from 2010 to 2016, Member of Employees Retraining Board and its Course Vetting Committee Convenor, and Member of Vocational Training Council from 2011 to 2017. Ms. Ng is also a non-executive director of Transport International Holdings Limited, and she was the founder, deputy chairman and a non-executive director of RoadShow Holdings Limited (now known as Bison Finance Group Limited). Both companies are listed on the Stock Exchange.

Mr. Shek Lai Him, Abraham (Alias: Abraham Razack), GBS, JP, aged 80; Independent Non-Executive Director — Invited to the Board as Independent Non-Executive Director in 2002. Mr. Abraham Shek is also an independent non-executive director of Cosmopolitan and RPML. Mr. Shek holds a Bachelor's Degree of Arts and a Juris Doctor Degree. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, a member of the Court of City University of Hong Kong and a member of the Court of Hong Kong Metropolitan University. Mr. Shek was a member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Shek is the honorary chairman, an independent non-executive director and the chairman of the audit committee of Chuang's China Investments Limited, an independent non-executive director and the chairman of the audit committee of Chuang's Consortium International Limited, the joint vice chairman, an independent non-executive director and a member of the audit committee of ITC Properties Group Limited, an independent non-executive director and a member of the audit committee of China Resources Building Materials Technology Holdings Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Shin Hwa World Limited and CTF Services Limited, an independent non-executive director of Alliance International Education Leasing Holdings Limited and Lai Fung Holdings Limited, and the chairman and a non-executive director of JY Grandmark Holdings Limited, all of which companies are listed on the Stock Exchange. He is also an independent non-executive director and a member of the audit committee of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (which is listed on the Stock Exchange).

Mr. Wong Chi Keung, aged 70; Independent Non-Executive Director — Invited to the Board as Independent Non-Executive Director in 2004. Mr. Wong is also an independent non-executive director of CCIHL and RHIHL. Mr. Wong holds a Master's Degree in Business Administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia and an associate member of The Chartered Governance Institute and The Chartered Institute of Management Accountants. Mr. Wong is a responsible officer for asset management and advising on securities under the Securities and Futures Ordinance of Hong Kong. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Changyou International Group Limited, China Ting Group Holdings Limited and Zhuguang Holdings Group Company Limited, all of which are companies listed on the Stock Exchange. Mr. Wong has over 42 years of experience in finance, accounting and management.

Mr. Wong Po Man (Alias: Kenneth), aged 59; Executive Director — Appointed to the Board in 2007. Mr. Kenneth Wong is also an executive director and the chief operating officer of Cosmopolitan. Mr. Wong graduated from The University of Hong Kong with a Bachelor of Arts Degree in Architectural Studies and a Bachelor's Degree of Architecture. He also holds a Master of Science Degree in Real Estates from The University of Hong Kong. Mr. Wong is a qualified architect and has been with the Group for over 32 years. He has been involved in architectural design and project management in respect of various property development projects of the Group and is also the Technical Director of Chatwin Engineering Limited, the construction arm of the Group, registered under the Buildings Ordinance.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am presenting herewith the Interim Report of the Company for the six months ended 30th June, 2025.

FINANCIAL RESULTS

For the six months ended 30th June, 2025, the Group recorded a consolidated loss attributable to shareholders of HK\$613.4 million, while for the corresponding period in 2024, a loss of HK\$676.3 million was incurred.

Properties and hotels constitute the two principal businesses of the Group. Due to the sluggish market conditions in the real estate sectors in Hong Kong and the Mainland, where the property businesses of the Group are primarily conducted, the revenues generated from the property segment has contracted, as compared with the corresponding period in 2024. However, the hotel businesses undertaken through Regal Hotels International Holdings Limited, the principal listed subsidiary of the Company, has continued to perform steadily, contributing increased income over the preceding comparative period.

For the period under review, gross profit of the Group amounted to HK\$403.8 million (2024 – HK\$414.2 million). After accounting for mainly the fair value losses on investment properties and the impairment loss on properties held for sale, which amounted to HK\$200.8 million, as well as various administrative and other expenses, the Group recorded an operating loss of HK\$24.7 million (2024 – profit of HK\$78.0 million) before depreciation, finance costs and tax.

After further accounting for the finance costs incurred and the depreciation charges provided on the Group's hotel properties in Hong Kong, the Group had a consolidated loss of HK\$613.4 million for the period under review.

However, it should be noted that the depreciation charges on the Group's hotel properties in Hong Kong are required to conform to applicable standards, as they are all owned and operated within the Group. These depreciation charges, which amounted to HK\$335.4 million for this interim period (2024 – HK\$338.4 million), have no direct impact on the Group's cash flow, but they have nevertheless adversely affected the Group's financial results.

Based on their independent professional market valuations as at 30th June, 2025, the aggregate market value of the Group's hotel properties in Hong Kong was well above their total carrying value, as they were subject to accumulated depreciation charges. For the purpose of reference, an Adjusted Net Assets Statement is presented in the section headed "Management Discussion and Analysis" in this Interim Report, which illustrated that, if all such hotel properties were to be stated in the Group's financial statements at their market valuations as at 30th June, 2025, the underlying adjusted net asset value of the Company would amount to HK\$12.57 per share on the basis therein stated.

BUSINESS OVERVIEW

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

As at 30th June, 2025, the Group directly held, through its wholly owned subsidiaries, a controlling shareholding interest of approximately 69.3% in Regal. Regal, in turn, held approximately 74.9% of the outstanding units of Regal Real Estate Investment Trust, the listed subsidiary of Regal that presently owns five Regal Hotels and four iclub Hotels in Hong Kong. Regal Portfolio Management Limited, a wholly owned subsidiary of Regal, acts as the REIT Manager of Regal REIT.

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

Apart from its property business, P&R also holds an effective controlling shareholding interest in Cosmopolitan International Holdings Limited, which is primarily engaged in property development business in China and other investments. As at 30th June, 2025, P&R held 57.0% of the issued ordinary share capital of Cosmopolitan and, in addition, existing convertible preference shares as well as convertible notes of Cosmopolitan which are convertible into an aggregate of 1,272.1 million new ordinary shares of Cosmopolitan. Moreover, the Company and Regal also hold, through their respective wholly owned subsidiaries, ordinary shares and convertible notes of Cosmopolitan.

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

PROPERTIES

Most property developers in Hong Kong continued to adopt relatively aggressive pricing strategies in the launching of the sale of their new built residential units, mainly due to the continued strain in overall liquidity and the substantial amount of inventory stocks. However, benefiting from the increasing contribution from Mainland home buyers and investors, the influx under the talent attraction schemes, the sharp decline in the interbank rates in Hong Kong since mid-May this year as well as the wealth effect from a buoyant capital market, overall demand for residential properties in Hong Kong remained relatively stable.

Total transaction value of residential property sales in Hong Kong in the first six months of 2025 continued to rise, surpassing the level in the preceding six months. Although there was still pressure on the property prices, the trend of downward adjustment is narrowing. More recently, there are positive signs that the residential sector in Hong Kong may be on the onset of an up cycle, after a long period of consolidation.

The Mount Regalia in Kau To, Sha Tin is a major luxury residential development undertaken by P&R. The development has a total of 24 garden houses and 136 apartment units, together with car parks and club house facilities. Since the beginning of 2025, P&R has sold or entered into contracts to sell a total of 18 apartment units and 1 house (being the house that was previously leased with an option for the lessee to purchase). As of this date, P&R still owns 3 houses and 59 apartment units in this development. Other than one house that will be retained, the remaining 2 houses and 59 apartment units will continue to be marketed for sale.

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

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

On the property development front, P&R owns two commercial/residential development sites at Kam Wa Street in Shau Kei Wan and at Castle Peak Road, respectively. In addition, P&R also owns 7 retained houses in Casa Regalia in Yuen Long and some remaining shop units and carparks in the Ascent in Sham Shui Po, both of which are property developments completed by P&R in earlier years, which will continue to be disposed of.

CHAIRMAN'S STATEMENT (Cont'd)

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

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2025, Regal recorded a consolidated loss attributable to shareholders of HK\$677.6 million, while for the corresponding period in 2024, a loss of HK\$1,599.2 million was incurred.

The reduction in the loss between the two comparative periods was mainly due to the fact that in the interim period in 2024, the Regal group incurred a fair value loss of HK\$932.6 million on its financial assets at fair value through profit or loss, while a fair value gain of HK\$6.6 million on such financial assets was recorded in the period under review. As explained in the 2024 Interim Report, such fair value loss on the financial assets was mostly related to the Regal group's investment holdings in Cosmopolitan, which holdings have since been written down to a relatively insignificant value. Moreover, as the Hong Kong Interbank Offered Rates (HIBOR) has dropped significantly since mid-May this year, the finance costs for the first six months in 2025 was lower than the comparative amount in 2024, which also contributed to the reduced loss reported by Regal in its financial results under review.

During the interim period, the Regal group's operating profit before interest, taxation, depreciation and amortisation amounted to HK\$85.4 million, after already accounting for fair value and impairment losses on properties of HK\$152.3 million, reversing from a loss of HK\$734.8 million in the same period in 2024. Total depreciation charges provided by the Regal group on its hotel portfolio in Hong Kong amounted to HK\$290.2 million (2024 – HK\$291.3 million). Although such depreciation charges have no immediate impact on the Regal group's cash flow, they have nevertheless adversely affected its financial results.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

Based on a recent report released by the World Bank Group, global growth is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. Growth is expected to weaken to 2.3% in 2025, with deceleration in most economies relative to last year, marking the slowest rate of global growth since 2008. For China, its production and demand grew steadily, while employment was generally stable and household income continued to increase. The gross domestic product (GDP) of China in the first half of 2025 was up by 5.3% year on year at constant prices. Hong Kong economy continued to expand solidly in the second quarter of 2025, supported by strong exports performance and improved domestic demand. Its real GDP grew by 3.1% over a year earlier, picking up slightly from the first quarter growth of 3.0%.

In the first half of 2025, Hong Kong welcomed about 23.6 million visitors, representing an increase of 11.7% year-on-year, of which 17.8 million were visitors from Mainland China. Among all visitor arrivals, 47.7% were overnight visitors, with an average length of stay of 3.2 nights. Apart from the growth in Mainland visitors, there were notable increases in the number of visitors from the traditional long haul and short haul markets, as compared to the same period last year. Although the total number of incoming visitors to Hong Kong during this interim period was still behind the peak level of 34.9 million recorded in the first half of 2019, the pace of recovery in the local tourist market during the past few years has been steadily growing.

According to the information published by the Hong Kong Tourism Board, the average hotel room occupancy for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June was up from 83.0% in 2024 to 85.0% in 2025. However, the average achieved room rate has contracted by 10.8%, resulting in a decrease in the average Revenue per Available Room (RevPAR) of 8.6% year-on-year.

HOTEL OWNERSHIP

The Regal group owns and operates the Regala Skycity Hotel at the Hong Kong International Airport. This hotel has over 1,200 well decorated hotel rooms and suites, complemented with food and beverage and conference facilities catering to Meeting, Incentives, Conference and Exhibition (MICE) businesses, with direct linkage to the Asia World Expo, the 11 Skies compound and the second airport terminal.

Business at this hotel during the interim period remained steady and achieved further improvement in its level of occupancy as well as RevPAR over the comparative period last year. As the second airport terminal will become operational in stages beginning from the third quarter of this year, the operational performance of this hotel should be able to attain substantial enhancement in the course of the coming years.

Most recently, the Regal group had timely concluded earlier this month an HK\$2.95 billion refinancing for this hotel for a term of 3 years.

The 186-room hotel owned by the Regal group in Barcelona, Spain, which has been leased to a third-party operator, continued to contribute satisfactory rental revenues.

REGAL REAL ESTATE INVESTMENT TRUST

For the interim period ended 30th June, 2025, Regal REIT recorded a consolidated loss before distribution to Unitholders of HK\$508.1 million, as compared to a loss of HK\$19.8 million for the same period in 2024. In the interim period, there was a loss of HK\$517.1 million arising from the decrease in the fair value of Regal REIT's investment property portfolio, based on the market valuations appraised by Regal REIT's principal valuer as of 30th June, 2025, as compared to its last appraised value as of 31st December, 2024. While for the corresponding period last year, a fair value gain of HK\$16.5 million was recorded. If these fair value changes are excluded, Regal REIT would record a core operating profit before distribution to Unitholders for the interim period of HK\$9.0 million, as compared to a loss of HK\$36.3 million for the same period in 2024. The profit attained for the interim period was mainly attributable to the decrease in its financial expenses incurred, due to the significant drop in HIBOR since mid-May this year, as mentioned above.

Apart from the Regala Skycity Hotel, all the other nine hotels of the Regal group are owned through Regal REIT. These nine hotels include five Regal Hotels and four other hotels operating under the iclub brand. Except for the iclub Wan Chai Hotel, all the other eight hotels owned by Regal REIT are leased to a wholly owned subsidiary of Regal for hotel operations.

HOTEL OPERATIONS

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

Due to the changing travel and spending patterns of the visitors, the operating environment of the overall tourist industry in Hong Kong remained competitive and challenging. Nevertheless, the eight hotels under leases from Regal REIT continued to operate steadily, generating increased aggregate net property income over the comparative period in 2024, albeit still below the determined aggregate base rent paid to Regal REIT.

CHAIRMAN'S STATEMENT (Cont'd)

HOTEL MANAGEMENT

The Regala Skycity Hotel as well as the five Regal Hotels and four iclub Hotels owned by Regal REIT are all managed by Regal Hotels International Limited (RHI), the wholly owned management arm of the Regal group. In addition, RHI is also the hotel manager managing the iclub Mong Kok Hotel and the iclub AMTD Sheung Wan Hotel.

In China, the Regal group is providing management services to hotels in Shanghai and Dezhou operating under the Regal brand.

PROPERTIES

Apart from its joint venture interest held in P&R, the Regal group itself owns a portfolio of investment and investment properties.

As regarding the property development business undertaken by the Regal group itself, The Queens at Queen's Road West is a commercial/residential development that was completed in late 2022. It has a total of 130 residential units with club house and commercial accommodations. The 123 residential units remaining held in The Queens were relaunched for sale in June this year and the market response was very favourable. Up to this date, a total of 120 relaunched residential units have been sold or contracted to be sold, which will generate substantial sales proceeds to the Regal group.

The Regal group still holds a total of 8 garden houses in Regalia Bay, a luxury residential development in Stanley jointly developed by the Regal group in early years. Some of these houses will continue to be disposed of if the price offered is satisfactory.

As mentioned before, as part of its plans for the disposal of non-core assets, the Regal group had intended to sell the property owned by the Regal group in London, the United Kingdom as well as the completed renovation-for-sale project held in Lisbon, Portugal.

In July, 2025, the Regal group entered into a conditional agreement with a third-party purchaser for the sale of its entire equity interests in the wholly owned subsidiary that holds the UK property for a headline purchase price of £ 19.5 million (equivalent to approximately HK\$204.1 million). Completion of this transaction is conditional, among others, the passing of the relevant resolution by the shareholders of Century City International Holdings Limited, the ultimate listed parent of the Group, as the transaction constituted a very substantial disposal for Century City. Detailed information on this transaction is contained in the joint announcement by the Company dated 29th July, 2025.

Earlier in May, 2025, the Regal group had also entered into an agreement for the divesture of its entire equity and loan interests in the project company holding the Lisbon property to a group of independent third-party investors for a cash consideration of EUR9.3 million (equivalent to approximately HK\$83.9 million). Completion of this disposal transaction is expected to take place before May 2026.

AIRCRAFT OWNERSHIP AND LEASING

Due to the change in the financial environment, the Regal group had further disposed of its remaining investment interests in this business segment in 2024. As the Regal group's past investments in the aircraft ownership and leasing businesses had been rewarding, it may consider reinvesting in this business segment if circumstances are considered appropriate.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2025, Cosmopolitan recorded a consolidated loss attributable to shareholders of HK\$56.5 million, while for the comparative period in 2024, a loss of HK\$169.0 million was incurred. The reduction in the attributable loss between the two comparative periods was mainly the result of the decrease in the amounts of the tax charges, as in the interim period in 2024, there were exceptional tax charges levied on the Cosmopolitan group's property projects in China on account of the revisions in the basis of allocation of project development costs adopted in prior years.

BUSINESS OVERVIEW

During the period under review, the overall real estate market in China remained sluggish. Progress in the sale of the properties in the two composite developments undertaken by the Cosmopolitan group in Chengdu and Tianjin, which mostly comprise commercial and retail components, was slow.

The remaining components in the Regal Cosmopolitan City development in Chengdu mainly comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building. With the formal issue of the Completion Certificate for the last four office towers and the shopping arcade blocks, all the development works for the entire project have virtually been completed. The Cosmopolitan group is now actively planning the sale of these remaining component units, both on en bloc as well as individual units basis.

The Cosmopolitan group's other composite development project in China is the Regal Renaissance in Tianjin. Similar with the Regal Cosmopolitan City development in Chengdu, the remaining components in the Regal Renaissance mainly consist of a commercial complex and two office towers atop of a four-storey podium, after the sale of all the residential units in prior years. The overall market conditions in the property sector in Tianjin remained weak, particularly as regards the commercial property segment. The Cosmopolitan group will continue to monitor the market conditions, with a view to launching the sale of the remaining properties in the Regal Renaissance when the circumstances are appropriate.

On 31st July, 2025, Cosmopolitan entered into a placing agreement with a placing agent to place a maximum of 100,000,000 new ordinary shares of Cosmopolitan at a placing price of HK\$0.108 per placing share, which placing has subsequently been duly completed on 15th August, 2025.

OUTLOOK**REGAL GROUP**

Against a complex and uncertain macroeconomic backdrop and escalating geopolitical tensions, the overall business outlook for Hong Kong remains very challenging.

With regards to the tourist industry in Hong Kong, although the total number of incoming visitors has been steadily increasing, the travel and consumption habits of the Mainland visitors, which represent the most significant market segment accounting for more than 75% of the total number, have changed towards cultural and in-depth experiences. This has, in turn, resulted in the decline in their average per capita spending.

To cope with the changing travel and spending patterns of the visitors, the Hong Kong Tourism Board is actively pursuing the "tourism is everywhere" concept and the implementation of the Development Blueprint for Hong Kong's Tourism Industry 2.0 in the 2025/26 budget. In May this year, the Hong Kong Government also introduced nine new tourist attractions, designed to cater to a wide range of interests, including eco-tourism, popular photo spots and cultural experiences. In addition, with the opening of the Kai Tak Sports Park and Stadium, Hong Kong has been hosting a series of mega events, which could solidify its position as Asia's premier events and entertainment hub.

CHAIRMAN'S STATEMENT (Cont'd)

From a broader perspective, Hong Kong has a clear path to actively integrate and align with the national development strategies under its functional role as a “super connector” and a “super value-adder”. Benefiting from its close ties with China, Hong Kong will be able to overcome the macro challenges and enhance its unique position in the Greater Bay Area as a world class financial centre, major travel hub and key regional service centre.

The HIBOR in the past two months has stayed at a relatively lower level than that encountered in the past few years. It is now also widely expected that the US Federal Reserve may have certain interest rate cuts in the second half of this year, which could bring forth positive impact on the interest rate environment in Hong Kong. In the meanwhile, the directors of the REIT Manager will closely watch out for any appropriate deleveraging opportunities as the investment sentiment gradually revives.

The Regal group has achieved significant progress in the disposals of some of its assets planned for divesture since the beginning of this year. The Regal group will continue with its asset disposal programme, with a view to reducing its indebtedness level and to reinforcing its overall financial strength.

COSMOPOLITAN GROUP

It is believed that the Central Government will continue to roll out different supportive fiscal policies and administrative measures to stimulate demands and to restore market confidence, with a view to stabilising the real estate sector in China and to reversing its downward trend.

The directors of Cosmopolitan are hopeful that the remaining properties in the two development projects in Chengdu and Tianjin, which still command significant value, will be able to generate for the Cosmopolitan group substantial revenues once when the commercial property market in China gradually recovers.

PALIBURG GROUP

Although the overall economic environment may still be full of challenges, management is taking proactive steps to strengthen the Group's financial base through the planned disposals of some of the non-core assets owned by the Group in different fronts.

LO YUK SUI

Chairman

Hong Kong
27th August, 2025

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 Hotels International Holdings Limited ("RHIHL"), the principal listed subsidiary of the Group, comprise hotel ownership business, which is principally undertaken through Regal Real Estate Investment Trust ("Regal REIT"), hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings Limited ("P&R"), aircraft ownership and leasing and other investment businesses.

Cosmopolitan International Holdings Limited ("Cosmopolitan") is a listed subsidiary of the Group held through P&R. The principal business activities of the Cosmopolitan group comprise property development and investment, which are mainly focused in the People's Republic of China (the "PRC"), and other investments including financial assets investments.

The performance of the Group's property, construction and building related and other investment businesses, and those of the principal businesses of RHIHL, Regal REIT and Cosmopolitan for the period, including the commentary on the business sectors in which the Group operates, the changes in the general market conditions and their potential impact on the Group's operating performance and future prospects, is contained in the preceding Chairman's Statement and in this Management Discussion and Analysis.

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

P&R HOLDINGS LIMITED

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

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

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

This residential project, which was completed in 2016, has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet).

All the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. 7 houses in Casa Regalia are still being retained and will continue to be disposed of.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

We Go MALL, No.16 Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site has been developed into a shopping mall with 5 storeys above ground level and 1 storey of basement floor. This shopping mall was opened for business in 2018 and is held for rental income. The leasing status of this shopping mall remained steady during the period.

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

This is a project undertaken pursuant to a tender award from the Urban Renewal Authority of Hong Kong in 2014. The land has a site area of 824.9 square metres (8,879 square feet) and has been developed into a 28-storey commercial/residential building (including 1 basement floor) with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement car parks. The project was completed in 2018. All the residential units as well as certain shops and car parks have already been disposed of. The remaining 2 shops and 5 car parks will continue to be sold.

Mount Regalia, 23 Lai Ping Road, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) which has been developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136 units, 24 detached garden houses and 197 car parking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The occupation permit was issued in September 2018 and the certificate of compliance in February 2019.

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

Up to date, a total of 21 garden houses and 77 apartment units have been sold or contracted to be sold for a total sale price of HK\$5,218.5 million, including 18 apartment units and 1 house (being the house that was previously leased with an option for the lessee to purchase) that were contracted to be sold in 2025 for an aggregate gross consideration of HK\$735.4 million. So far, the sale transactions for 19 houses and 61 apartment units with total sale price of HK\$4,439.8 million have been completed. Sale transactions completed during the period included 1 house and 4 apartment units (total sale price of HK\$200.7 million) and the profits derived therefrom accounted for in the results under review.

As of this date, P&R still owns 3 houses and 59 apartment units in this development. Other than one house that will be retained, the remaining 2 houses and 59 apartment units will continue to be marketed for sale.

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

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

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

iclub AMTD Sheung Wan Hotel, No.5 Bonham Strand West, Sheung Wan, Hong Kong

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and has been developed into a hotel with 98 guestrooms and suites (total 162 room bays), with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 7,118 square metres (76,618 square feet).

Following its divestiture of a 50% beneficial interest in December 2019, the property is presently 50% owned by P&R. This hotel was officially opened for business in November 2020 and has since been self-operated by the joint venture entity and managed by the RHIHL group.

Nos.9-19 Kam Wa Street, Shau Kei Wan, Hong Kong

The subject properties, which were acquired through private treaty transactions, have a total site area of 518 square metres (5,580 square feet). The demolition works for this project had 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

Following the conclusion of the Land Compulsory Sale process in August 2024, the Group has successfully consolidated 100% ownership interests in the subject properties.

Certain parts of the existing properties at Nos.301-303 Castle Peak Road are presently classified as a Grade 2 Historic Building. A conservation proposal in conjunction with the proposed development is being discussed with the relevant government authorities, which would involve conserving the verandah portion of historical heritage within the new development, thus preserving its unique iconic image in the vicinity. Demolition works for the existing buildings at Nos.291-293 Castle Peak Road had been completed.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

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

Hong Kong

Regala Skycity Hotel, the Hong Kong International Airport

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

The hotel project has a site area of approximately 6,650 square metres (71,580 square feet) and permissible gross floor area of 33,700 square metres (362,750 square feet). The hotel has 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites, complemented with extensive banquet, meeting and food and beverage facilities. It has direct linkage to the Asia World Expo, the 11 Skies compound as well as the expanded Terminal 2 of the Hong Kong International Airport scheduled to become operational by phases from end 2025 onwards. The hotel licence was issued in November 2021 and the hotel grand opened in April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

This new hotel embraces a wide range of sustainable features in its building design, construction and operation and was awarded Gold Rating under BEAM Plus Certification and EarthCheck Design Certified Gold Rating. The hotel also received a number of international design awards including the Muse Design Gold Award, Build4Asia Silver Award, A'Design Silver Award and International Property Award.

The Queens, No.160 Queen's Road West, Hong Kong

The project has a combined site area of 682 square metres (7,342 square feet) and has been developed into a commercial/residential building with gross floor area of about 5,826 square metres (62,711 square feet). The building has a total of 130 residential units with club house facilities on the second floor, a landscape garden on the third floor and commercial accommodations on the ground and first floors. The occupation permit was obtained in August 2022.

The 123 residential units remaining held in The Queens were relaunched for sale in June this year and the market response was very favourable. Up to this date, a total of 120 relaunched residential units have been sold or contracted to be sold for an aggregate gross consideration of HK\$898.7 million.

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

100% ownership interests in the subject redevelopment properties have been acquired through the judicial proceedings for Land Compulsory Sale. The project has a total site area of 431 square metres (4,644 square feet) and is intended for a commercial/residential development with gross floor area of about 3,691 square metres (39,733 square feet). Demolition works of the existing buildings had been completed in February 2025. Ground investigation and field works had been completed in May 2025.

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

The contracted sale of one garden house in Regalia Bay has been completed in July 2024. The RHIHL group still retains 8 garden houses with total gross area of about 3,719 square metres (40,032 square feet), some of which will continue to be disposed of if the price offered is satisfactory.

Overseas

Campus La Mola, Barcelona, Spain

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

41 Kingsway, London WC2B 6TP, the United Kingdom

This is a freehold historical building located at a prime location in London, acquired by the RHIHL group in 2019. This iconic property has total 9 storeys (including 1 basement) with a total gross floor area of approximately 2,150 square metres (23,140 square feet).

In July, 2025, the RHIHL group entered into a conditional agreement with a third-party purchaser for the sale of its entire equity interests in the wholly owned subsidiary that holds this property for a headline purchase price of £19.5 million (equivalent to approximately HK\$204.1 million). Completion of this transaction is conditional, among others, the passing of the relevant resolution by the shareholders of Century City International Holdings Limited ("CCIHL"), the ultimate listed parent of the Group, as the transaction constituted a very substantial disposal for CCIHL. Detailed information on this transaction is contained in the joint announcement by the Company dated 29th July, 2025.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

This is a rehabilitation and renovation project for a historical building located in a heritage conservation area of Lisbon, acquired in 2019 by an entity that is now wholly owned by the RHIHL group. This building has a total gross floor area of about 1,836 square metres (19,768 square feet), comprising residential apartments as well as shops on ground floor. The renovation works have been completed and the relevant usage permits were obtained in August 2024.

Earlier in May 2025, the RHIHL group had also entered into an agreement for the divestiture of its entire equity and loan interests in the project company holding the property to a group of independent third-party investors for a cash consideration of EUR9.3 million (equivalent to approximately HK\$83.9 million). A non-refundable deposit of EUR2.3 million has already been received by the RHIHL group and a further deposit of EUR0.9 million is due to be paid by the purchasers in November 2025. Completion of this disposal transaction is expected to take place before May 2026.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

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

Property Development

Chengdu Project – Regal Cosmopolitan City

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

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK\$2,228.8 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold, for aggregate sale considerations of approximately RMB93.2 million (HK\$101.4 million). The sale of the 1,387 car parking spaces is continuing and, up to date, 548 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB56.3 million (HK\$61.3 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The interior construction works of the 325-room hotel have been completed. The Completion Certificate for this hotel property has been obtained in January 2024 and the Real Property Ownership Certificate in January 2025.

The remaining commercial components, also within the third stage of the development, comprised a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet). With the formal issue of the Completion Certificate for the last four office towers and the shopping arcade blocks, all the development works for the entire project have virtually been completed. The Cosmopolitan group is now actively planning the sale of these remaining component units, both on en bloc as well as individual units basis.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 19,400 square metres (208,800 square feet), commenced in 2021. Up to date, 335 office units with a total of about 15,017 square metres (161,643 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB128.9 million (HK\$140.3 million).

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been sold, for aggregate sale considerations of approximately RMB8.1 million (HK\$8.8 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow. The disposal plan of these remaining properties is under active reformulation, having regard to the changing market conditions.

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).

All residential units in this development have been sold. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex is ongoing. Up to date, shops with a total area of 16,050 square metres (172,762 square feet) have been sold for aggregate sale considerations of approximately RMB374.1 million (HK\$407.1 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The overall market conditions in the property sector in Tianjin remained weak, particularly as regards the commercial property segment. The Cosmopolitan group will continue to monitor the market conditions, with a view to launching the sale of the remaining properties when the circumstances are appropriate.

Xinjiang Project

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

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

CONSTRUCTION AND BUILDING RELATED BUSINESSES

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

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

FINANCIAL ASSETS AND OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, private equities, bonds as well as treasury and yield enhancement products. The Group recorded for the period under review a net loss in its financial assets investments business.

FINANCIAL REVIEW

ASSETS VALUE

All the hotel properties of the Group in Hong Kong owned by Regal REIT, with the exception of the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, were stated in the financial statements at their fair values as at 7th May, 2012 when RHIHL, together with Regal REIT, became subsidiaries of the Group, plus subsequent capital additions and deducting accumulated depreciation. Moreover, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel were stated in the Group's financial statements at cost after full elimination of the unrealised gain arising from the disposal of the hotels by P&R to Regal REIT, while the iclub Mong Kok Hotel owned by P&R and the Regala Skycity Hotel owned by the RHIHL group, completed in 2019 and 2021 respectively, are stated at cost, and they are all also subject to depreciation. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Group in Hong Kong is restated in the condensed consolidated financial statements at market value as at 30th June, 2025, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$12.57 per share, computed as follows:

	As at 30th June, 2025	
	HK\$'million	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	7,952.5	7.13
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back any relevant deferred tax liabilities	6,056.2	5.44
Unaudited adjusted net assets attributable to equity holders of the parent	14,008.7	12.57

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

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

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$198.3 million (2024 - HK\$21.0 million). Net interest payment for the period amounted to HK\$472.9 million (2024 - HK\$593.5 million).

Borrowings and Gearing

As at 30th June, 2025, the Group had cash and bank balances and deposits of HK\$982.6 million (31st December, 2024 - HK\$1,404.2 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$18,524.7 million (31st December, 2024 - HK\$18,332.2 million).

As at 30th June, 2025, the gearing ratio of the Group was 52.8% (31st December, 2024 - 50.8%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$18,524.7 million (31st December, 2024 - HK\$18,332.2 million), as compared to the total assets of the Group of HK\$35,054.9 million (31st December, 2024 - HK\$36,120.8 million).

On the basis of the adjusted total assets as at 30th June, 2025 of HK\$45,852.4 million (31st December, 2024 - HK\$47,108.3 million) with the hotel portfolio owned by the Group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 40.4% (31st December, 2024 - 38.9%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2025 are shown in notes 11 and 12 to the condensed consolidated financial statements.

Lease Liabilities

As at 30th June, 2025, the Group had lease liabilities of HK\$9.2 million (31st December, 2024 - HK\$10.8 million).

Pledge of Assets

As at 30th June, 2025, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, time deposits and bank balances in the total amount of HK\$28,511.3 million were pledged to secure general banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2025, certain ordinary shares in a listed subsidiary with a market value of HK\$54.2 million were pledged to secure general banking facilities granted to the Group, and equity interests in companies holding certain property interests and other assets were pledged to secure certain other borrowings of the Group.

As at 31st December, 2024, certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties under development, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK\$29,144.6 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, 2024, certain ordinary shares in a listed subsidiary with a market value of HK\$220.3 million were also pledged to secure general banking facilities granted to the Group.

The equity interests in the relevant holding companies of certain property development projects of the Group were also pledged to secure the other borrowings of the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2025 are shown in note 17 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2025 are shown in note 16 to the condensed consolidated financial statements.

Share Capital

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

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2025 (2024 - Nil).

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 19 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

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

STAFF AND REMUNERATION POLICY

The Group employs approximately 1,610 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June, 2025

		Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	Notes	HK\$'million	HK\$'million
REVENUE	2, 3	1,186.0	1,392.0
Cost of sales		(782.2)	(977.8)
Gross profit		403.8	414.2
Other income and gains, net	3	15.4	112.2
Fair value losses on investment properties, net		(168.0)	(101.7)
Fair value losses on financial assets at fair value through profit or loss, net		(0.2)	(70.5)
Impairment loss on properties under development		(4.0)	(41.8)
Impairment loss on properties held for sale		(32.8)	(1.1)
Impairment loss on investment in associates		(0.2)	(0.3)
Loss on re-measurement of finance lease		(17.7)	–
Property selling and marketing expenses		(41.9)	(24.7)
Administrative expenses		(179.1)	(208.3)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION		(24.7)	78.0
Depreciation	4	(346.1)	(356.6)
OPERATING LOSS		(370.8)	(278.6)
Finance costs	5	(521.4)	(651.9)
Share of profits and losses of associates		(1.8)	(3.0)
LOSS BEFORE TAX	4	(894.0)	(933.5)
Income tax	6	(5.4)	(87.8)
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		(899.4)	(1,021.3)
Attributable to:			
Equity holders of the parent		(613.4)	(676.3)
Non-controlling interests		(286.0)	(345.0)
		(899.4)	(1,021.3)
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		HK\$(0.59)	HK\$(0.64)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2025

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(899.4)	(1,021.3)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of cash flow hedges	(50.1)	10.5
Transfer from hedging reserve to profit or loss	2.9	(3.9)
	(47.2)	6.6
Exchange differences on translation of foreign operations	107.5	(61.6)
	60.3	(55.0)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets designated at fair value through other comprehensive income	(0.8)	2.7
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	59.5	(52.3)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(839.9)	(1,073.6)
Attributable to:		
Equity holders of the parent	(566.7)	(711.6)
Non-controlling interests	(273.2)	(362.0)
	(839.9)	(1,073.6)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2025

		30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	Notes	HK\$'million	HK\$'million
NON-CURRENT ASSETS			
Property, plant and equipment		5,363.7	5,714.4
Investment properties		3,297.7	3,425.3
Right-of-use assets		14,864.8	15,031.9
Properties under development		872.9	870.2
Investments in associates		278.3	280.3
Financial assets designated at fair value through other comprehensive income		4.0	4.8
Financial assets at fair value through profit or loss		326.8	425.3
Derivative financial instruments		–	9.9
Loans receivable		133.0	155.2
Finance lease receivable		–	96.0
Debtors, deposits and prepayments	9	186.0	218.3
Deferred tax assets		47.6	47.6
Trademark		610.2	610.2
Other intangible asset		3.6	3.6
Total non-current assets		25,988.6	26,893.0
CURRENT ASSETS			
Properties under development		657.7	1,868.9
Asset held for sale		209.9	–
Properties held for sale		6,322.8	5,211.4
Inventories		56.0	56.8
Loans receivable		33.3	34.0
Finance lease receivable		73.0	5.7
Debtors, deposits and prepayments	9	677.0	564.3
Financial assets at fair value through profit or loss		27.2	67.9
Derivative financial instruments		–	0.3
Tax recoverable		26.8	14.3
Restricted cash		337.2	433.8
Pledged time deposits and bank balances		296.4	293.2
Time deposits		7.3	47.4
Cash and bank balances		341.7	629.8
Total current assets		9,066.3	9,227.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June, 2025

		30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	Notes	HK\$'million	HK\$'million
CURRENT LIABILITIES			
Creditors and accruals	10	(665.8)	(766.8)
Contract liabilities		(182.8)	(166.0)
Lease liabilities		(5.5)	(7.9)
Deposits received		(104.9)	(133.4)
Interest bearing bank borrowings	11	(6,049.3)	(5,976.4)
Other borrowings	12	(541.0)	(229.0)
Derivative financial instruments		(4.8)	–
Tax payable		(410.9)	(417.6)
Total current liabilities		(7,965.0)	(7,697.1)
NET CURRENT ASSETS		1,101.3	1,530.7
TOTAL ASSETS LESS CURRENT LIABILITIES		27,089.9	28,423.7
NON-CURRENT LIABILITIES			
Creditors and deposits received		(24.4)	(24.7)
Lease liabilities		(3.7)	(2.9)
Interest bearing bank borrowings	11	(12,917.0)	(13,219.0)
Other borrowing	12	–	(312.0)
Derivative financial instruments		(63.6)	(0.7)
Deferred tax liabilities		(1,382.5)	(1,384.6)
Total non-current liabilities		(14,391.2)	(14,943.9)
Net assets		12,698.7	13,479.8
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		111.4	111.4
Reserves		7,841.1	8,373.5
		7,952.5	8,484.9
Perpetual securities		1,732.9	1,732.9
Non-controlling interests		3,013.3	3,262.0
Total equity		12,698.7	13,479.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2025

	Attributable to equity holders of the parent													
		Share premium account (Unaudited)	Capital redemption reserve (Unaudited)	Capital reserve (Unaudited)	Special reserve (Unaudited)	Hedging reserve (Unaudited)	Fair value reserve of financial assets through other comprehensive income (Unaudited)	Property revaluation reserve (Unaudited)	Exchange equalisation reserve (Unaudited)	Retained profits (Unaudited)	Total (Unaudited)	Perpetual securities (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
At 1st January, 2025	111.4	1,356.1	4.3	3,100.9	689.6	0.9	(207.5)	7.0	(193.5)	3,615.7	8,484.9	1,732.9	3,262.0	13,479.8
Loss for the period	-	-	-	-	-	-	-	-	-	(613.4)	(613.4)	-	(286.0)	(899.4)
Other comprehensive income/(loss) for the period:														
Changes in fair value of financial assets designated at fair value through other comprehensive income	-	-	-	-	-	-	(0.5)	-	-	-	(0.5)	-	(0.3)	(0.8)
Cash flow hedges	-	-	-	-	-	(24.5)	-	-	-	-	(24.5)	-	(22.7)	(47.2)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	71.7	-	71.7	-	35.8	107.5
Total comprehensive income/(loss) for the period	-	-	-	-	-	(24.5)	(0.5)	-	71.7	(613.4)	(566.7)	-	(273.2)	(839.9)
Deemed disposal of interests in a subsidiary	-	-	-	34.3	-	-	-	-	-	-	34.3	-	24.5	58.8
At 30th June, 2025	111.4	1,356.1	4.3	3,135.2	689.6	(23.6)	(208.0)	7.0	(121.8)	3,002.3	7,952.5	1,732.9	3,013.3	12,698.7

(Cont'd)

For the six months ended 30th June, 2025

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2025

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Net cash flows from operating activities	198.3	21.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	13.0
Purchases of financial assets at fair value through profit or loss	(0.1)	(0.5)
Proceeds from disposal of financial assets at fair value through profit or loss	80.4	–
Distribution from financial assets at fair value through profit or loss	44.1	1.8
Decrease in loans receivable	22.9	2.8
Additions to investment properties	(7.9)	(1.9)
Proceeds from disposal of investment properties	–	6.1
Purchases of items of property, plant and equipment	(15.1)	(61.1)
Proceeds from disposal of items of property, plant and equipment	0.1	348.0
Acquisition of assets	–	16.1
Interest received	15.4	26.7
Dividends received from unlisted investments	5.1	9.6
Placement of pledged time deposits and bank balances	(3.2)	(22.0)
Release of restricted cash	16.5	0.3
Net cash flows from investing activities	158.2	338.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of new bank loans	21.8	1,228.6
Repayment of bank loans	(281.0)	(1,437.8)
Drawdown of other borrowings	73.0	–
Repayment of other borrowings	(73.0)	–
Interest paid	(488.7)	(620.2)
Payment of loan and other costs	(1.7)	(27.4)
Principal portion of lease payments	(4.8)	(6.3)
Acquisition of non-controlling interests in a listed subsidiary	–	(15.8)
Distribution to holders of perpetual securities	–	(57.2)
Release of restricted cash	66.1	–
Placement of restricted cash	–	(19.5)
Net cash flows used in financing activities	(688.3)	(955.6)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the six months ended 30th June, 2025

		Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	Note	HK\$'million	HK\$'million
NET DECREASE IN CASH AND CASH EQUIVALENTS		(331.8)	(595.7)
Cash and cash equivalents at beginning of period		677.2	1,390.9
Effect of foreign exchange rate changes, net		3.6	(5.4)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		349.0	789.8
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	13	349.0	789.8

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies and Basis of Preparation

The condensed consolidated financial statements for the six months ended 30th June, 2025 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st December, 2024. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial statements.

Amendments to HKAS 21 *Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial statements.

The Group had a net loss attributable to owners of the parent of HK\$613.4 million (2024 - HK\$676.3 million) for the period ended 30th June, 2025 and net current assets of HK\$1,101.3 million (31st December, 2024 - HK\$1,530.7 million) and net assets of HK\$12,698.7 million (31st December, 2024 - HK\$13,479.8 million) as at 30th June, 2025. In addition, the Group had total non-pledged time deposits, cash and bank balances of HK\$349.0 million (31st December, 2024 - HK\$677.2 million) as at 30th June, 2025 and a positive net cash flows from operating activities of HK\$198.3 million (2024 - HK\$21.0 million) for the period ended 30th June, 2025.

The condensed consolidated financial statements were prepared based on the assumption that the Group is operating as a going concern, as the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 30th June, 2025, 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 contracted sales of property assets of the Group, in Hong Kong and overseas, up to the current date;
- (iii) the plan for disposal of certain non-core assets, including certain overseas properties of the Group;
- (iv) the refinancing of the bank loan secured by the Regala Skycity Hotel concluded subsequent to the reporting period; and
- (v) the refinancing plan for certain maturing interest bearing bank borrowings that are secured by certain properties.

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, project management and construction engineering 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 Real Estate Investment Trust ("Regal REIT");
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (f) the aircraft ownership and leasing segment* engages in the aircraft ownership and leasing for rental income; and
- (g) the others segment mainly comprises the provision of financing services, sale of food products, operation and management of restaurants and the provision of housekeeping and related services.

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

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

* As at 30th June, 2024, Regal Hotels International Holdings Limited ("RHIHL") and its subsidiaries (the "RHIHL Group") owned two aircraft engines with a net carrying amount of HK\$57.6 million and average lease rental yield of 7.0%. All of the RHIHL Group's aircraft engines were disposed of during the year ended 31st December, 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

	Property development and investment		Construction and building related businesses		Hotel operation and management and hotel ownership		Asset management		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024	Six months ended 30th June, 2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
Segment revenue (note 3):																		
Sales to external customers	248.4	491.0	15.4	8.8	838.8	841.2	-	-	0.8	2.4	-	11.8	42.6	36.8	-	-	1,186.0	1,392.0
Intersegment sales	15.8	13.1	6.0	13.1	0.4	0.4	46.3	46.7	-	-	-	-	84.2	87.1	(152.7)	(160.4)	-	-
Total segment revenue	264.2	504.1	21.4	21.9	839.2	841.6	46.3	46.7	0.8	2.4	-	11.8	126.8	123.9	(152.7)	(160.4)	1,186.0	1,392.0
Segment results before depreciation	(204.8)	(117.1)	(8.1)	(4.3)	248.6	251.2	(6.6)	(6.5)	(0.5)	(65.4)	-	78.2	1.0	2.3	-	-	29.6	138.4
Depreciation	(5.1)	(8.7)	(0.3)	(0.3)	(338.5)	(344.0)	-	-	-	-	-	(2.2)	(2.1)	(1.4)	-	-	(346.0)	(356.6)
Segment results	(209.9)	(125.8)	(8.4)	(4.6)	(89.9)	(92.8)	(6.6)	(6.5)	(0.5)	(65.4)	-	76.0	(1.1)	0.9	-	-	(316.4)	(218.2)
Unallocated interest income and unallocated non-operating and corporate gains																	11.8	19.4
Unallocated non-operating and corporate expenses																	(66.4)	(80.1)
Finance costs (other than interest on lease liabilities)																	(521.2)	(651.6)
Share of profits and losses of associates	0.3	0.1	-	-	(2.1)	(3.1)	-	-	-	-	-	-	-	-	-	-	(1.8)	(3.0)
Loss before tax																	(894.0)	(933.5)
Income tax																	(5.4)	(87.8)
Loss for the period before allocation between equity holders of the parent and non-controlling interests																	(899.4)	(1,021.3)
Attributable to:																		
Equity holders of the parent																	(613.4)	(676.3)
Non-controlling interests																	(286.0)	(345.0)
																	(899.4)	(1,021.3)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. Revenue, Other Income and Gains, net

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

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	216.6	455.7
Hotel operations and management services	848.6	808.7
Construction and construction-related income	11.1	4.5
Estate management fees	4.3	4.3
Other operations	42.6	36.8
	<u>1,123.2</u>	<u>1,310.0</u>
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	20.7	24.8
Investment properties	36.4	37.8
Aircraft	–	11.8
Others	2.5	2.7
Interest income from financial assets at fair value through profit or loss	0.2	0.8
Interest income from finance lease	2.4	2.5
Dividend income from listed investments	0.8	1.6
Loss from sale of listed investments included in financial assets at fair value through profit or loss, net	(0.2)	–
	<u>62.8</u>	<u>82.0</u>
Total	<u><u>1,186.0</u></u>	<u><u>1,392.0</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Revenue from contracts with customers

Disaggregated revenue information

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

	For the six months ended 30th June, 2025				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Types of goods or services					
Construction and construction-related income	–	11.1	–	–	11.1
Sale of properties	216.6	–	–	–	216.6
Estate management fees	–	4.3	–	–	4.3
Hotel operations and management services					
Hotel operations	–	–	845.1	–	845.1
Management services	–	–	3.5	–	3.5
Other operations	–	–	–	42.6	42.6
Total	216.6	15.4	848.6	42.6	1,123.2
Geographical markets					
Hong Kong	202.7	15.4	846.7	42.6	1,107.4
Mainland China	13.9	–	1.9	–	15.8
Total	216.6	15.4	848.6	42.6	1,123.2
Timing of revenue recognition					
At a point in time	216.6	0.1	163.9	13.3	393.9
Over time	–	15.3	684.7	29.3	729.3
Total	216.6	15.4	848.6	42.6	1,123.2

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30th June, 2024					
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Types of goods or services					
Construction and construction-related income	–	4.5	–	–	4.5
Sale of properties	455.7	–	–	–	455.7
Estate management fees	–	4.3	–	–	4.3
Hotel operations and management services					
Hotel operations	–	–	805.0	–	805.0
Management services	–	–	3.7	–	3.7
Other operations	–	–	–	36.8	36.8
Total	<u>455.7</u>	<u>8.8</u>	<u>808.7</u>	<u>36.8</u>	<u>1,310.0</u>
Geographical markets					
Hong Kong	142.9	8.8	806.5	36.8	995.0
Mainland China	312.8	–	2.2	–	315.0
Total	<u>455.7</u>	<u>8.8</u>	<u>808.7</u>	<u>36.8</u>	<u>1,310.0</u>
Timing of revenue recognition					
At a point in time	455.7	–	158.1	14.6	628.4
Over time	–	8.8	650.6	22.2	681.6
Total	<u>455.7</u>	<u>8.8</u>	<u>808.7</u>	<u>36.8</u>	<u>1,310.0</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

	For the six months ended 30th June, 2025				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Revenue from contracts with customers					
External customers	216.6	15.4	848.6	42.6	1,123.2
Intersegment sales	–	6.0	–	84.2	90.2
Subtotal	216.6	21.4	848.6	126.8	1,213.4
Intersegment adjustments and eliminations	–	(6.0)	–	(84.2)	(90.2)
Total	216.6	15.4	848.6	42.6	1,123.2

	For the six months ended 30th June, 2024				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Revenue from contracts with customers					
External customers	455.7	8.8	808.7	36.8	1,310.0
Intersegment sales	0.8	13.1	–	87.1	101.0
Subtotal	456.5	21.9	808.7	123.9	1,411.0
Intersegment adjustments and eliminations	(0.8)	(13.1)	–	(87.1)	(101.0)
Total	455.7	8.8	808.7	36.8	1,310.0

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
<u>Other income and gains, net</u>		
Bank interest income	6.1	12.7
Other interest income	8.0	11.2
Dividend income from unlisted investments	5.1	9.6
Loss on disposal of unlisted investments included in financial assets at fair value through profit or loss	(5.5)	–
Gain on disposal of items of property, plant and equipment	0.1	69.2
Others	1.6	9.5
Total	<u>15.4</u>	<u>112.2</u>

4. Loss Before Tax

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

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Profit on disposal of properties, net	<u>73.7</u>	<u>77.0</u>
Depreciation of property, plant and equipment	176.1	184.1
Depreciation of right-of-use assets	<u>170.0</u>	<u>172.5</u>
	<u>346.1</u>	<u>356.6</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

5. Finance Costs

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Interest on bank loans	475.8	608.6
Interest on other borrowings	15.5	15.9
Interest expenses arising from revenue contracts	0.7	2.5
Interest on lease liabilities	0.2	0.3
Amortisation of debt establishment costs	24.9	25.8
Total interest expenses on financial liabilities		
not at fair value through profit or loss	517.1	653.1
Fair value changes on derivative financial instruments		
– cash flow hedges (transfer from hedging reserve)	2.9	(3.9)
Other loan costs	1.4	2.8
Subtotal	521.4	652.0
Less: Finance costs capitalised	–	(0.1)
Total	521.4	651.9

6. Income Tax

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Current – Hong Kong		
Charge for the period	12.5	11.3
Current – the People's Republic of China (the "PRC") and overseas		
Charge for the period	–	7.6
Underprovision in prior years	0.3	–
PRC land appreciation tax	(3.0)	78.6
Deferred	(4.4)	(9.7)
Total tax charge for the period	5.4	87.8

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2024 - 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

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

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

No provision for tax is required for the associates as no assessable profits were earned by the associates during the period (2024 - Nil).

7. Dividend

No dividend was paid or proposed during the six months ended 30th June, 2025, nor has any dividend been proposed since the end of the reporting period (2024 - Nil).

8. Loss Per Ordinary Share Attributable to Equity Holders of the Parent

(a) Basic loss per ordinary share

The calculation of the basic loss per ordinary share for the period ended 30th June, 2025 is based on the loss for the period attributable to equity holders of the parent of HK\$613.4 million (2024 - HK\$676.3 million), adjusted for the share of accrued distribution related to perpetual securities of the RHIHL Group of HK\$39.5 million (2024 - distribution related to perpetual securities of the RHIHL Group of HK\$39.6 million), and on 1,114.6 million (2024 - 1,114.6 million) ordinary shares of the Company outstanding during the period.

(b) Diluted loss per ordinary share

No adjustment was made to the basic loss per ordinary share for the periods ended 30th June, 2025 and 2024 as the Company had no potentially dilutive ordinary shares outstanding and therefore no diluting events existed throughout the periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. Debtors, Deposits and Prepayments

Included in the balance is an amount of HK\$118.0 million (31st December, 2024 - HK\$113.7 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	98.3	93.2
4 to 6 months	9.7	8.1
7 to 12 months	6.8	8.7
Over 1 year	12.6	16.2
	<u>127.4</u>	<u>126.2</u>
Impairment	(9.4)	(12.5)
Total	<u>118.0</u>	<u>113.7</u>

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

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

Included in the balance are amounts due from a fellow subsidiary, an associate and a related company of HK\$0.9 million (31st December, 2024 - HK\$0.9 million), HK\$2.0 million (31st December, 2024 - Nil) and HK\$1.2 million (31st December, 2024 - HK\$1.2 million), respectively, which are unsecured, non-interest bearing and repayable on demand.

Also included in the balance is an amount of HK\$2.3 million (31st December, 2024 - HK\$4.6 million) in relation to the prepaid commission for sales of properties which is classified as contract costs in accordance with HKFRS 15.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

10. Creditors and Accruals

Included in the balance is an amount of HK\$41.0 million (31st December, 2024 - HK\$77.1 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	37.7	71.2
4 to 6 months	1.2	5.4
7 to 12 months	1.9	0.1
Over 1 year	0.2	0.4
Total	<u>41.0</u>	<u>77.1</u>

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

Included in the balance under current liabilities are amounts due to fellow subsidiaries and associates of HK\$49.7 million (31st December, 2024 - HK\$6.6 million) and HK\$1.0 million (31st December, 2024 - HK\$2.8 million), respectively, which are unsecured, non-interest bearing and repayable on demand.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

11. Interest Bearing Bank Borrowings

	30th June, 2025 (Unaudited)		31st December, 2024 (Audited)	
	Maturity	HK\$'million	Maturity	HK\$'million
Current				
Bank loans – secured	2025 - 2026	6,049.3	2025	5,976.4
Non-current				
Bank loans – secured	2026 - 2031	12,917.0	2026 - 2031	13,219.0
Total		18,966.3		19,195.4

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Analysed into:		
Bank loans repayable:		
Within one year	6,049.3	5,976.4
In the second year	9,804.4	5,339.9
In the third to fifth years, inclusive	3,107.6	7,872.2
Beyond five years	5.0	6.9
Total	18,966.3	19,195.4

The interest-bearing bank borrowings are subject to loan covenants including interest coverage ratio, loan to value ratio, consolidated tangible net worth and the ratio of consolidated net borrowings over consolidated tangible net worth, which are tested on periodic basis. As at 30th June, 2025, the loan covenants under relevant loan agreements were complied with. The Group considers there is no indication that it will have difficulties in complying with these covenants.

On 10th August, 2021, Regal REIT group, through its wholly-owned subsidiaries, Bauhinia Hotels Limited and Rich Day Investments Limited, entered into a facility agreement for a term loan facility of HK\$4,500.0 million and a revolving loan facility of up to HK\$500.0 million (the "2021 IH Facilities"), for a term of five years to August 2026. The 2021 IH Facilities are secured by four of the five Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Oriental Hotel and the Regal Riverside Hotel. As at 30th June, 2025, the 2021 IH Facilities had an outstanding amount of HK\$4,999.5 million, representing the full amount of the term loan facility and an amount of HK\$499.5 million under the revolving loan facility.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

On 24th June, 2022, Regal REIT group concluded a 5-year term loan facility of HK\$2,950.0 million (the "2022 RKH Facility") with a lender, secured by the Regal Kowloon Hotel. The 2022 RKH Facility has repayment obligations of HK\$50.0 million on each of its anniversary date to maturity. As at 30th June, 2025, the outstanding amount of the 2022 RKH Facility was HK\$2,800.0 million, after instalment repayment of HK\$50.0 million each in June 2023, June 2024 and June 2025, respectively, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2022 RKH Facility for a notional amount of HK\$900.0 million.

On 18th July, 2024, a new term loan facility of HK\$416.5 million (the "2024 WC Facility") was arranged with a new lender, similarly secured by the iclub Wan Chai Hotel, which was used primarily to refinance the previous term loan facility of HK\$405.0 million that matured in July 2024. The 2024 WC Facility carries interest based on the Hong Kong Interbank Offered Rate ("HIBOR") and has a loan maturity of December 2027. As at 30th June, 2025, the outstanding facility amount of the 2024 WC Facility was HK\$416.5 million, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2024 WC Facility for a notional amount of HK\$416.5 million.

On 17th October, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, a new bilateral term loan facility of HK\$749.5 million, secured by the iclub Sheung Wan Hotel (the "2023 SW Facility") to replace the then term and revolving loan facilities of HK\$790.0 million. The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 30th June, 2025, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 SW Facility for a notional amount of HK\$749.5 million.

On 27th November, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, another new bilateral term loan facility of HK\$755.0 million and secured by the iclub Fortress Hill Hotel (the "2023 FH Facility") to replace the then term and revolving loan facilities of HK\$825.0 million. The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 30th June, 2025, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 FH Facility for a notional amount of HK\$755.0 million.

On 15th November, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, a new term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the "2023 TKW Facility"), with a term of two years to November 2025 and bearing HIBOR-based interest, to replace the then term loan facility of HK\$621.0 million. As at 30th June, 2025, the outstanding amount of the 2023 TKW Facility was HK\$650.0 million, representing the full amount of the term loan.

As at 30th June, 2025, the outstanding loan facilities bore interest at HIBOR plus an interest margin ranging from 1.05% per annum to 1.80% per annum (31st December, 2024 - ranging from 1.05% per annum to 1.80% per annum).

Bank borrowings under the 2021 IH Facilities, the 2022 RKH Facility, the 2024 WC Facility, the 2023 SW Facility, the 2023 FH Facility and the 2023 TKW Facility are guaranteed by Regal REIT and/or certain individual companies of the Regal REIT group on a joint and several basis.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

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

As at 30th June, 2025, the Group's other bank borrowings bore interest at HIBOR plus an interest margin ranging from 1.55% per annum to 2.35% per annum except for a bank loan of HK\$40.9 million, which bore interest at Euro Interbank Offered Rate ("EURIBOR") plus an interest margin of 0.95% per annum. All interest bearing bank borrowings were denominated in Hong Kong dollars except for a bank loan of HK\$40.9 million which was denominated in Euro.

As at 31st December, 2024, the Group's other bank borrowings bore interest at HIBOR plus an interest margin ranging from 1.25% per annum to 2.35% per annum except for a bank loan of HK\$40.4 million, which bore interest at EURIBOR plus an interest margin of 0.95% per annum. All interest bearing bank borrowings were denominated in Hong Kong dollars except for a bank loan of HK\$40.4 million which was denominated in Euro.

The Group's bank borrowings are secured by a pledge over certain assets of the Group as further detailed in note 15 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

12. Other Borrowings

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Secured notes (i)	468.0	468.0
Other borrowings - secured (ii)	73.0	73.0
Total	<u>541.0</u>	<u>541.0</u>
Analysed into:		
Other borrowings repayable:		
Within one year	541.0	229.0
In the second year	—	312.0
Total	<u>541.0</u>	<u>541.0</u>

- (i) On 19th September, 2022, Cosmopolitan International Finance Limited ("CIFL"), a wholly owned subsidiary of Cosmopolitan International Holdings Limited ("Cosmopolitan"), issued a 3-year unsecured note ("Note A") in an aggregate nominal principal amount of US\$20.0 million at a coupon interest rate of HIBOR plus 0.6% per annum.

On 14th April, 2023, CIFL issued a 3-year secured note ("Note B") in an aggregate nominal principal amount of US\$40.0 million at a coupon interest rate of HIBOR plus 3.11% per annum.

Upon the issuance of Note B, Cosmopolitan and its subsidiaries (the "Cosmopolitan Group") pledged the equity interest in a holding company of the Cosmopolitan Group's property development project in Chengdu over both Note A and Note B.

- (ii) On 23rd October, 2024, a revolving loan facility of HK\$100.0 million was granted by an independent third party lender to the RHIHL Group, which bore interest at Hong Kong Dollar Best Leading Rate per annum as quoted by The Hongkong and Shanghai Banking Corporation Limited. The loan facility was secured by the equity interests in the relevant holding company of an overseas property development project of the RHIHL Group. The loan facility originally matures in October 2025 but was early terminated upon full repayment of the outstanding loan balance during the reporting period.

On 23rd June, 2025, a revolving loan facility of HK\$80.0 million was granted by an independent third party lender to the Cosmopolitan Group, which was secured by interests in companies holding certain property interests and other assets. The loan effectively bears interest at Hong Kong Dollar Best Lending Rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited, plus an interest margin of 3% per annum. The loan facility matures in January 2027, subject to the lender's right of early cancellation of the facility. As at 30th June, 2025, the outstanding amount of the facility was HK\$73.0 million.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

13. Note to the Condensed Consolidated Statement of Cash Flows

Cash and cash equivalent balances

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Cash and bank balances	341.7	470.0
Non-pledged time deposits with an original maturity of less than three months when acquired	7.3	319.8
Cash and cash equivalents	<u>349.0</u>	<u>789.8</u>

14. Related Party Transactions

(a) Transactions with related parties

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

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
A wholly owned subsidiary of the ultimate listed holding company: Management fees	32.2	33.6
Associates: Advertising and promotion fees (including cost reimbursements)	<u>0.9</u>	<u>1.7</u>

The nature and terms of the above related party transactions have not changed and were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Loans to an associate	306.5	306.5
Due from associates	84.6	82.6
Due from a fellow subsidiary	0.9	0.9
Due from a related company	1.2	1.2
Due to fellow subsidiaries	(49.7)	(6.6)
Due to associates	(1.0)	(2.8)
	<u> </u>	<u> </u>

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

	Six months ended 30th June, 2025 (Unaudited)	Six months ended 30th June, 2024 (Unaudited)
	HK\$'million	HK\$'million
Short term employee benefits	21.1	22.8
Staff retirement scheme contributions	1.5	1.6
	<u> </u>	<u> </u>
Total compensation paid to key management personnel	22.6	24.4
	<u> </u>	<u> </u>

15. Pledge of Assets

As at 30th June, 2025, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, time deposits and bank balances in the total amount of HK\$28,511.3 million were pledged to secure general banking facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, as at 30th June, 2025, certain ordinary shares in a listed subsidiary with a market value of HK\$54.2 million were also pledged to secure general banking facilities granted to the Group, and equity interests in companies holding certain property interests and other assets were pledged to secure certain other borrowings of the Group.

As at 31st December, 2024, certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties under development, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK\$29,144.6 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, 2024, certain ordinary shares in a listed subsidiary with a market value of HK\$220.3 million were also pledged to secure general banking facilities granted to the Group.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The equity interests in the relevant holding companies of certain property development projects of the Group were also pledged to secure the other borrowings of the Group.

16. Contingent Liabilities

As at 30th June, 2025, the Group had contingent liabilities for corporate guarantees provided in respect of a banking facility granted to an associate in the amount of HK\$389.5 million (31st December, 2024 - HK\$389.5 million) which was fully utilised. In addition, a corporate guarantee has been given to a bank by the RHIHL Group for a performance bond issued by the bank in relation to a property development contract undertaken by the RHIHL Group amounting to HK\$15.0 million (31st December, 2024 - HK\$15.0 million).

In addition, at the end of the reporting period, the Cosmopolitan Group had provided guarantees to banks in connection with mortgage facilities granted to certain purchasers of its properties amounting to approximately RMB137.9 million (HK\$150.9 million) (31st December, 2024 - RMB161.9 million (HK\$171.8 million)). The Cosmopolitan Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates and the completion of the proper procedures to register the mortgages under the names of the relevant purchasers, which will generally complete within one to two years after the purchasers take possession of the relevant properties.

No provision has been made in the condensed consolidated financial statements for the guarantees in connection with the mortgage facilities as management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

Furthermore, a corporate guarantee has been given to a bank by the RHIHL Group for a letter of guarantee issued by the bank in connection with an appeal against a notice of stamp duty assessment in the amount of HK\$93.0 million (31st December, 2024 - HK\$93.0 million) issued by the Inland Revenue Department of Hong Kong SAR in relation to the sub-lease agreement entered into between the Airport Authority and the RHIHL Group. Based on the opinion of legal advisors, the Directors consider there is a reasonable chance of success in the appeal and accordingly no provision has been made in the condensed consolidated financial statements.

As at 30th June, 2025, the owner of Regala Skycity Hotel is a defendant of a claim lodged by a contractor in relation to certain outstanding construction costs of the hotel amounting to approximately HK\$38.0 million (31st December 2024 - HK\$38.0 million). The RHIHL Group has engaged its lawyers and is currently preparing the defence and a counterclaim which is estimated at an amount well in excess of the amount being claimed by the plaintiff. Based on a legal advice obtained, the Directors consider there is an arguable case with reasonable ground for such defence and accordingly no provision is required.

17. Commitments

The Group had the following contractual commitments at the end of the reporting period:

	30th June, 2025 (Unaudited)	31st December, 2024 (Audited)
	HK\$'million	HK\$'million
Property development projects	<u>101.8</u>	<u>101.6</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

18. Fair Value and Fair Value Hierarchy of Financial Instruments

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

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

Fair value hierarchy

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

Assets measured at fair value as at 30th June, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial assets designated at fair value through other comprehensive income:				
Listed equity investment	4.0	–	–	4.0
Financial assets at fair value through profit or loss:				
Listed equity investments	20.5	–	–	20.5
Listed debt investments	–	6.7	–	6.7
Unlisted equity investments	–	–	58.6	58.6
Unlisted fund investments	–	–	268.0	268.0
Unlisted debt investments	–	–	0.2	0.2
Total	24.5	6.7	326.8	358.0

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Assets measured at fair value as at 31st December, 2024

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable inputs (Level 2) (Audited)	Significant unobservable inputs (Level 3) (Audited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial assets designated at fair value through other comprehensive income:				
Listed equity investment	4.8	-	-	4.8
Financial assets at fair value through profit or loss:				
Listed equity investments	61.3	-	-	61.3
Listed debt investments	-	6.6	-	6.6
Unlisted equity investments	-	-	59.5	59.5
Unlisted fund investments	-	-	365.6	365.6
Unlisted debt investments	-	-	0.2	0.2
Derivative financial instruments	-	10.2	-	10.2
Total	<u>66.1</u>	<u>16.8</u>	<u>425.3</u>	<u>508.2</u>

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

	2025 (Unaudited)	2024 (Unaudited)
	HK\$'million	HK\$'million
At 1st January	425.3	626.4
Purchases	0.1	0.6
Disposals	(85.9)	(57.6)
Distributions	(44.1)	(1.9)
Unrealised gains/(losses) recognised in profit or loss	31.4	(1.8)
Unrealised losses recognised in other comprehensive income	-	(0.5)
At 30th June	<u>326.8</u>	<u>565.2</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Liability measured at fair value as at 30th June, 2025

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial liability at fair value through profit or loss:				
Derivative financial instruments	–	68.4	–	68.4

Liability measured at fair value as at 31st December, 2024

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable inputs (Level 2) (Audited)	Significant unobservable inputs (Level 3) (Audited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial liability at fair value through profit or loss:				
Derivative financial instruments	–	0.7	–	0.7

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities (2024 - Nil).

Valuation techniques

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

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

The fair values of certain unlisted equity investments are determined based on management estimation on the future returns from the investments.

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

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

19. Event After the Reporting Period

On 29th July, 2025, the RHIHL Group entered into a share purchase agreement with an independent third party to dispose of the entire issued share capital of Waterman House Investments Limited (the "Target Company"), a wholly owned subsidiary of the RHIHL Group, for a headline purchase price of £19.5 million (equivalent to approximately HK\$204.1 million). The Target Company is the sole legal and beneficial owner of Waterman House, a property located at 41 Kingsway, London, United Kingdom. Further details of the transaction are contained in the Company's announcement dated 29th July, 2025.

20. Approval of the Unaudited Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27th August, 2025.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held		Total (Approximate percentage of the issued shares as at 30th June, 2025)
					Corporate interests	Family/Other interests	
1.	The Company	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	50,185	–	–	50,185 (0.005%)
		Ms. Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	–	–	6,200 (0.001%)
2.	Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
		Ms. Lo Po Man	Ordinary (issued)	112,298	–	–	112,298 (0.004%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)

OTHER INFORMATION (Cont'd)

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2025)
				Personal interests	Corporate interests	Family/Other interests	
3.	Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
		Ms. Lo Po Man	Ordinary (issued)	569,169	–	–	569,169 (0.06%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
4.	Cosmopolitan International Holdings Limited ("Cosmopolitan")	Mr. Lo Yuk Sui	Ordinary (i) (issued)	–	871,504,279 (Note d)	–	871,504,279
			(ii) (unissued)	–	1,591,775,147 (Note e)	–	1,591,775,147
						Total:	2,463,279,426 (198.71%)
			Preference (issued)	–	229,548,733 (Note e)	–	229,548,733 (99.99%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	680,730	–	–	680,730 (0.05%)
		Ms. Lo Po Man	Ordinary (issued)	414,000	–	–	414,000 (0.03%)
5.	Regal Real Estate Investment Trust ("Regal REIT")	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (74.99%)
6.	8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	1,000 (Note g)	–	1,000 (100%)

OTHER INFORMATION (Cont'd)

Notes:

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

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

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

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

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

- (c) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests. The interests in 622,433,861 issued ordinary shares of RHIHL were held through companies wholly owned by the Company, in which CCIHL held 62.28% shareholding interests. The Company held 69.25% shareholding interests in RHIHL.
- (d) The interests in 706,851,215 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R"), which is owned as to 50% each by the Company and RHIHL through their respective wholly owned subsidiaries. The interests in the other 111,319,732 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of RHIHL. The interests in the other 53,333,332 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The Company, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.
- (e) The interests in 1,272,070,219 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R, which is owned as to 50% each by the Company and RHIHL through their respective wholly owned subsidiaries. The interests in the other 213,038,264 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of RHIHL. The interests in the other 106,666,664 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The Company, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

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

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

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

Save as disclosed herein, as at 30th June, 2025, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2025, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held	Total number of ordinary shares (issued and underlying) held	Approximate percentage of issued ordinary shares as at 30th June, 2025
YSL Int'l (Note i)	694,124,547	–	694,124,547	62.28%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	694,124,547	–	694,124,547	62.28%
CCIHL (Note iii)	694,124,547	–	694,124,547	62.28%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	694,124,547	–	694,124,547	62.28%
Almighty International Limited ("Almighty") (Note iv)	346,994,526	–	346,994,526	31.13%
Cleerview Investments Limited ("Cleerview") (Note iv)	180,811,470	–	180,811,470	16.22%

Notes:

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

OTHER INFORMATION (Cont'd)

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2025, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30th June, 2025 are set out as follows:

- (1) Mr. Lo Yuk Sui is a director of YSL Int'l.
- (2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Ms. Lo Po Man are directors of Grand Modern.
- (3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Mr. Kelvin Leung So Po, Ms. Lo Po Man, Mr. Kenneth Ng Kwai Kai, Ms. Winnie Ng and Mr. Wong Chi Keung are directors of CCIHL.
- (4) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Mr. Kelvin Leung So Po, Ms. Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of CCBVI, Almighty and Cleverview.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the annual report of the Company for the financial year ended 31st December, 2024 is set out below:

Name of Director	Details of changes
<i>Independent Non-Executive Directors:</i>	
Mr. Abraham Shek Lai Him, GBS, JP	<ul style="list-style-type: none">Appointed as the chairman and a non-executive director of JY Grandmark Holdings Limited, a company listed on the Stock Exchange, with effect from 6th June, 2025.
Mr. Wong Chi Keung	<ul style="list-style-type: none">Resigned as an independent non-executive director of Yuan Heng Gas Holdings Limited, a company listed on the Stock Exchange, with effect from 1st August, 2025.

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

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the six months ended 30th June, 2025, except that:

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

Code of Conduct for Securities Transactions by Directors

The Company has adopted the "Code for Securities Transactions by Directors of Paliburg Holdings Limited" (the "Paliburg Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code and the Paliburg Code during the six months ended 30th June, 2025.

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 (including sale of treasury shares) during the six months ended 30th June, 2025. The Company did not hold any treasury shares as at 30th June, 2025.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises the following members:

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

Mr. Bowen Joseph Leung Po Wing, GBS, JP (*Independent Non-Executive Director*)

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

Mr. Abraham Shek Lai Him, GBS, JP (*Independent Non-Executive Director*)

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2025, in conjunction with the external auditor. The review report of the external auditor is set out on page 60 of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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

Introduction

We have reviewed the interim financial information set out on pages 23 to 53, which comprises the condensed consolidated statement of financial position of Paliburg Holdings Limited (the “Company”) and its subsidiaries as at 30th June, 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Ernst & Young
Certified Public Accountants

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

27th August, 2025

