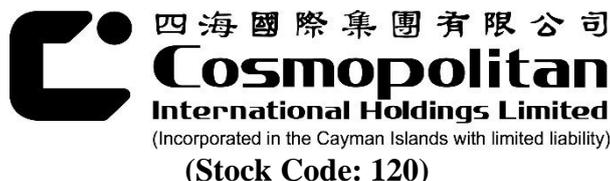


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## ANNOUNCEMENT OF 2022 GROUP FINAL RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2022	Year 2021	% Change
	HK\$'M	HK\$'M	
<b>Revenue</b>	<b>1,015.7</b>	1,638.9	<b>-38.0%</b>
<b>Gross profit</b>	<b>349.2</b>	652.3	<b>-46.5%</b>
<b>Operating profit before depreciation and amortisation, finance costs and tax</b>	<b>203.8</b>	323.9	<b>-37.1%</b>
<b>Profit for the year attributable to equity holders of the parent</b>	<b>4.0</b>	33.6	<b>-88.1%</b>
<b>Basic earnings per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>	<b>HK0.05 cent</b>	HK0.40 cent	<b>-87.5%</b>
	<b>As at 31st December,</b>		
	<b>2022</b>	<b>2021</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>	<b>HK\$0.16</b>	HK\$0.19	<b>-15.8%</b>

- **The Company recorded a profit attributable to shareholders of HK\$4.0 million, while in the preceding year, a profit of HK\$33.6 million was attained.**
- **The decrease in the profit attained in the year under review was primarily attributable to the comparatively lower level of revenue derived from the sale of properties in the Group's two major development projects in Chengdu and Tianjin in the People's Republic of China and, additionally, in the preceding year, there was relatively substantial profit contribution from the Group's securities investment business.**
- **Apart from some residential units, shops and carpark in the third stage of Regal Cosmopolitan City development in Chengdu which will continue to be sold, the remaining components in this composite project still in the course of development comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building.**
- **The discussions with Regal Hotels International Holdings Limited, a fellow listed subsidiary of the Company, regarding its possible acquisition of the hotel in Regal Cosmopolitan City are ongoing.**
- **The construction works for the two office towers and a four-storey commercial podium in the Regal Renaissance in Tianjin were completed in December 2021 and the relevant completion certificate obtained in March 2022. Having regard to the sluggish market environment in the property sector in China in the past year, the sale programme for one of the office towers has been deferred to be launched later this year.**
- **Barring unforeseen circumstances, the Group anticipates that it will be able to secure substantial cash flow from the sale of the remaining components in its two composite property projects in Chengdu and Tianjin over the course of the next few years.**
- **The Group will continue to seek, with prudence, business expansion opportunities that suit its development objectives.**

## **FINANCIAL RESULTS**

For the year ended 31st December, 2022, the Company recorded a profit attributable to shareholders of HK\$4.0 million, while in the preceding year, a profit of HK\$33.6 million was attained.

The decrease in the profit attained in the year under review, as compared to the preceding financial year, was primarily attributable to the comparatively lower level of revenue derived from the sale of properties in the Group's two major development projects in Chengdu and Tianjin in the People's Republic of China and, additionally, in the preceding year, there was relatively substantial profit contribution from the Group's securities investment business.

## **BUSINESS OVERVIEW**

Due to the COVID-19 related restrictions that were imposed in China for the most part of the year, overall economic activities in China deteriorated markedly in 2022. China's Gross Domestic Product for the year only posted a growth of 3.0%, which was below the target of 5.5% set in early 2022.

The real estate market in China remained weak, with the turnover volume on both primary and secondary commodity property sales having further retracted as compared with 2021. Since the end of 2022, the central government of China has released a series of policy measures targeted to relieving the liquidity crisis encountered by many real estate developers in the Mainland and, at the same time, to boost the household demand for residential properties by lowering the mortgage rates and the easing of home purchase restrictions in many cities.

As mentioned in my Chairman's Statement in the Interim Report of the Company for 2022, the profit from property sales for the year under review was mainly derived from the sale of the remaining residential units in the third stage of the Group's Regal Cosmopolitan City development in Chengdu that were presold before 2022 but the revenues were only recognised

and accounted for in the first half of 2022 when the relevant sale transactions and hand over procedures were completed.

Apart from some residential units, shops and car parks in the third stage of Regal Cosmopolitan City development which will continue to be sold, the remaining components in this composite project still in the course of development comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building. As indicated before, the discussions with Regal Hotels International Holdings Limited, a fellow listed subsidiary of the Company, regarding its possible acquisition of the hotel are ongoing.

The Group's other composite development project in China, the Regal Renaissance, is located in Tianjin. The project consists of residential, commercial and office components, which have been completed in stages. Like the Regal Cosmopolitan City project, most of the residential units in this development have also been sold in prior years. The remaining major components comprise two office towers and a four-storey commercial podium, the construction works for which were completed in December 2021 and the relevant completion certificate obtained in March 2022. Having regard to the sluggish market environment in the past year, the sale programme for one of the office towers, which was originally planned to commence in 2022, is now proposed to be launched later this year.

Further detailed information on these two development projects, the reforestation and land grant project in Urumqi, Xinjiang as well as the Group's other investments is contained in the "Management Discussion and Analysis" section.

## **OUTLOOK**

With the economic activities in China gradually returning to normalcy after three years of pandemic disruptions, the overall economy of China is set to stage a strong recovery in 2023. On the other hand, the series of easing policies and measures introduced by the central government in China since the end of 2022 to support the real estate market in the Mainland are generating positive impact to stabilise market expectations and restore investment confidence. Property prices and transaction volume in both the primary and secondary

commodity property market are expected to steadily pick up in the coming few months, although the level of new investments in the real estate sector may take a longer time to revive. However, any adverse changes in some critical external factors, including the disruptions from the war in Ukraine, increasing geopolitical tensions and global inflationary pressures, may pose significant threat to the global economy.

Barring unforeseen circumstances, the Directors anticipate that the Group will be able to secure substantial cash flow from the sale of the remaining components in its two composite property projects in Chengdu and Tianjin over the course of the next few years. The Group will continue to seek, with prudence, business expansion opportunities that suit its development objectives.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in property development and investment, which are mainly focused in the PRC, and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses for the year and its future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

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

A brief review on the property projects currently undertaken by the Group in the PRC and the Group's other investments is set out below.

## **Property Development**

### *Chengdu Project – Regal Cosmopolitan City*

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

The development works of third stage were already completed. Nearly all of the residential units in the third stage have been presold by early 2021. Total proceeds from the contracted presales and sales of the residential units amounted to approximately RMB2,046.2 million (HK\$2,337.8 million). The aggregate sale considerations of those presold residential units in the third stage, whose handover procedures were completed during the course of 2022, amounted to RMB787.3 million (HK\$915.6 million). The property income derived from the completed sales of residential and commercial units and car parking spaces in the third stage, before impairment loss on ascribed goodwill, tax and selling expense, amounted to HK\$337.0 million, which has been accounted for in the year under review.

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 3,933 square meters (42,335 square feet) of shops have been sold or contracted to be sold, at aggregate sale considerations of approximately RMB90.9 million (HK\$103.9 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 453 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB49.5 million (HK\$56.6 million). The procedures for the hand over of most of the shop units and car parking spaces sold have already been completed and the revenues accounted for in the year under review.

The interior construction works of the 325-room hotel for the procurement of the Completion Certificate are in progress and expected to be completed in the third quarter of 2023. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are planned to commence after the procurement of the Completion Certificate and the hotel is scheduled to open in phases after the completion of the respective fitting-out works.

The construction works of the remaining commercial components within the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and

five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain office towers are also in progress. The pre-sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial facilities has commenced in 2022. Up to date, a total of 229 square metres (2,465 square feet) of shops have been pre-sold or contracted to be pre-sold, at aggregate sale considerations of approximately RMB6.5 million (HK\$7.4 million).

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), has commenced in May 2021. Up to date, 140 office units with a total of about 5,983 square meters (64,400 square feet) have been subscribed by prospective purchasers or presold under contracts, for an aggregate sale consideration of RMB52.4 million (HK\$59.9 million). The presale of the remaining four office towers, consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet), will follow in phases with regard to the market environment.

#### *Tianjin Project – Regal Renaissance*

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

Nearly all of the residential units have been sold. The progress on the sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), has been relatively slow. Certain parts of the commercial complex have been leased out for rental income.

The superstructure works of the remaining two office towers and the four-storey commercial podium have been completed and the Completion Certificates obtained in March 2022. The sale programme for one of the office towers, consisting of 137 units with a total of about 17,530 square metres (188,700 square feet), has been delayed on account of the changed market environment and is now planned to be launched later this year. Depending on the sale progress, the sale of the other office tower, consisting of 247 units with a total of about 39,210 square

metres (422,000 square feet), may be launched in phases thereafter. The market repositioning works for the commercial podium are in progress.

### *Xinjiang Project*

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

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

### **Other Investments**

#### *Investment in shares of AMTD IDEA Group (formerly known as AMTD International Inc.)*

The Group holds 6,069,000 Class A ordinary shares (convertible into 3,034,500 American depositary shares) of AMTD IDEA Group as equity investments at fair value through other comprehensive income. AMTD is a reputable financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. The Group expects to be able to leverage on the strategic co-operative relationship with AMTD to explore and capture new business and investment opportunities through its intensive business network.

#### *PRC Real Estate Company*

As previously disclosed, the Group acquired an 80% equity interest in and provided pro rata shareholder's loan to an investee company incorporated in the PRC in July 2019. The investee company owned 10% equity interest in another PRC-incorporated real estate company that

undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. In December 2021, the Group entered into an agreement with an independent third party for the disposal of its entire 80% equity interest in and shareholder's loan to the abovementioned investee company at a consideration equal to the original investment cost of the Group, completion of which is expected to take place by the end of 2023 (as extended). Under the terms of the agreement, the Group has the right to repurchase the subject equity interest and shareholder's loan from the purchaser at the original consideration plus interest at 8% per annum at any time on or before 31st December, 2024 (as extended).

#### *Investment in Interra Acquisition Corporation*

In September 2022, a wholly owned subsidiary of the Group subscribed for and was allocated a total of 12,210,000 Class A Shares (with attached warrants) of Interra Acquisition Corporation at a subscription price of approximately HK\$122.1 million. Interra is a special purpose acquisition company set up for the purpose effecting a De-SPAC Transaction and is listed on The Stock Exchange of Hong Kong Limited. The investment was funded by bank and other borrowings of the Group and under the terms of offering of Interra, subscribers are afforded redemption rights to protect their investments in the subscribed securities of Interra.

The Group considered that this investment in Interra could diversify the Group's investment portfolio and enable the Group to capture possible favourable investment returns. Detailed information on the Group's investment in Interra is contained in the joint announcement of the Company published on 9th September, 2022.

## **FINANCIAL REVIEW**

### **ASSETS VALUE**

As at 31st December, 2022, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,410.7 million, representing approximately HK\$0.16 per share (including ordinary share and convertible preference share).

## **CAPITAL RESOURCES AND FUNDING**

### **Funding and Treasury Policy**

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

The acquisition of the two ongoing development projects in the PRC in 2013 were financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the latest progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

In September 2021, the Group entered into a Supplemental Agreement with the Regal group in relation to the loan facilities granted by the Regal group in 2016, principally with the objective to extending the repayment date of the revised loan facilities in the aggregate amount of HK\$857.0 million from 12th October, 2021 to 12th October, 2024, in order that the Group can align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin.

Construction and related costs for the property projects for the time being are principally financed by internal resources, proceeds from the presale of the units and drawdown of loan facilities granted by the Regal group. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

## **Cash Flows**

Net cash flows used in operating activities during the year under review amounted to HK\$443.8 million (2021 – HK\$39.4 million). Net interest payment for the year amounted to HK\$30.3 million (2021 – HK\$35.8 million).

## **Borrowings and Gearing**

As at 31st December, 2022, the Group had cash and bank balances and deposits of HK\$81.6 million (2021 – HK\$177.7 million) and the Group’s borrowings including convertible bonds, net of cash and bank balances and deposits, amounted to HK\$1,113.6 million (2021 – HK\$584.1 million).

As at 31st December, 2022, the gearing ratio of the Group was 27.8% (2021 – 12.1%), representing the Group’s borrowings including convertible bonds, net of cash and bank balances and deposits, of HK\$1,113.6 million (2021 – HK\$584.1 million), as compared to the total assets of the Group of HK\$4,000.5 million (2021 – HK\$4,844.7 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2022 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2022 (the “2022 Annual Report”) to be published on or before 30th April, 2023.

## **Lease Liabilities**

As at 31st December, 2022, the Group had lease liabilities of HK\$0.2 million (2021 – HK\$0.7 million).

## **Pledge of Assets**

As at 31st December, 2022, certain of the Group’s bank deposits and financial assets at fair value through profit or loss in the amount of HK\$23.0 million (2021 – HK\$24.8 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group’s equity interests in the relevant holding companies of the Group’s property development projects were pledged to secure the other borrowings and the related interest payable in respect of a loan facility from a fellow subsidiary.

### **Capital Commitments**

Details of the capital commitments of the Group as at 31st December, 2022 are shown in the Financial Statements.

### **Contingent Liabilities**

Details of the contingent liabilities of the Group as at 31st December, 2022 are shown in the Financial Statements.

## **DIVIDEND**

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2022 (2021 – Nil). No interim dividend was paid for the year ended 31st December, 2022 (2021 – Nil).

## **ANNUAL GENERAL MEETING**

An Annual General Meeting of the Company will be convened to be held on Tuesday, 13th June, 2023. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2022 Annual Report, in due course.

## **CLOSURE OF REGISTER**

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2023 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Thursday, 8th June, 2023 to Tuesday, 13th June, 2023, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2023 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 7th June, 2023.

## YEAR END RESULTS

### Consolidated Statement of Profit or Loss

	Year ended 31st December, 2022	Year ended 31st December, 2021
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	<b>1,015.7</b>	1,638.9
Cost of sales	<b>(666.5)</b>	(986.6)
Gross profit	<b>349.2</b>	652.3
Other income (Note 3)	<b>3.4</b>	4.1
Fair value gains/(losses) on investment properties, net	<b>(4.6)</b>	1.4
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	<b>(1.5)</b>	1.5
Impairment of goodwill	<b>(41.6)</b>	(193.5)
Impairment loss on property under development	<b>–</b>	(43.8)
Loss on disposal of investment properties, net	<b>(5.6)</b>	–
Property selling and marketing expenses	<b>(25.8)</b>	(40.6)
Administrative expenses	<b>(69.7)</b>	(57.5)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	<b>203.8</b>	323.9
Depreciation and amortisation	<b>(1.4)</b>	(2.2)
OPERATING PROFIT (Note 4)	<b>202.4</b>	321.7
Finance costs (Note 5)	<b>(56.4)</b>	(54.0)
PROFIT BEFORE TAX	<b>146.0</b>	267.7
Income tax (Note 6)	<b>(142.0)</b>	(234.1)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	<b>4.0</b>	33.6

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

	Year ended 31st December, 2022	Year ended 31st December, 2021
	HK\$'M	HK\$'M
Attributable to:		
Equity holders of the parent	4.0	33.6
Non-controlling interests	–	–
	<hr/> <b>4.0</b> <hr/>	<hr/> 33.6 <hr/>
<b>EARNINGS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)</b>		
Basic and diluted	<b>HK0.05 cent</b>	HK0.40 cent
	<hr/> <b>HK0.05 cent</b> <hr/>	<hr/> HK0.40 cent <hr/>

## Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2022	Year ended 31st December, 2021
	HK\$'M	HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	4.0	33.6
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(114.3)	26.0
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on equity investments designated at fair value through other comprehensive income	(107.4)	(160.6)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(221.7)	(134.6)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(217.7)	(101.0)
Attributable to:		
Equity holders of the parent	(217.7)	(101.0)
Non-controlling interests	–	–
	(217.7)	(101.0)

## Consolidated Statement of Financial Position

	31st December, 2022	31st December, 2021
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	9.5	11.2
Investment properties	65.2	98.5
Right-of-use assets	0.2	0.7
Investment in a joint venture	2.4	2.4
Loans receivable	–	1.8
Prepayments (Note 9)	129.7	133.7
Equity investments designated at fair value through other comprehensive income	85.6	196.6
Goodwill	–	41.6
Total non-current assets	<u>292.6</u>	<u>486.5</u>
CURRENT ASSETS		
Properties under development	1,592.4	2,764.3
Properties held for sale	1,831.8	1,311.2
Loans receivable	1.7	–
Deposits, prepayments and other assets (Note 9)	51.6	76.8
Financial assets at fair value through profit or loss	148.8	28.2
Restricted cash	24.9	66.1
Pledged bank balances	1.2	1.8
Time deposits	–	17.1
Cash and bank balances	55.5	92.7
Total current assets	<u>3,707.9</u>	<u>4,358.2</u>

## Consolidated Statement of Financial Position (Cont'd)

	31st December, 2022	31st December, 2021
	HK\$'M	HK\$'M
<b>CURRENT LIABILITIES</b>		
Creditors and accruals	(355.0)	(522.9)
Contract liabilities	(320.4)	(1,328.8)
Deposits received	(129.0)	(130.1)
Interest bearing bank borrowing	(12.5)	(12.5)
Other borrowings (Note 10)	(382.2)	(121.9)
Lease liabilities	(0.2)	(0.5)
Tax payable	(319.3)	(172.5)
Total current liabilities	<u>(1,518.6)</u>	<u>(2,289.2)</u>
NET CURRENT ASSETS	<u>2,189.3</u>	<u>2,069.0</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,481.9</u>	<u>2,555.5</u>
<b>NON-CURRENT LIABILITIES</b>		
Creditors and accruals	(29.8)	(31.2)
Deposits received	(0.9)	(1.6)
Other borrowings (Note 10)	(513.0)	(357.0)
Convertible bonds	(287.5)	(270.4)
Lease liabilities	–	(0.2)
Deferred tax liabilities	(240.0)	(266.7)
Total non-current liabilities	<u>(1,071.2)</u>	<u>(927.1)</u>
Net assets	<u>1,410.7</u>	<u>1,628.4</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	17.4	17.4
Reserves	1,393.3	1,611.0
	<u>1,410.7</u>	<u>1,628.4</u>
<b>Non-controlling interests</b>	<u>–</u>	<u>–</u>
Total equity	<u>1,410.7</u>	<u>1,628.4</u>

Notes:

1. Basis of Preparation and Accounting Policies

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

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30th June, 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”)

issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st January, 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30th June, 2022, provided the other conditions for applying the practical expedient are met. The Group has not applied the practical expedient to any rent concessions granted by the lessors as a direct consequence of the COVID-19 pandemic. Accordingly, the adoption of the amendment has had no significant impact on the financial position and performance of the Group.
- (c) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January, 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (d) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st January, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (e) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1st January, 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.
  - *HKFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## 2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and
- (b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

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

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

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

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2022 and 2021:

	Property development and investment		Financial assets investments		Consolidated	
	2022	2021	2022	2021	2022	2021
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue (Note 3):						
Sales to external customers	1,014.5	1,587.8	1.2	51.1	1,015.7	1,638.9
Segment results before depreciation and amortisation	228.6	293.5	(0.2)	52.6	228.4	346.1
Depreciation and amortisation	(1.4)	(2.2)	–	–	(1.4)	(2.2)
Segment results	227.2	291.3	(0.2)	52.6	227.0	343.9
Unallocated interest income and unallocated non-operating and corporate gains					0.7	3.3
Unallocated non-operating and corporate expenses					(25.3)	(25.6)
Finance costs (other than interest on lease liabilities)	(37.4)	(27.8)	–	–	(37.4)	(27.8)
Unallocated finance costs					(19.0)	(26.1)
Profit before tax					146.0	267.7
Income tax					(142.0)	(234.1)
Profit for the year before allocation between equity holders of the parent and non-controlling interests					4.0	33.6
Attributable to:						
Equity holders of the parent					4.0	33.6
Non-controlling interests					–	–
					4.0	33.6

	Property development and investment		Financial assets investments		Consolidated	
	2022	2021	2022	2021	2022	2021
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment assets	3,721.7	4,483.2	192.4	179.0	3,914.1	4,662.2
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					84.0	180.1
Total assets					<u>4,000.5</u>	<u>4,844.7</u>
Segment liabilities	(1,569.6)	(2,490.6)	–	–	(1,569.6)	(2,490.6)
Unallocated liabilities					(1,020.2)	(725.7)
Total liabilities					<u>(2,589.8)</u>	<u>(3,216.3)</u>
Other segment information:						
Capital expenditure	221.8	545.2	–	–		
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	–	–	1.5	(1.5)		
Loss on disposal of investment properties, net	5.6	–	–	–		
Fair value losses/(gains) on investment properties, net	4.6	(1.4)	–	–		
Impairment of goodwill	41.6	193.5	–	–		
Impairment loss on property under development	–	43.8	–	–		

## Geographical information

### (a) Revenue from external customers

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Hong Kong	<b>1.2</b>	51.1
Mainland China	<b>1,014.5</b>	1,587.8
	<b>1,015.7</b>	1,638.9

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Hong Kong	–	–
Mainland China	<b>207.0</b>	288.1
	<b>207.0</b>	288.1

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

## Information about a major customer

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

3. Revenue and other income are analysed as follows:

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	<b>1,013.4</b>	1,585.9
<i>Revenue from other sources</i>		
Rental income	<b>1.1</b>	1.9
Net gain from sale of financial assets at fair value through profit or loss	–	49.2
Dividend income from listed investments	<b>1.2</b>	1.9
	<b>1,015.7</b>	1,638.9
<u>Other income</u>		
Bank interest income	<b>0.7</b>	3.3
Others	<b>2.7</b>	0.8
	<b>3.4</b>	4.1

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

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit on disposal of properties, net	<b>343.2</b>	599.8
Depreciation of property, plant and equipment	<b>0.9</b>	1.0
Depreciation of right-of-use assets	<b>0.5</b>	0.5
Amortisation of intangible asset	–	0.7
	<b>1.4</b>	2.2

5. Finance costs of the Group are as follows:

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest on a bank loan	<b>0.3</b>	0.2
Interest on convertible bonds	<b>17.1</b>	25.9
Interest on other borrowings	<b>35.6</b>	24.4
Interest expenses arising from revenue contracts	<b>7.0</b>	107.1
Interest on lease liabilities	–	0.1
	<b>60.0</b>	157.7
Less: Finance costs capitalised	<b>(3.6)</b>	(103.7)
	<b>56.4</b>	54.0

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

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Current – PRC		
Corporate income tax	<b>88.0</b>	123.5
Land appreciation tax	<b>79.8</b>	160.8
Deferred	<b>(25.8)</b>	(50.2)
Total tax charge for the year	<b>142.0</b>	234.1

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year.

No provision for Hong Kong profits tax had been made in the prior year as the Group had available tax losses brought forward from prior years to offset the assessable profits generated during that year.

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

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

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2021 – Nil).

7. Dividend

No dividend was paid or proposed during the year ended 31st December, 2022, nor has any dividend been proposed since the end of the reporting period (2021 – Nil).

8. (a) Basic earnings per share

The calculation of the basic earnings per share for the year ended 31st December, 2022 is based on the profit for the year attributable to equity holders of the parent of HK\$4.0 million (2021 – HK\$33.6 million) and on the weighted average of 8,688.0 million (2021 – 8,382.5 million) shares of the Company in issue (including ordinary shares and convertible preference shares) during the year ended 31st December, 2022.

(b) Diluted earnings per share

No adjustment has been made to the earnings per share amount presented for the years ended 31st December, 2022 and 2021 in respect of a dilution, as the impact of the convertible bonds outstanding during the years had an anti-dilutive effect on the earnings per share amount presented.

9. Deposits, prepayments and other assets are analysed as follows:

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Non-current		
Prepayments (Note (a))	<b>129.7</b>	133.7
Current		
Trade debtors (Note (b))	<b>0.7</b>	1.4
Contract costs	<b>2.2</b>	17.2
Prepayments	<b>43.2</b>	49.6
Deposits	<b>0.1</b>	0.1
Other receivables	<b>5.4</b>	8.5
	<b>51.6</b>	76.8

Notes:

- (a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to monetary compensation with reference to the valuation of the land use right in respect of 30% of the overall project area for development purposes and to participate in the tender of such land use right.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective and the Directors of the

Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

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

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

The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>0.1</b>	0.7
Over 1 year	<b>1.2</b>	1.3
	<b>1.3</b>	2.0
Impairment	<b>(0.6)</b>	(0.6)
	<b>0.7</b>	1.4

10. Other borrowings are analysed as follows:

	<b>2022</b>	<b>2021</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Unsecured note (Note (i))	<b>156.0</b>	–
Other borrowing (Note (ii))	<b>739.2</b>	478.9
	<u><b>895.2</b></u>	<u>478.9</u>

Analysed into:

Other borrowings repayable

Within one year	<b>382.2</b>	121.9
In the second year	<b>357.0</b>	–
In the third to fifth years, inclusive	<b>156.0</b>	357.0
	<u><b>895.2</b></u>	<u>478.9</u>

- (i) On 19th September, 2022, Cosmopolitan International Finance Limited, a wholly owned subsidiary of the Company, issued a 3-year unsecured note in an aggregate nominal principal amount of US\$20 million at a coupon interest rate of HIBOR plus 0.6% per annum.
- (ii) Other borrowings, comprising a term loan of HK\$357.0 million and revolving loan of HK\$382.2 million (2021 – term loan of HK\$357.0 million and revolving loan of HK\$121.9 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan is repayable on 12th October, 2024 and is classified as non-current other borrowings. The revolving loan is classified as short-term borrowings.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2022.

## **SCOPE OF WORK OF INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2022 as set out in this preliminary results announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary results announcement.

## **REVIEW OF RESULTS**

The Audit Committee has reviewed the Group's draft consolidated financial statements for the year ended 31st December, 2022, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

## CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2022, except that:

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

## BOARD OF DIRECTORS

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

***Executive Directors:***

Mr. LO Yuk Sui

*(Chairman and Chief Executive Officer)*

Mr. Jimmy LO Chun To

*(Vice Chairman and Managing Director)*

Miss LO Po Man

*(Vice Chairman)*

Mr. Kenneth WONG Po Man

*(Chief Operating Officer)*

Mr. Kelvin LEUNG So Po

*(Chief Financial Officer)*

Mr. Kenneth NG Kwai Kai

***Independent Non-Executive Directors:***

Mr. Francis BONG Shu Ying

Ms. Alice KAN Lai Kuen

Mr. David LI Ka Fai

Mr. Abraham SHEK Lai Him, GBS, JP

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 27th March, 2023